TP

NEWS LETTER

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# SUMMARY REPORT: TP INDABA AFRICA 2023

## EXECUTIVE SUMMARY

To all esteemed delegates and stakeholders,On behalf of BDO Zambia and in partnership with Matrix Tax School, Zimbabwe, we are pleased to present a concise summary of the recent Transfer Pricing Indaba Africa held in Livingstone from the 8th to the 10th of November. This event has been a landmark in our journey towards understanding and navigating the complexities of transfer pricing in Africa. The insights and opportunities unearthed during our interactions have been invaluable, laying a foundation for the future direction and growth of Transfer Pricing in Zambia and Africa as whole.

## OVERVIEW

The theme, ***"Transfer Pricing in Africa on the Edge,"*** aptly captured the essence of our discussions, focusing on the uncertainties and legislative changes looming in the transfer pricing arena. The Indaba was a melting pot of ideas, with tax professionals, industry leaders, policymakers, and revenue authorities contributing to a rich tapestry of dialogue and knowledge exchange.

Our speakers, including Thando Rampa, Keith Engel, John Nawa, Marvellous Tapera, and BDO Zambia's own Katrina Mabika, alongside other regional experts, illuminated various facets of transfer pricing with their expertise. The interactive sessions, including engaging icebreakers and quizzes, fostered a dynamic and collaborative atmosphere.

The topics discussed, ranging from best practices in Transfer Pricing Documentation to the challenges in Global Mobility and the implications of Qualified Minimum Domestic Top Up Taxes (Pillar 2), were all pivotal. These discussions highlighted the need for robust documentation, the importance of integrating transfer pricing policies into business operations, and the balance required in the powers granted to revenue authorities.

Our key takeaways emphasize the importance of preparation, documentation, and strategic planning in navigating the ever-evolving landscape of transfer pricing. The necessity of staying abreast with global and regional trends, especially considering the digital transformation of the global economy, was a recurring theme.

This Indaba has not only enriched our understanding but also strengthened our resolve to face the challenges and embrace the opportunities within the transfer pricing domain. We are grateful for the active participation and contributions of all attendees and look forward to further collaborations that will continue to elevate our collective expertise and impact in this field.

## KEY TOPICS

The Indaba was partitioned into sessions headlined by nine specific topics, a summary of the topics covered is provided below.

**Transfer Pricing Documentation (Best Practices)**

Experts shared insights on crafting robust documentation to meet regulatory requirements and support defensible transfer pricing policies.

**Transfer Pricing Audits and Litigation (Safeguarding Your Business)**

Strategies for protecting businesses in transfer pricing audits and litigation took centre stage. Attendees gained practical guidance on preparing for audits, managing disputes, and implementing effective defence mechanisms.

**What Powers Should Revenue Authorities Have in Transfer Pricing Cases? (Striking the Right Balance)**

An important discourse focused on the powers that revenue authorities should possess in transfer pricing cases. Participants explored the balance between enabling authorities to ensure compliance and protecting businesses from potential overreach.

**Managing Tax Challenges in Permanent Establishments and Global Mobility**

The complexities of managing tax challenges in permanent establishments and global mobility were unravelled. Attendees gained insights into effective strategies for navigating these intricate tax scenarios.


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## KEY TOPICS CONTINUED

**Transfer Pricing Developments (Africa and Global Trends)**

A comprehensive overview of transfer pricing developments in Africa and globally highlighted emerging trends and their implications for businesses operating in diverse jurisdictions.

**Tax and the Digital Global Economy (Regional and Global Issues)**

The impact of digitalisation on the global economy and its tax implications were thoroughly examined. Participants explored regional and global perspectives on addressing tax challenges arising from the digitalisation of business models.

**Benchmarking Dilemma and Options for African Countries**

The challenge of benchmarking in transfer pricing for African countries was dissected, and viable options were discussed. Attendees gained insights into navigating benchmarking challenges specific to the African context.

**Qualified Minimum Domestic Top Up Taxes (Pillar2) and Impact on African Economies**

This session focused on the evaluation and implications of implementing Qualified Minimum Domestic Top Up Taxes, commonly known as Pillar 2, within African economies. The discussion provided an in-depth look at how these tax measures are designed to work in the African context, the potential economic impacts they could have, and strategies for effective implementation.

## KEY TAKEAWAYS

Accurate and comprehensive documentation is essential for regulatory compliance and the establishment of defensible transfer pricing policies.

It is imperative for taxpayers to not only distinguish between transfer pricing policy and transfer pricing documentation but to fully understand their purposes and integration.

Preparation is key to protecting businesses in transfer pricing audits and litigation; effective defence mechanisms are crucial for managing disputes.

Consistency between transfer pricing policy, documentation, source documents (such as agreements) and actual practice is imperative to full compliance.

Effectively navigating tax challenges in permanent establishments and global mobility requires strategic planning and a deep understanding of regulatory landscapes.

Taxpayers must be aware of the disruption presented by the new working culture and methods and ensure that policies algin with the trends to ensure continued compliance.

Staying informed about transfer pricing developments is crucial for businesses operating in diverse jurisdictions, with a focus on emerging trends globally and within the African context.

Although not yet operational, adoption of the OECD Pillar 2 requirements may create an opportunity for African countries to increase tax revenues under the proposed 15% minimum tax provision.

Addressing tax challenges arising from the digital global economy requires a nuanced understanding of regional and global perspectives and proactive strategies.

It is imperative to apply thorough benchmarking methodologies that will increase the level of comparability.

## THANK YOU TP INDABA AFRICA 2023

Thank you to all delegates, speakers, and stakeholders for your invaluable contributions to our successful TP Indaba. Your insights, expertise, and commitment have enriched our discussions and set the stage for ongoing collaboration in the field of transfer pricing. We look forward to building on the relationships and ideas fostered here and invite you to join us in future endeavors as we continue to explore and innovate in this dynamic area

## TP INDABA AFRICA 2023 IN PICTURES...

Explore the vibrant moments of TP Indaba Africa 2023. Capture the essence of our event as we revisit the engaging sessions, insightful discussions, and memorable interactions that defined this year's indaba. These images not only reflect the spirit of our gathering but also serve as a visual testament to the rich exchange of ideas and partnerships fostered during this event.




**TP INDABA AFRICA LIVINGSTONE 2023**





*"TRANSFER PRICING IN AFRICA ON THE EDGE"*

# YOUR BDO ZAMBIA TRANSFER PRICING TEAM


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## WHY BDO ZAMBIA TP

Our Transfer Pricing team is distinguished for its outstanding client service and elite global expertise. We offer comprehensive transfer pricing services and extended support to meet all your needs. Our full scope of services include:

- **Transfer Pricing Planning**
  Our Transfer Pricing Planning service ensures alignment with global policies and compliance with local regulations.
- **Transfer Pricing Documentation**
  Our service includes the meticulous preparation and review of required documentation, supporting your inter-company transactions.
- **Transaction Mapping**
  Involves the detailed analysis and mapping of inter-company transactions.
- **Transfer Pricing Audit Support**
  Our Transfer Pricing Audit Support service offers expert assistance during audits by tax authorities.
- **Industry Specific Solutions**
  Our Transfer Pricing team has experience in a variety of industries and provides Transfer Pricing solutions tailor according to industry specific requirements.
- **Transfer Pricing Training**
  Our Transfer Pricing Training Services and Seminars provide in-depth, interactive learning experiences led by industry experts, designed to enhance your knowledge and skills in navigating the complexities of transfer pricing regulations and compliance.

## ABOUT BDO ZAMBIA

BDO Zambia is a firm of public accountants, registered with the Zambia Institute of Chartered Accountants, providing audit, accounting, taxation, management and consulting services to clients of varying sizes and needs. BDO Zambia is part of the BDO International network.

With the backing of the BDO international network, we can combine global coverage with local knowledge. Our close relationship with BDO South Africa provides us with additional resources and expertise to meet business requirements in Zambia.

The Partners, Directors and staff of BDO Zambia aim to establish the firm as the preferred provider of Professional Services in the country. We have a commitment to total client service, and we build an understanding of our client's businesses that allows us an active role in their success.