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EU JOINT TRANSFER PRICING FORUM

Secretariat Discussion Document: Transfer Pricing and SMEs

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Background

1. An exploratory discussion on small and medium enterprises (SMEs) and their interaction with transfer pricing issues took place at the JTPF meeting of 8th June 2010. The outcome of that discussion was a Forum objective to produce a statement of best practice/guidelines on the subject. The Secretariat was asked to prepare a discussion document, drawing on what had been discussed and highlighting specific areas for further consideration.
(Background doc: JTPF/002/REV/BACK/2010/EN)

Process

2. This discussion paper and the responses to it will form the basis of a draft report by the JTPF on the subject. The structure of the paper highlights key areas for discussion, proposes certain observations, considers those observations and then seeks the Forum's views on certain questions.
3. Timeline: This work is anticipated to reach conclusion in 2011

Outline of the paper and potential outcomes

4. Without pre judging the conclusions of any discussion, if the main elements of this paper were to be taken forward, the likely outcomes are as follows:
 - an explanation of the size and nature of the SME issue;
 - suggested indicators to define SMEs both generally and for the finally agreed outcomes of this paper;
 - list of national definitions of SMEs for tax purposes;
 - recommended pre audit activity to encourage compliance;
 - methods of audit and dispute resolution;
 - identification of best practices.

Q 1: At this preliminary stage, do members wish to add or delete any of these potential outcomes?

The size and nature of the issue

5. In May 2010 the EU Directorate General Enterprise and Industry reported that, using the EU definition, there are around 23 million SMEs in the EU representing 99.8% of all European enterprises. In 2008 Directorate General Enterprise and Industry reported 63% of SMEs were active only in their home country and that only 8% export and that, on average, 11% of SME inputs were purchased abroad. The EU Observatory survey on SMEs of 2007 notes that 5% of SMEs in the EU report having subsidiaries abroad. These figures are all indicators that although not widespread transfer pricing is part of the landscape for SMEs. In addition, the very small percentage of SMEs that are involved in international business activities might be because of the complexity and specialised knowledge required in dealing with transfer pricing issues – the JTPF work might help to increase international SME activity.

6. Where transfer pricing is in point for SMEs they seem less able to manage the attendant demands than larger MNEs. The root causes of those difficulties will generally be found in a lack of knowledge, lack of experience and a lack of resource.
7. Equally tax administrations have their own difficulties when dealing with SMEs. A balance needs to be struck between applying a tax policy in an even handed manner whilst also recognising there are limits to resource availability and cost benefit issues related to the tax at risk. These difficulties are compounded by the fact there is neither a common definition of SMEs for tax purposes (generally and specifically for transfer pricing) in the EU or symmetry of treatment.
8. However, whilst careful to guard against what could be seen as unfair treatment of SMEs at the expense of MNEs (see MNE perspective below) there appears there is some tax administration empathy with the difficulties faced by SMEs. That empathy is evidenced by various measures that tax administrations have adopted. The measures could be either policy or procedural. An example of the former is exemption from transfer pricing requirements, and the latter a reduction in transfer pricing documentation.
9. The JTPF has already recognised the particular circumstances of SMEs in previous reports on transfer pricing documentation and APA guidelines. In those documents reference is made to a "reasonableness test" and "facilitating access", respectively, when referring to SMEs in acknowledging their particular wants.
10. MNEs also have perspective on the issue. MNEs recognise SMEs face the same sort of issues in transfer pricing although on a smaller scale. MNEs and SMEs often complement each other in EU market operations and therefore each has a vested interest in the efficient operation of both of the parties in the internal market. But MNEs have also stated that they wish to maintain an appropriately 'level playing field' and do not want to be disadvantaged as a result of any response to the needs of SMEs.
11. The view from professional advisors seems to be that their specialist advice services would be of benefit but are conscious many SMEs feel those services may be too costly.

Q 2: Does the forum agree the above analysis of the size and nature of the problem?

12. The above analysis identifies two broad areas (i) defining an SME for transfer pricing purposes and (ii) SMEs: compliance and transfer pricing.

(i) Definition

Observations

- A common definition of SMEs for transfer pricing purposes would provide an agreed departure point for further discussion on transfer pricing issues.
- A general EU definition for SMEs exists but is not used by Member States for tax purposes.
- Member States definitions, where they exist, may 'borrow' parts of the EU definition and then put that definition in their domestic law. There may or may not be a separate definition for transfer pricing purposes

- Member States definitions vary but are usually very broad and based on size with little recognition of degrees of complexity.
- Use of definitions can be counter productive by dissuading SMEs to cross the threshold and potentially incur increased costs, administrative burden and lose access to incentives.
- Equally some Member States may find a common definition that triggers a certain treatment of SMEs impacts disproportionately on their tax base, as they have a very high proportion of SMEs.
- Despite the advantages of establishing a common definition of SMEs for transfer pricing purposes, this is not the specific aim of this exercise, as it would imply legislative changes.

Q 3: Does the forum recognise and agree these observations?

Considerations:

13. A common definition for SMEs for transfer pricing initially appears to be an attractive way forward. However, bearing in mind that the Forum mainly seeks pragmatic solutions and that a common definition is likely to require legislative changes, that may not be the best way forward.
14. However, the fact remains that many Member States do differentiate SMEs and MNEs in their corporate tax population. This is generally by applying certain thresholds and then adopting certain actions as a result. For example in the area of documentation, if certain thresholds are met there may be a reduced documentary submission requirement. That is entirely consistent with a general proposition that in any tax base some constituents will pose more complex issues than others or present a profile that may initially indicate a greater risk to a tax base than others or both.
15. It is observed that where there is specific domestic legislation to define SMEs the determinate factors generally used are: consolidated (i.e. group level) balance sheet value, turnover, numbers of employees; individual or cumulative transaction values; safeguard anti abuse rules.
16. So whilst not suggesting a prescriptive definition attention is drawn to the indicators that are commonly used by Member States. Tax administrations that do not yet have specific statutory provisions may find it useful to draw on the definitions used by others. In this way and over time the resulting communality would create more uniformity of definition.
17. There is also need to give some scope to the type of MNE at which this work is targeted. The scope of this paper may therefore be described as the population of MNEs that a tax administration recognises, by reference to its published criteria, to which it will apply the findings of this report.
18. For those Member States that have already published criteria there is no problem. For those that have not published criteria it is suggested that some are drawn up, at least for the purpose of implementing the ultimate conclusions of this JTPF report. For purposes of consistency it is further suggested any criterion are based, as far as possible, on the indicators already commonly used. It may be that the value of any indicator may be amended to better reflect local circumstances. For instance, the number of employees

could be reduced. It is envisaged that such an approach would deliver the necessary flexibility required by tax administrations in applying the findings of a final report to the profile of their particular tax base.

Q 4: Does the Forum agree that rather than propose and agree a common EU SME definition for tax purposes it is a more effective use of the Forum's resource to:

- (i) agree as a best practice that Member State definitions of SMEs for tax purposes should be based, on group consolidated basis, on a limited number of commonly used indicators, such as : balance sheet value, turnover, numbers of employees; specific rules of inclusion; specific rules of exclusion?**
- (ii) record in its report the latest state of play of Member States' statutory or administrative definition of SMEs for transfer pricing?**

(ii) SMEs: compliance and transfer pricing

19. Compliance is taken here in its widest sense and is taken as pre audit activity, audit activity, and post audit activity that results as a consequence of applying transfer pricing rules. Inevitably these rather broad categories will have some overlap.

Pre Audit

Observations

- Voluntary compliance is the most cost effective form of compliance.
- Direct lines of communication with SMEs should improve voluntary compliance.
- The arm's length principle is non discriminatory in that it applies equally to the largest MNEs as it does to the smallest SMEs.
- It is necessary to guard against discrimination in favour of SMEs but it is acceptable to recognise and react to their needs
- Within the EU context, transfer pricing compliance means adherence to the arm's length principle (Art 9 of OECD MTC as expanded on in the transfer pricing guidelines July 2010)
- The capability of an SME to comply may be contrasted with that of larger enterprises on grounds of knowledge, resource and experience.
- Concerns about uncertainty of treatment and potential double tax may be compared to those of larger enterprises
- By implementing an exemption based approach to compliance, e.g., as outlined by the UK at the 8 June 2010 JTPF meeting, nb this may exempt a disproportionate number of businesses in some Member States.

Q 5: Does the forum recognise and agree with these observations?

Considerations

20. The assumption is that tax administrations want to receive and taxpayers want to pay the right amount of tax at the right time. Pre audit activity facilitates that objective and in particular the provision and understanding of relevant information backed up with clear

lines of communication. Getting this interaction right has a direct impact on the level of voluntary compliance and the level of the compliance burden.

21. Pre audit activity is carried out within the context of a range of approaches taken by tax administrations taken in compliance policy and strategy. At one end of the scale there is exemption for SMEs and at the other no specific distinction is made between SME and MNE. In between there is a variety of approaches. A particular principle may guide the line taken with SMEs, for example proportionality. Another approach is the publication of quite specific guidance to assist SMEs. Yet another approach is to give direct assistance for example establishing comparables as part of an APA process.
22. It follows that the nature and extent of any pre audit action will be influenced by the compliance policy in place. To give an example: in an exemption based approach, containing some safeguard rules, the emphasis may be on explaining what those rules are. In a system that applies a policy of proportionality the emphasis may be by clarifying the meaning of that principle and how it will be applied in practice.
23. It is believed to be a useful exercise to bring together existing SME transfer pricing approaches, to reflect on their characteristics and draw out any best practice lessons to be learnt or developed.

Summary Table of known approaches to SMEs:

Approach	Pros	Cons
exemption	<ul style="list-style-type: none"> - ease of compliance - low resource cost 	<ul style="list-style-type: none"> - asymmetric with other MS - possible revenue loss - hamper SME incentive to expand - unfair treatment concerns
proportionality	flexibility of interpretation and application	- could be considered as subjective
clearances/agreements/rulings/APA	<ul style="list-style-type: none"> -pre empts audit -certainty of treatment 	<ul style="list-style-type: none"> - resource - lack of transparency - lack of clarity on status - unilateral limitations
specific measures	<ul style="list-style-type: none"> - targets discrete areas of compliance difficulty - less broad brush than exemption 	<ul style="list-style-type: none"> - need to write specific rules - two tier compliance requirements - unfair treatment concerns
contact/dialogue/ training	<ul style="list-style-type: none"> - improves compliance - communication tool - consistency of approach - reduces need/quicker audit - reduction of double tax 	<ul style="list-style-type: none"> - resource commitment - need to update.

Q 6: Does the Forum agree the contents of the table and does it wish to make additions or deletions?

24. An exemption approach has the compliance advantage of taking SMEs out of the tax net altogether. However some safeguard rules both for administrations and taxpayers are generally applied. Implementing an exemption system may involve some initial resource cost but thereafter it would be expected there would be a resource saving. There may also be a tax cost but those that use an exemption system report that there is an overall positive cost benefit return. The move to an exemption system is probably a smaller step to take for tax administrations that adopt a risk based approach to compliance than those who do not.
25. Problems can occur when an SME is exempted in one state but its associate, in another, is not. In that case documentation etc would still need to be prepared by the SME and potential difficulties arise in obtaining information from an associate which is not required to keep documentation. There are also ramifications in relieving double tax that might arise from a transfer pricing adjustment in a non exempted subsidiary.
26. An approach based on proportionality has the main advantage of not being prescriptive. It provides flexibility in that a judgement on a particular compliance requirement can be based on the particular facts and circumstances of a case. Conversely, the challenge of implementing such an approach lies in its very flexibility with the attendant, unwanted, potential for inconsistent subjective decisions. SMEs will want to see consistency in decision making, which in turn will provide the certainty of treatment that they seek, to achieve that there needs to be sufficient transparency in the system so that the trend of reasoning in arriving at decisions can be discerned.
27. The common feature of clearances, rulings and APAs is they give some measure of certainty in relation to a transaction. The definition and usage of clearances, rulings and APAs are not always clear. Some of the distinctions between them seem only to involve vocabulary. Other distinctions revolve around timing, legal status and whether or not they apply unilaterally or bilaterally. Clarification of what each tax administration offers in this area as far as it relates to transfer pricing and SMEs could be seen as useful. That exercise may in itself reveal some useful best practice.
28. Targeted measures have the advantage of dealing with specific pressure points in the compliance process thus to deal with a problem before it arises. For example documentation requirements or the way in which information may be provided. Care needs to be taken that bias treatment does not unwittingly creep into the process. Additionally, as with exemption, there could be asymmetry of treatment as tax administrations take different measures. There will also be some upfront and maintenance resource cost.
29. An ongoing meaningful dialogue with SMEs has several benefits. The ability to establish at first hand what the concerns of SMEs are is an obvious one. In trying then to meet those needs, an ongoing dialogue can inform the final outcomes. Good lines of communication can as well be used to coach SMEs who need it, towards better voluntary compliance through training etc. A better understanding of perspectives will have knock on effects for reduction in audit, potential double tax and reduction of the tax burden. Resource will need to be invested to set up and maintain lines of communication.

Thought needs to be given to how needs that are identified can be met otherwise the integrity of the process will be undermined. In other words expectations on both sides have to be managed.

Q 7: Can the Forum agree with the further analysis of each of the approaches and express a preference for an approach that should be taken or perhaps rank them in order of preference?

Q 8: Can the advantages /disadvantages of each of the approaches be expanded upon so as to allow the Forum to point to best practice in each of the approaches?

Pre -audit: possible recommendations.

Access to information

30. What does not seem to be readily accessible is a common reference point bringing together the range of actions taken by MS. If that information is brought together it would have multiple benefits. It would capture the current state of play; give a reference point for Member States to consider what actions they may wish to adopt and potentially, overtime, lead to a more uniform approach to SMEs throughout the EU.
31. A central point of information in a TA would benefit an SME who could then could access information on the current policy towards SMEs and transfer pricing, details of any specific measures, training available and points of contact.
32. Can the encouragement of an open door policy be put forward? It is proposed SMEs should have access to tax administrations' experts for further guidance on specific issues. The expert would give an overview and guidance at a level to enable compliance but clearly not to the extent of any tax planning. The flavour is more of critical intervention in that when an SME is faced with choices of how to proceed a steer can be given.
33. It is proposed that each tax administration should bring together the information relevant to SMEs (this could be wider than transfer pricing issues) in one place. The optimal action would seem to be that of setting up of a website page.

Clearances, agreements, rulings, APAs

34. The focus here is on what is available pre audit for SMEs when seeking certainty on transactions. Initial research indicates that a variety of tax administration procedures may be available but there may be some confusion as to what they are, what they cover and their legal status.
35. Assuming APAs are commonly understood, the suggestion is that the terms clearances, agreements and rulings should be better defined to provide clarity and improve access to them. With those definitions, together with any others that may be identified during discussion, the procedures available in each tax administration and how to access them should be collated.

Contact, dialogue, training

36. SME representative groups exist and they can provide useful insight to issues concerning their members. What seems difficult to establish is a direct line of communication with frontline SMEs. More work with representative groups, professional advisors and building a local communication network with SMEs would improve communication. A relatively simple action, as happens already in some MS is to organise technical workshops perhaps jointly hosted by tax administrations and professional advisers. A cross section of SMEs could be invited to attend to discuss and seek solutions to problem areas or to confirm good practice in other areas. Such events could also be used to sound out transfer pricing policy initiatives to assess any impact on the SME population.

Training

37. Feedback to date suggests there is a need for SMEs to understand better what transfer pricing is and how they should recognise it, how to react and where to go for further guidance or advice. Several options exist to meet that need:
- Member States could offer to run regular training workshops covering the basics of transfer pricing including Mutual Agreement and Arbitration Convention and Advanced Pricing Agreements. Such a workshop could be run in conjunction with local MNEs and professional advisors and could be part of the regular workshops suggested above.
 - The Forum could prepare a basic toolkit for SMEs so that they can recognise when transfer pricing is a relevant issue and what action to take and where to seek assistance. Alternatively, it may be enough just to draw on any existing training templates guidance of some Member States and observers.

Q 9: Access to information - Does the Forum, for its report, wish to collate an MS "state of play" table with details of how each Member State defines SMEs generally and specifically for transfer pricing; of any administrative practices in relation to SMEs and transfer pricing; any publicly available guidance on how SMEs should approach transfer pricing; any fora established for exchange of views; (i.e. building on DOC: JTPF/002/REV2/BACK/2010/EN)

Q 10: Does the Forum wish to promote the idea of a "one stop shop" tax administration website so that SMEs can access up to date online information and guidance?

Q 11: Is the Forum disposed to carry out some work to provide some further clarity of the nature of and implications of pre audit clearances, agreements and rulings?

Q 12: Is it the Forum's view that TAs should be proactive in engaging with SMEs on TP issues, providing training workshops and technical exchange opportunities and facilitating guidance?

Q 13: Does the Forum consider that MNEs and professional advisors should work collaboratively with TAs and SMEs to improve SME knowledge of transfer pricing? What common actions are recommended to assist SMEs working together?

Q 14: Should the Forum develop its own training materials? Or can the Forum point to best practice examples of training materials?

Audit

Observations

- The right to audit is that of the tax authorities.
- If and how that right is exercised is usually based on the facts and circumstances of a particular case.
- There is a balance to be struck between managing the tax at risk from the SME population and the risk presented by an individual SME entity.
- Points of principle, tax at risk, resource availability are all factors that will inform the decision on whether or not to audit.
- A one size fits all approach to SME audit is unlikely to be the most efficient. Can a common fast track approach be agreed?
- Is there room for a safe harbour approach?
- Is there value to be had in reviewing existing Forum reports (e.g. Code of Conduct on the Arbitration Convention, EUTPD, APA guidelines) to compile a supplementary report focused on SMEs?
- The largest tax risks may attract the majority and most experienced tax administration resource and deplete the level of experience available to deal with SMEs.

Q 15: Does the forum recognise and agree with these observations? Any additional observations?

Considerations

38. A tax administration will usually profile its tax base so it is better aware of its make up and better informed when preparing its policy and strategy in the management of that tax base. Decisions will often be tiered in that there may be an overall policy applied to a sector and then decisions on how to implement that policy. By way of illustration it may be decided policy that as SMEs constitute the majority of the tax base they cannot be exempted. But at policy implementation level it may be decided that the number, breadth and depth of audit enquiries may be graduated to align with the characteristics of sub sets of the population.
39. There appear to be, very broadly, two approaches to audit within the EU tax administrations. The first is a regular audit programme triggered by set time periods. The second is a risk based audit triggered by events that suggest tax may be at risk. The proposal is that a tailored approach to SME transfer pricing audits will work in either scenario by either facilitating an expedient completion of an audit or to assess if an audit is necessary.
40. It has already been noted MS have to date taken certain measures targeted at SMEs in the audit process. The measures can be summarised as a lighter touch approach and it may be possible to build on those approaches that have already been put in place by some tax administrations. Measures by TAs currently in place in both the audit and APA processes include: de minimis limits for transactions; streamlined documentation requirements; verbal provision of information; streamlined report of transactions; preparation of a

limited transfer pricing study by TA; conducting a comparability search ;special measures for long term contracts. (JTPF/002/REV/BACK/2010/EN)

41. Existing JTPF reports make reference to SMEs in EUTPD (reference 2.7) and APA guidelines (reference 4.8).Comments made refer to a "reasonableness" test in the application of EUTPD and "to facilitate access to APAs for SMEs where APAs are useful for dispute or avoidance resolution". A Forum targeted measure could be to review these reports and perhaps produce an annex in each to specifically cater for SMEs.
42. Some commentators suggest that the use of safe harbours can reduce the administrative/ compliance burden. There also appears to be within the OECD a growing recognition that safe harbours do not violate the arm's length principle and can be applied in certain circumstances.
43. If it is felt to be a useful development a streamlined audit process for SMEs the process could have the following features:

Audit process

Audit selection Stage

44. The general assumption would be that there is no transfer pricing problem in the absence of clear evidence to the contrary. Some comfort however may be needed that there is not too much tax risk exposure in such an approach. So is it possible to apply a set of conditions that if adhered to would enable a judgement to be made that ordinarily an audit would not be necessary?
 - A set of values within which an audit would generally not be required. The values could be:
 - A mix of balance sheet value, turnover, number of employees, individual/ cumulative transaction value.
 - An individual parameter e.g. a monetary value limit on individual or cumulative transactions beneath which no audit will be applied - a de minimis limit.
 - A percentage of related sales to total sales
 - Apply a risk profile to returned results and where there is a deviation +/- N% from for example, results of independent sector analysis, TA`s own database, TA expert's knowledge .
 - A combination of the above.
45. A slightly more extended approach could be that it could be in the first year of applying this approach to an SME a short narrative (or oral exchange) is obtained to secure some background information against which to put in context the subsequent application of a set of values.

Audit Stage

46. If an audit is felt necessary, can a fast track approach be agreed?

Audit Template could be:

- Audit process
- Provision of the minimum information required to evaluate prices against the arm's length standard. (e.g. Swedish simplified report approach JTPF/002/REV/BACK/2010/EN)
- Flexible approach as to how information required is provided (e.g. Germany information provided orally JTPF/002/REV/BACK/2010/EN)
- Proactive intervention by TA to provide solutions (e.g. Belgium limited transfer pricing study; Netherlands comparable study JTPF/002/REV/BACK/2010/EN)
- Working to an agreed timetable.

Audit settlement

- Settlement
- Once facts and relative positions are established a case can "stick". It is unlikely the SME will have another point of reference but TAs could instigate an off line peer group review of the settlement proposal to verify the settlement and share the findings with the SME.

Professional advisors:

- Access to professional advice
- Can an SME advice package be offered that recognises a lighter touch approach
- Alternatively can critical intervention advice service be offered at key points e.g. preparing a simplified report or at the negotiation of a settlement

Q 16: Does the Forum wish to explore what a lighter touch approach might consist of?

Q 17: Is it deemed useful to incorporate or build on existing TAs approaches to SMEs?

Q 18: Is it worthwhile to develop an audit template to be applied to SMEs?

(iv) Dispute resolution

Observations

- Once a transfer pricing adjustment has been made it often triggers double tax requiring an application to be made under MAP or the A/C or both.
- Often SMEs will have little knowledge of how to go about making such an application and how the process works.
- The quantum of relief sought is, generally, at the lower end of the scale but the impact on the SME is often at the high end of the scale.
- If it is reasonable to take a lighter touch in the audit process is that not also the case in any dispute resolution process?
- Alternative dispute resolution is a current work programme reserve list item.

Q 19: Does the forum recognise and agree with these observations?

Considerations

47. The suggested streamlined audit approach is envisaged to, generally, apply to SMEs where the absolute monetary value of the transactions will be at the lower end of the scale and involve less complex types of transactions. It is suggested that it is a natural

progression to explore as well if a streamlined approach could also be of use in dispute resolution.

48. Whilst the arm's length principle will underpin any approach to dispute resolution the process by which it is applied could be varied.
49. The language in paragraph 2 of Art 25, states: *If it is not itself [i.e. the Competent Authority Secretariat- note and emphasis] able to arrive at a satisfactory solution....* This appears to give Competent Authorities (CAs) autonomy in resolving double tax without reference to the other Competent Authority.
50. At least two scenarios can be imagined. In one scenario, a CA can decide a primary adjustment arising in its own TA is not appropriate to be taken to MAP. The reasons for that could be varied and may cover an inappropriate adjustment or the quantum of the adjustment. It would seem appropriate in that circumstance that any potential double tax is resolved by the unilateral action of the originating state CA.
51. In the other scenario, the CA receives a request under MAP from another CA i.e. the primary adjustment is made elsewhere. It may occur that in the initial presentation of the case, there is prima facie evidence to suggest that the adjustment is arm's length not complex and adjustment value is not substantial .It would seem reasonable to be disposed to accept rather than make further enquiry that it is unlikely to have a significant cost benefit return. Taking that idea a little further may result in recognising there is a role for a de minimis limit.
52. What must be guarded against is the possibility of taxpayers carrying out their own "do it yourself" adjustment by- passing CAs altogether.
53. If it is found that an adjustment is required to enter the MAP A/C process, it is suggested that there is a role for a fast track approach on the basis the adjustment results from a non complex transaction and will not have a high monetary value. The proposed approaches in the streamlined audit suggestion could form the basis of a fast track option.
54. Alternative dispute resolution approaches may be particularly suited to SMEs. The options have already been touched on by the JTPF in its previous report "on the work of the EUJTPF in the field of dispute avoidance and resolution procedures" (reference 6).

Q 20: What is the Forum's view on the options open for a CA to resolve a potential double tax adjustment unilaterally?

Q 21: Is a de-minimis limit a pragmatic option

Q 22: What is the Forum's experience of fast track dispute resolution approaches? Does it wish to draw up its own best practice template for fast track dispute resolution?

Q 23: Does the Forum wish to review the recently revised Code of Conduct on the AC to give an SME perspective?

Follow up

55. The next stage in this process is to summarise the above on the basis of discussions during the meeting and prepare a clear and concise draft report for discussion.