HOW TO USE THE MASTER FILE TEMPLATE

Step 1 – Please read the introduction and the section on preparation carefully. Throughout this Master File template, you will regularly encounter notes that serve as guidelines and support you in creating your Master File. There are two types of instructions:

1. *Contents highlighted in blue and in italics:* These relate primarily to the formal dimension and offer a basic description of each step.

2. *Contents highlighted in green and in italics:* These relate primarily to the substantial dimension and contain technical information as well as sample contents to help you create your Master File.

Step 2 – Please utilize the search and replace function (Ctrl + F) to overwrite *<Group Name>* with the full name of the Group in the entire document. Kindly repeat the aforementioned step and replace *<yyyy>* with the Financial Year documented in this Master File.

Step 3 – Please gather the following information before you begin to prepare the Master File in greater detail. These may also be requested by the tax authorities during a local tax audit.

- Information on the Group’s organisational structure;
- Information of the Group’s business;
- Information on the Group’s usage of intangibles;
- Information on the Group’s intercompany financial activities;
- Information on the Group’s financial and tax positions.

Please refer below for a detailed description of the contents required to document each section.

Step 4 – Please compile the attachments that are relevant to the document.

Step 5 – Please verify that the Master File addresses all matters outlined below and is prepared in accordance with the requirements stated by the OECD.

Step 6 – Please remove the *color-coded and cursive insertions* from the document. These are intended as an aid for internal use only and should be deleted before completion. If necessary, please remove any *sample content* that you have copied. Please also check the layout and make any necessary adjustments.

Step 7 – Please verify the transaction volumes, the attached documents (e.g., intercompany agreements and numbering of the annexes), and the list of abbreviations based on the entire document. Should any corrections be required, please implement them.

Step 8 – Once your Master File has been finalized, please delete this instruction.

Step 9 – As a final step, please update the table of contents and other directories, as well as the list of appendices.

<Insert Group logo here>

<Group Full Name>

Transfer Pricing Master File

Financial Year *<YYYY>*

Content

List of Tables

[Once you have completed the document, please create a list of tables.]

List of Figures

[Once you have completed the document, please create a list of figures.]

List of Abbreviations

[Once you have completed the document, please check the list of abbreviations and make any necessary adjustments. Relevant abbreviations that regularly appear in transfer pricing documentation are already included as examples.]

BEPS	Base Erosion and Profit Shifting
B2C	Business-to-consumer
B2B	Business-to-business
FY	Financial Year
OECD	Organization for Economic Cooperation and Development
OECD Guidelines	Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022
R&D	Research and Development

Introduction

In October 2015, the OECD published the final results of its 15-point action plan to combat Base Erosion and Profit Shifting ("BEPS"), which multinational enterprises are required to implement. As part of Action 13 of the BEPS Project, the OECD issued recommendations regarding transfer pricing documentation requirements. These recommendations were incorporated into the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("OECD Transfer Pricing Guidelines").

The OECD Transfer Pricing Guidelines set out a three-step approach to transfer pricing documentation, which comprises:

- a Master File;
- a Local File; as well as
- a Country-by-Country Report ("CbCR").[4]

The Master File provides an overview of the group's business activities. It includes the organisational structure of the group, a description of its business activities, its financing situation, and its policy on intangibles. The Master File also presents the value chain from the group's perspective.

The Local File focuses on the key transactions of local companies and aims to show how a local taxpayer has applied the arm's length principle to its cross-border transactions with associated companies. It also presents the suitability of the chosen transfer pricing methods and the appropriateness of the transfer prices.

The CbCR provides tax authorities with geographical or country-specific information on various key figures relating to the Group, including income, assets and employees. This gives tax authorities greater transparency regarding the Group's business activities.

This report is the Master File of *<full name of the Group>* for the Financial Year ("FY") *<yyyy>*. Its purpose is to provide an overview of the group and its transfer pricing policy in the context of its economic, legal, financial and tax situation. To this end, the economic framework conditions forming the basis of transfer pricing and the group's main companies are presented.

The report is divided into the following sections:

Section 1 Organisational Structure: This section contains the Group's corporate structure and an overview of its business activities.

Section 2 Description of the Group's business: This section explains the industry the Group operates in as well as its value chain.

Section 3 Intangibles: This section discusses the Group's intangible assets and relevant agreements in this regard.

Section 4 Group financing: This section describes the Group's internal and external financing, as well as significant agreements relating to this.

Section 5 Financial and tax positions: This section refers to the Group's annual financial statements and the circumstances to be considered from a tax perspective.

[4] Cf. OECD Transfer Pricing Guidelines 2022, para. 5.36.

1. Organisational Structure

1.1. Description of the Group

Please provide a concise description of the Group to provide readers with an initial understanding of its operations.

In this section, you will have the opportunity to address the following points:

- *When was the Group founded and when did it pick up its business activities?*
- *Which industry does the Group specialise in?*
- *How can the Group's main business activities be described?*
- *How has the Group evolved since its foundation? Please provide a brief description outlining the Group's development. Frequently, companies will have marketing content which outlines their milestones and general development. This can then be included within this section.*
- *Which company serves as the parent company of the Group and where is its main residency located?*

1.2. Ownership Structure

Please attach a legal chart illustrating the Group's shareholdings during the specified period.

Please refer to **Appendix A** for the legal structure of the Group as of *<Month dd, yyyy>*.

1.3. Organizational Structure

Please include an overview showing the organisational structure of the Group. This should provide information about the Group's vertical and horizontal structure and name its main departments. In contrast to the legal chart, this refers to the organisational distribution of responsibilities (including the board of directors, resort managers/department heads, size of departments, etc.).

Please refer to **Appendix B** for the organizational structure of the Group as of *<Month dd, yyyy>*.

1.4. Recent Acquisitions and Divestitures

Please describe any significant business restructurings that have taken place during the documentation period, including acquisitions, divestitures and the foundation of new companies within the Group.

1.5. Location of Operating Entities

Please provide an overview of the location of the Group's operating entities. Furthermore, you have the option to emphasise the Group's geographical roots and highlight its entry into new markets, if applicable.

Kindly use the following table, which should include the respective country as well as the full names of the operating companies within that country.

The below table shows the operating entities of *<Group Name>*.

Table 1: Location of *<Group Name>*'s Operating Entities* as of *<Month dd, yyyy>*

Geographical Location	Entity
Germany	*Company A GmbH*
United Kingdom	*Company B Ltd.*

2. Description of *<Group Name>*'s Business

2.1. Overview of *<Group Name>*'s Business

The purpose of this section is to provide a comprehensive overview of the Group's business operations.

To begin this section, please describe the business activities the Group is primarily engaged in. Feel free to elaborate on this part by covering the following aspects:

- *Which products and services are offered by the Group? What characteristics define the products and services offered by the Group?*
- *How are the products and services being distributed? Please describe the Group's distribution channels (e.g. B2B, B2C etc.).*
- *Which values shape the Group's business activities? Please provide a brief outline of the Group's philosophy with respect to its products and services.*

After a general overview of the Group's business has been provided, the focus should now be directed towards the entities which are vital to the operations of the Group. Please describe how these entities engage and contribute to the business of the Group by outlining the following points:

- *Entity's full name, date of foundation and location of residency;*
- *integration into the Group's organisational structure; and*
- *main responsibilities within the Group's operational model (e.g. R&D, logistics etc.).*

Following the above points, please provide an overview of the Group's revenue for the documentation period, clearly outlining all revenue drivers that account for more than 5% of the total revenues. Please use the following table to provide the following information for each product or service:

- *Type of product or service;*
- *the absolute amount of revenue generated by that product or service; as well as*
- *its share of the total revenue.*

<Group Name>'s revenues can be split up in the following categories:

Table 2: *<Group Name>*- Breakdown of Revenues FY *<yyyy>* (including all revenue drivers >5%)

	Revenue in mEUR FY *<yyyy>*	Proportion of total revenues
Product A	*15*	*15 %*
Product B	*35*	*35 %*
Product C	*50*	*50 %*
Total	***100***	***100 %***

2.2. Analysis of the Industry

In this section, please provide a description of the industry in which your company operates.

Please find below a list of potentially relevant aspects that you may wish to address in your industry analysis. Please note that this is not an exhaustive list, but rather a guide that you can customize to suit the Group's business.

The industry analysis should contain facts and figures from reliable sources. The statistics portal 'Statista' is a particularly useful source due to the large amount of data it contains from market and opinion research institutes, although other sources are also possible, such as the management report and the comments on opportunities and risks in the respective annual financial statements which often contain