

Most Recent Year Filed Tax Return

Q1. What year is your company's most recently filed federal income tax return?

Base: Total

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
YEAR	(N=38)	(N=75)	(N=93)	(N=116)	(N=115)	(N=251)	(N=696)
2000	16%	16%	19%	20%	17%	12%	16%
1999	84%	84%	77%	77%	82%	87%	83%
1998	-	-	3%	3%	1%	*	1%

Total Net Gross Receipts on Form 1120

Q2. What was your company's net gross receipts or sales, as reported on Form 1120, line 1c, on your most recent return?

Base: Total (N=696)

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Decline to comment
TOTAL	5%	11%	13%	17%	17%	36%	1%

Forms Filed on Most Recent Return

Q3. For your most recent return, did you file one or more forms 5471, forms 5472, did you file both, or did you file neither?

Base: Total

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=38)	(N=75)	(N=93)	(N=116)	(N=115)	(N=251)	(N=696)
5471 only	42%	55%	49%	63%	67%	71%	63%
5472 only	42%	25%	25%	16%	10%	7%	15%
Both 5471 and 5472	5%	15%	18%	19%	20%	21%	19%
Neither 5474 or 5472	3%	3%	5%	2%	3%	*	2%
Decline to comment	8%	3%	2%	-	1%	*	1%

Totals on Part IV of Form(s) 5472

Q4. What is the combined total of all lines 11 and 22 (total transactions between reporting corporate and foreign related parties) on Part IV of all of the 5472's you filed in your most recent return?

Base: Filed form 5472

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=18)	(N=30)	(N=40)	(N=41)	(N=34)	(N=70)	(N=237)
Less than \$10 Mil.	22%	27%	20%	15%	18%	13%	17%
\$10 M., less than \$31 M.	44%	20%	18%	10%	-	3%	11%
\$31 M., less than \$62M.	22%	13%	20%	10%	6%	1%	10%
\$62M., less than \$125 M.	6%	37%	23%	22%	18%	6%	17%
\$125M., less than \$250 M.	6%	-	10%	17%	15%	6%	9%
\$250M., less than \$500 M.	-	3%	3%	12%	18%	7%	8%
\$500M., less than \$1 Bil.	-	-	3%	12%	12%	20%	10%
Over \$1 B.	-	-	-	-	9%	31%	11%
Not applicble	-	-	3%	-	3%	4%	2%
Decline to comment	-	-	3%	2%	3%	9%	5%

Schedule M Included on Form 5471

Q5. When you filed your most recent Form 5471, did it include at least one schedule M (transactions between controlled foreign corporations and shareholders or other related persons)?

Base: Filed form 5471

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=18)	(N=52)	(N=63)	(N=95)	(N=100)	(N=232)	(N=564)
Yes	83%	85%	81%	80%	85%	90%	86%
No	17%	15%	16%	18%	12%	10%	13%
Decline to comment	-	-	3%	2%	3%	*	1%

Totals on Lines 9 & 18 of Schedule M for 5471

Q6. According to the form 5471 schedule M that you filed with your most recent return, what was the total of all columns (B through F) on lines 9 and 18 (total transactions between controlled foreign corporations and related parties) on all schedule M forms combined?

Base: Filed form 5471 with at least one schedule M

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=15)	(N=44)	(N=53)	(N=78)	(N=88)	(N=209)	(N=490)
Less than \$10 Mil.	73%	50%	53%	38%	28%	15%	30%
\$10 M., less than \$31 M.	20%	25%	15%	17%	27%	9%	16%
\$31 M., less than \$62M.	-	16%	13%	10%	9%	10%	10%
\$62M., less than \$125 M.	-	5%	11%	10%	10%	9%	9%
\$125M., less than \$250 M.	-	-	2%	12%	9%	12%	9%
\$250M., less than \$500 M.	-	-	2%	5%	2%	9%	5%
\$500M., less than \$1 Bil.	7%	2%	-	-	-	10%	5%
Over \$1 B.	-	-	-	-	-	15%	7%
Not applicable	-	-	2%	-	1%	-	*
Decline to comment	-	2%	2%	8%	13%	11%	9%

Entered into Transactions Other than Reported

Q7. Did your company enter into any transactions between controlled affiliates (as “control” is defined by section 482) other than what you reported on either form 5471 or form 5472

Base: Total

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=38)	(N=75)	(N=93)	(N=116)	(N=115)	(N=251)	(N=696)
Yes	8%	12%	11%	13%	17%	14%	13%
No	89%	84%	84%	83%	76%	84%	83%
Decline to comment	3%	4%	5%	4%	7%	2%	4%

Total Amounts of All Transactions

Q7a. What were the total dollar amounts of all transactions entered into between controlled affiliates not otherwise reported on forms 5471 or forms 5472 for your most recent tax return?

Base: Company entered into transactions between controlled affiliates

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=3)	(N=9)	(N=10)	(N=15)	(N=20)	(N=34)	(N=93)
Less than \$10 Mil.	67%	44%	50%	40%	30%	32%	37%
\$10 M., less than \$31 M.	-	11%	40%	13%	10%	9%	13%
\$31 M., less than \$62M.	-	-	-	13%	10%	-	4%
\$62M., less than \$125 M.	-	-	-	-	5%	3%	2%
\$125M., less than \$250 M.	-	-	-	-	15%	6%	5%
\$250M., less than \$500 M.	-	-	-	-	5%	12%	5%
\$500M., less than \$1 Bil.	-	-	-	-	-	3%	1%
Over \$1 B.	-	-	-	-	-	6%	2%
Not applicable	33%	44%	-	27%	20%	9%	17%

What Percent of Total Dollar Value of Transactions Was Contemporaneous Documentation Prepared

Q8. Approximately, what percentage of the total dollar value of your controlled related-party cross-border transactions in the most recent tax return did you prepare contemporaneous documentation as outlined in section 6662(E)?

Base: Total

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=38)	(N=75)	(N=93)	(N=116)	(N=115)	(N=251)	(N=696)
95% or more	50%	48%	47%	49%	40%	49%	48%
75% to 94%	16%	19%	10%	17%	10%	23%	17%
50% to 74%	5%	1%	9%	10%	9%	10%	9%
25% to 49%	-	4%	5%	6%	4%	7%	5%
5% to 24%	-	4%	1%	3%	5%	3%	3%
Less than 5%	29%	23%	27%	13%	30%	7%	17%

Prepared Contemporaneous Documentation For Less than 5% of Transactions By Total Transactions Between Parties

Q4. What is the combined total of all lines 11 and 22 (total transactions between reporting corporate and foreign related parties) on Part IV of all of the 5472's you filed in your most recent return?

Q6. According to the form 5471 schedule M that you filed with your most recent return, what was the total of all columns (B through F) on lines 9 and 18 (total transactions between controlled foreign corporations and related parties) on all schedule M forms combined?

Q8. Approximately, what percentage of the total dollar value of your controlled related-party cross-border transactions in the most recent tax return did you prepare contemporaneous documentation as outlined in section 6662(E)?

Base: Total

	Total Filed on Form 5472 and Schedule M							
Prepared Contemporaneous Documentation for less than 5% of Transactions	Less than \$10 Mil.	\$10-\$30 Mil.	\$31-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.
Total on Form 5472	34%	26%	22%	15%	10%	0%	4%	12%
Total on Schedule M	26%	19%	12%	7%	5%	8%	4%	6%

Why Documentation Not Prepared on All Transactions

Q8a. Which of the following explanations best describes why you did not prepare transfer pricing documentation on all transactions?

Base: Documentation less than 95%

	Gross Receipts						
	\$10-\$61 Mil. (N=19)	\$62-\$124 Mil. (N=39)	\$125-249 Mil. (N=49)	\$250-\$499 Mil. (N=59)	\$500 Mil. - \$1 Bil (N=69)	Over \$1 Bil. (N=127)	Total (N=365)
We believe that our transfer pricing is correct and that we will not be subject to a section 482 adjustment.	58%	51%	51%	51%	48%	54%	52%
The tax department lacked the resources, personnel, or budget required to prepare the documentation.	21%	31%	47%	41%	51%	43%	42%
Our transactions are based upon market prices and are easily verified.	26%	33%	29%	31%	33%	34%	32%
The documentation effort was too complicated and burdensome.	-	26%	29%	32%	33%	39%	32%
The information produced through our normal accounting reports is sufficient documentation for this purpose.	37%	28%	33%	31%	29%	31%	31%
The cost of preparing the documentation was too expensive.	5%	18%	31%	24%	35%	36%	29%
Any potential audit adjustment would not meet the penalty threshold under section 6662(E).	16%	18%	27%	25%	23%	35%	27%
The cost of preparing the documentation is greater than our tax exposure risk to section 6662(E) penalties.	11%	15%	22%	20%	29%	34%	26%
We prepared section 6662(E) documentation for a previous taxable year, and there have been no material changes that would affect our transfer pricing.	11%	10%	8%	8%	13%	20%	14%
Had no impact on U. S. income tax.	5%	10%	10%	8%	9%	10%	9%
Decline to comment	11%	23%	12%	3%	9%	3%	8%
Other	-	13%	6%	5%	10%	8%	8%
Our transfer pricing is consistent with an earlier IRS settlement on this issue, and there have been no material changes that would affect our transfer pricing.	-	-	6%	8%	1%	6%	4%

Difficulty of Preparing Documents: Overview of the Business

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

a. Overview of the business

Base: Documentation for 5% or more

	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	48%	53%	53%	60%	49%	49%	52%
Somewhat difficult	22%	19%	24%	27%	26%	33%	28%
Very difficult	15%	3%	7%	5%	14%	10%	9%
Did not prepare documentation	11%	17%	12%	7%	9%	6%	9%
Decline to comment	4%	7%	4%	1%	3%	2%	3%

Difficulty of Preparing Documents: Organizational Structure

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

b. Description of the organization structure of all related parties engaged in transactions potentially relevant under section 482

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	37%	47%	52%	65%	51%	48%	51%
Somewhat difficult	33%	26%	31%	24%	34%	39%	33%
Very difficult	7%	9%	4%	3%	6%	8%	7%
Did not prepare documentatio	15%	12%	7%	7%	6%	3%	6%
Decline to comment	7%	7%	6%	1%	3%	3%	3%

Difficulty of Preparing Documents: Documentation Explicitly Required by Section 482

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

c. Documentation explicitly required by the regulations under section 482

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	19%	5%	3%	4%	6%	7%	6%
Somewhat difficult	30%	36%	43%	52%	44%	37%	41%
Very difficult	22%	31%	35%	28%	40%	47%	38%
Did not prepare documentatio	22%	21%	12%	16%	8%	6%	11%
Decline to comment	7%	7%	7%	1%	3%	3%	4%

Difficulty of Preparing Documents: Description of Transfer Pricing Method

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

d. Description of the transfer pricing method selected and explanation of why it was selected

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	19%	14%	10%	11%	15%	15%	14%
Somewhat difficult	30%	29%	43%	54%	44%	47%	45%
Very difficult	22%	31%	22%	21%	28%	28%	26%
Did not prepare documentatio	22%	19%	18%	14%	11%	6%	12%
Decline to comment	7%	7%	7%	1%	3%	3%	4%

Difficulty of Preparing Documents: Description of Methods Considered

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

e. Description of the methods that were considered and explanation of why they were not selected

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	4%	5%	9%	4%	8%	12%	9%
Somewhat difficult	41%	33%	38%	54%	46%	41%	42%
Very difficult	19%	35%	25%	20%	31%	33%	29%
Did not prepare documentatio	30%	21%	21%	22%	13%	11%	16%
Decline to comment	7%	7%	7%	1%	3%	3%	4%

Difficulty of Preparing Documents: Description of the Controlled Transactions

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

f. Description of the controlled transactions

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	33%	36%	37%	45%	35%	34%	37%
Somewhat difficult	33%	36%	38%	33%	45%	51%	43%
Very difficult	11%	7%	10%	12%	10%	8%	9%
Did not prepare documentatio	15%	14%	7%	10%	8%	4%	7%
Decline to comment	7%	7%	7%	1%	3%	3%	4%

Difficulty of Preparing Documents: Description of the Comparables that Were Used

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

g. Description of the comparables that were used

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	4%	9%	3%	8%	8%	11%	9%
Somewhat difficult	22%	28%	34%	32%	39%	35%	33%
Very difficult	30%	33%	35%	41%	40%	42%	39%
Did not prepare documentatio	37%	24%	21%	19%	11%	9%	15%
Decline to comment	7%	7%	7%	1%	3%	4%	4%

Difficulty of Preparing Documents: Explanation of the Economic Analysis and Projections

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

h. Explanation of the economic analysis and projections relied upon in developing the method

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	4%	9%	4%	3%	4%	5%	5%
Somewhat difficult	22%	26%	27%	34%	28%	29%	29%
Very difficult	37%	33%	38%	41%	49%	48%	44%
Did not prepare documentatio	30%	26%	24%	21%	18%	14%	19%
Decline to comment	7%	7%	7%	2%	3%	3%	4%

Difficulty of Preparing Documents: Description of Relevant Data Obtained After the End of the Tax Year

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

i. Description of any relevant data that was obtained after the end of the tax year and before filing a tax return, and which would help determine if a specified method was selected and applied in a reasonable manner

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	11%	14%	9%	6%	13%	13%	11%
Somewhat difficult	19%	26%	27%	40%	29%	36%	33%
Very difficult	19%	19%	27%	16%	30%	23%	22%
Did not prepare documentatio	44%	35%	31%	37%	26%	24%	30%
Decline to comment	7%	7%	7%	2%	3%	3%	4%

Difficulty of Preparing Documents: Index of the Principal and Background Documents

Q9. The following is a list of the documentation requirements of treasury regulations section 1.6662-6(D)(2)(III) which include 10 types of “principal documents” required for the documentation to comply with section 6662(E). For each of the principal documents listed below, please indicate how difficult it was for your company to prepare the basic transfer pricing analysis by selecting whether it was “not difficult,” “somewhat difficult,” or “very difficult.” If you have never prepared the type of documentation described, then select “did not prepare documentation,” however, you must select one response for each item.

j. Index of the principal and background documents and a description of the record keeping system

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Not difficult	15%	14%	16%	26%	21%	25%	22%
Somewhat difficult	30%	33%	44%	33%	41%	42%	39%
Very difficult	11%	21%	12%	11%	14%	16%	15%
Did not prepare documentati	37%	26%	21%	29%	21%	14%	21%
Decline to comment	7%	7%	7%	2%	3%	3%	4%

How Documentation was Prepared

Q10. How was the transfer pricing documentation for the last return prepared?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Internally	41%	24%	29%	33%	23%	28%	28%
Externally	-	17%	15%	18%	15%	8%	12%
A combination of inside and outside sources	41%	45%	47%	44%	55%	59%	51%
Decline to comment	19%	14%	9%	6%	8%	5%	8%

Estimated Cost of Compliance

Q11. As part of your decision to prepare pricing documentation, did you estimate the cost of compliance?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Yes	15%	41%	41%	50%	55%	49%	47%
No	59%	41%	44%	43%	33%	43%	42%
Decline to comment	26%	17%	15%	8%	13%	8%	11%

Undertook Cost/Benefit Analysis

Q12. Did you undertake a cost/benefit analysis based upon your tax exposure risk?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Yes	15%	14%	22%	33%	33%	26%	26%
No	63%	66%	63%	58%	55%	64%	62%
Decline to comment	22%	21%	15%	9%	13%	10%	12%

Sought Advice From External Person or Entity

Q13. Did you seek advice from an external person or entity (e.g. a tax attorney, CPA, or other tax specialist or someone from an accounting or economic analysis firm) regarding the preparation of transfer pricing documentation or having a transfer pricing study performed?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Yes	78%	76%	84%	84%	85%	80%	81%
No	7%	10%	9%	9%	8%	15%	11%
Decline to comment	15%	14%	7%	7%	8%	5%	7%

Approximate Number of FTE's Committed to Transfer Pricing Issues

Q14. What is the approximate number of full-time equivalent (FTEs) you currently have committed toward handling issues relating to documentation and other transfer pricing issues?

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
0	26%	35%	31%	38%	39%	19%	28%
1 to 10	63%	47%	50%	55%	54%	70%	60%
11 to 25	-	-	-	-	-	1%	*
25 to 50	-	-	2%	1%	1%	1%	1%
More than 50	-	3%	2%	-	-	1%	1%
Decline to comment	11%	16%	16%	7%	6%	9%	10%

Amount Spent on Preparing Transfer Pricing

Q15. Considering all costs, both external and internal, about how much was spent in the past year on preparing transfer pricing document studies? Note: Exclude the costs of conducting document study updates.

Base: Documentation for 5% or more

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
\$0	11%	7%	7%	3%	3%	3%	4%
\$1 to \$100,000	56%	64%	63%	66%	63%	37%	53%
\$100,001 to \$200,000	4%	10%	12%	13%	18%	18%	15%
\$200,001 to \$500,000	7%	-	3%	8%	6%	23%	12%
\$500,001 to \$1,000,000	-	-	-	-	1%	6%	3%
More than \$1,000,000	-	-	-	-	-	2%	1%
Decline to comment	22%	19%	15%	10%	10%	12%	13%

Percentage of Total Annual Tax Compliance Budget Reflects Cost of Addressing Transfer Pricing Issues

Q16. Approximately what percentage of your total annual tax compliance budget reflects the cost of addressing all transfer pricing issues (e.g. transfer pricing documentation, audit related costs, litigation, etc.)?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Mean	6.9%	23.1%	17.2%	20.5%	22.0%	16.2%	18.3%
Median	2.6%	15.5%	13.2%	16.6%	20.6%	12.8%	13.9%

Change in Percentage of Total Tax Compliance Budget Since 1993

Q17. In 1994, the IRS published final section 482 regulations. At about the same time, Congress enacted section 6662(E) transfer pricing penalties. In light of these developments, has the percentage of your total tax compliance budget spent on transfer pricing issues increased, decreased or stayed about the same since your 1993 tax year end?

Base: Documentation for 5% or more

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=27)	(N=58)	(N=68)	(N=101)	(N=80)	(N=233)	(N=567)
Increased	22%	50%	57%	63%	75%	74%	65%
Decreased	-	2%	-	2%	1%	*	1%
Stayed about the same	48%	21%	22%	14%	10%	14%	17%
Not applicable	7%	9%	7%	11%	5%	5%	7%
Decline to comment	22%	19%	13%	10%	9%	6%	11%

Amount Spent on Preparing Transfer Pricing

Q18. Please estimate the average annual amount of money spent in preparing transfer pricing documentation in years prior to 1994.

Base: Percentage spent changed

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=6)	(N=30)	(N=39)	(N=66)	(N=61)	(N=174)	(N=379)
\$0	17%	40%	38%	29%	33%	27%	30%
\$1 to \$100,000	50%	37%	54%	59%	49%	54%	53%
\$100,001 to \$200,000	17%	3%	3%	-	7%	7%	5%
\$200,001 to \$500,000	-	-	-	2%	-	1%	1%
\$500,001 to \$1,000,000	-	-	-	-	-	1%	*
More than \$1,000,000	-	-	-	-	-	-	-
Decline to comment	17%	20%	5%	11%	11%	11%	12%

Number of Years Had to Respond to IRS on Transfer Pricing Issue

Q19. How many different years since your 1993 tax return (the tax return whose year ended after December 31, 1993) has your company had to respond to the IRS on a potential transfer pricing issue where contemporaneous documentation relevant to section 6662(E) had been prepared?

Base: Total

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=38)	(N=75)	(N=93)	(N=116)	(N=115)	(N=251)	(N=696)
None	71%	67%	63%	59%	62%	44%	56%
Once	13%	15%	18%	22%	9%	12%	14%
More than once	3%	3%	6%	11%	20%	37%	20%
Decline to comment	13%	16%	12%	8%	10%	8%	10%

Number of Different Years Company Has Had to Respond

Q19a. How many different years total has your company had to respond, at least once per year, since 1993?

Base: Had to respond more than once

	Gross Receipts						Total (N=138)
	\$10-\$61 Mil. (N=1)	\$62-\$124 Mil. (N=2)	\$125-249 Mil. (N=6)	\$250-\$499 Mil. (N=13)	\$500 Mil. - \$1 Bil (N=23)	Over \$1 Bil. (N=93)	
1	-	-	-	-	-	3%	2%
2	100%	-	67%	31%	38%	20%	27%
3	-	50%	-	31%	13%	15%	16%
4	-	50%	17%	8%	8%	22%	18%
5	-	-	17%	8%	8%	13%	12%
6	-	-	-	-	13%	12%	10%
7	-	-	-	-	8%	3%	4%
8	-	-	-	-	-	1%	1%
Refused	-	-	-	23%	13%	11%	11%
Mean	2.0	3.5	2.8	2.9	3.7	3.8	3.7

Has Transactions Examined by IRS For Which Contemporaneous Documentation Was Prepared

Q20. Have any transactions for which contemporaneous documentation was prepared during this period (1994 to 1999) been examined by the IRS?

Base: Did not say "none" to being required to respond to IRS

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=11)	(N=25)	(N=34)	(N=47)	(N=44)	(N=141)	(N=307)
Yes	36%	44%	50%	64%	59%	75%	63%
No	27%	20%	9%	23%	16%	13%	15%
Decline to comment	36%	36%	41%	13%	25%	12%	2%

Most Recent Year Contemporaneous Documentation Was Examined by the IRS

Q21. What was the most recent year a transaction for which contemporaneous documentation was prepared was examined by the IRS?

Base: IRS examined documents between 1994 and 1999

	Gross Receipts						Total
	\$10-\$61 Mil. (N=4)	\$62-\$124 Mil. (N=11)	\$125-249 Mil. (N=7)	\$250-\$499 Mil. (N=30)	\$500 Mil. - \$1 Bil (N=26)	Over \$1 Bil. (N=105)	
1999	-	9%	-	7%	15%	3%	5%
1998	-	-	12%	23%	38%	18%	20%
1997	-	27%	24%	13%	15%	29%	24%
1996	75%	18%	41%	30%	15%	27%	28%
1995	-	18%	12%	17%	8%	12%	12%
1994	25%	18%	12%	7%	4%	8%	9%
Before 1994	-	9%	-	3%	4%	2%	3%

When Advised that the IRS Proposed to Pursue a Transfer Pricing Issue

Q. 22 Thinking about your most recent return, at what point in the examination process were you advised that the IRS proposed to pursue a possible transfer pricing issue?

Base: Most recent examination 1994 or later

	Gross Receipts						
	\$10-\$61 Mil. (N=4)	\$62-\$124 Mil. (N=10)	\$125-249 Mil. (N=17)	\$250-\$499 Mil. (N=29)	\$500 Mil. - \$1 Bil. (N=25)	Over \$1 Bil. (N=103)	Total (N=188)
After the opening conference but before the midpoint of the examination process	-	20%	29%	59%	20%	41%	38%
At the opening conference	50%	50%	35%	21%	44%	36%	35%
After the midpoint of the examination process	50%	-	18%	14%	16%	13%	14%
Decline to comment	-	30%	18%	7%	20%	10%	12%

Asked to Provide Contemporaneous Documentation for Most Recent Return

Q23. For the most recent return, where you asked to provide contemporaneous documentation?

Base: Most recent examination 1994 or later

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=4)	(N=10)	(N=17)	(N=29)	(N=25)	(N=103)	(N=188)
Yes	75%	60%	65%	72%	84%	80%	77%
No	25%	10%	24%	24%	12%	15%	17%
Decline to comment	-	30%	12%	3%	4%	5%	6%

When Asked to Provide Contemporaneous Documentation

Q24. If transfer pricing was identified as an audit area by the IRS, at what point in the examination process of your most recent return were you asked to provide contemporaneous documentation?

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil (N=21)	Over \$1 Bil. (N=82)	Total (N=144)
After the opening conference but before notification that a potential transfer pricing was under consideration	-	17%	-	29%	29%	39%	32%
Upon notification that a transfer pricing issue was under consideration	67%	17%	55%	19%	10%	17%	20%
At the opening conference	-	33%	27%	14%	33%	15%	19%
Within 30 days after notification	-	17%	-	14%	14%	14%	13%
Within 60 days after notification	-	17%	9%	10%	5%	4%	6%
Decline to comment	-	-	9%	5%	5%	7%	6%
61 days or more after notification	-	-	-	10%	5%	1%	3%
Not requested at all	33%	-	-	-	-	2%	2%

How Long To Respond to Request for Contemporaneous Documentation

Q25. How long did it take you to respond to the request for contemporaneous documentation for your most recent return?

Base: Contemporaneous documentation required

	Gross Receipts						Total (N=144)
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil (N=21)	Over \$1 Bil. (N=82)	
Within 30 days after the request	100%	83%	55%	67%	76%	73%	72%
Within 60 days after the request	-	17%	27%	10%	14%	17%	16%
61 days or more after the request	-	-	9%	19%	10%	4%	7%
Decline to comment	-	-	9%	5%	-	7%	5%

Time Between Providing Documentation and Follow-up Discussion

Q26. After providing contemporaneous documentation for your most recent return to the IRS, what was the period of time between providing such information and substantive discussion or follow-up questions regarding the information provided?

Base: Contemporaneous documentation required

	Gross Receipts						Total (N=144)
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil (N=21)	Over \$1 Bil. (N=82)	
Within 30 days after providing the information	-	33%	27%	48%	35%	21%	28%
Within 60 days after providing the information	67%	33%	9%	19%	20%	20%	21%
61 days or more after providing the information	-	33%	55%	14%	30%	32%	30%
Unknown at this time	33%	-	9%	10%	10%	21%	17%
Decline to comment	-	-	-	10%	5%	5%	5%

Documentation Was Given Adequate Consideration

Q27. From your perspective was your submission of contemporaneous documentation on your most recent return given adequate consideration?

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Yes	67%	100%	64%	86%	75%	69%	73%
No	-	-	36%	10%	15%	18%	17%
Decline to comment	33%	-	-	5%	10%	13%	10%

Why Documentation Not Given Adequate Consideration

Q27a. Which of the following reasons best explain why your contemporaneous documentation was not given adequate consideration?

Base: Submission of contemporaneous documentation on return not given adequate consideration

	Gross Receipts						Total (N=24)
	\$10-\$61 Mil. (N=0)	\$62-\$124 Mil. (N=0)	\$125-249 Mil. (N=4)	\$250-\$499 Mil. (N=2)	\$500 Mil. - \$1 Bil (N=3)	Over \$1 Bil. (N=15)	
Conclusions being drawn based on assumptions adequately addressed in submission but not reflected in response prepared by IRS	-	-	50%	-	33%	53%	46%
IRS Personnel reviewing submission lacked expertise, other than economic, to assess and adequately respond to submission	-	-	-	50%	100%	40%	42%
IRS personnel reviewing submission lacked economic expertise to assess and adequately respond to submission	-	-	25%	-	67%	33%	33%
Contemporaneous documentation apparently not considered	-	-	25%	-	33%	27%	25%
Key information provided in contemporaneous documentation asked to be resubmitted	-	-	-	-	-	27%	17%
Decline to comment	-	-	25%	50%	-	13%	17%
Not provided opportunity to discuss submission	-	-	-	-	-	20%	13%

Extent Which Subsequent Documentation Modified: Overview of the Business

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

a. Overview of the business

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil (N=21)	Over \$1 Bil. (N=82)	Total (N=144)
Did not/Will not significantly modify subsequent documentation	67%	83%	82%	76%	90%	81%	81%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	-	10%	-	4%	3%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	18%	5%	5%	1%	4%
Decrease scope and depth of documentation	-	-	-	-	-	-	-
Don't know	33%	-	-	10%	5%	14%	11%

Extent Which Subsequent Documentation Modified: Description of Organizational Structure

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

b. Description of the organizational structure of all related parties engaged in transactions potentially relevant under section 482

Base: Contemporaneous documentation required

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	67%	83%	82%	76%	90%	81%	81%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	-	5%	-	4%	3%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	18%	10%	5%	2%	6%
Decrease scope and depth of documentation	-	-	-	-	-	-	-
Don't know	33%	-	-	10%	5%	13%	10%

Extent Which Subsequent Documentation Modified: Documentation Required by Section 482

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

c. Documentation explicitly required by the regulations under section 482

Base: Contemporaneous documentation required

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	33%	83%	55%	67%	75%	62%	64%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	5%	5%	12%	9%
Significantly increase scope and depth of documentation utilizing external and internal resources	33%	17%	27%	19%	10%	12%	14%
Decrease scope and depth of documentation	-	-	9%	-	-	-	1%
Don't know	33%	-	-	10%	10%	14%	12%

Extent Which Subsequent Documentation Modified: Description of Transfer Pricing Method Selected

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

d. Description of the transfer pricing method selected and explanation of why it was selected

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	Total
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	33%	83%	64%	71%	80%	62%	66%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	5%	-	8%	6%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	27%	14%	10%	14%	14%
Decrease scope and depth of documentation	-	-	-	-	-	-	-
Don't know	67%	-	-	10%	10%	15%	13%

Extent Which Subsequent Documentation Modified: Description of Methods Considered

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

e. Description of the methods that were considered and explanation of why they were not selected

Base: Contemporaneous documentation required

	Gross Receipts						Total (N=144)
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil. (N=21)	Over \$1 Bil. (N=82)	
Did not/Will not significantly modify subsequent documentation	33%	67%	55%	71%	85%	67%	68%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	-	-	10%	6%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	27%	19%	10%	10%	12%
Decrease scope and depth of documentation	-	-	-	-	-	-	-
Don't know	67%	17%	9%	10%	5%	14%	13%

Extent Which Subsequent Documentation Modified: Description of Controlled Transactions

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

f. Description of the controlled transactions

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil. (N=21)	Over \$1 Bil. (N=82)	Total (N=144)
Did not/Will not significantly modify subsequent documentation	33%	83%	64%	67%	80%	74%	72%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	10%	10%	8%	8%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	27%	14%	-	6%	8%
Decrease scope and depth of documentation	-	-	-	-	-	-	-
Don't know	67%	-	-	10%	10%	12%	11%

Extent Which Subsequent Documentation Modified: Description of Comparables

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

g. Description of the comparables that were used

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	Total
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	33%	50%	36%	62%	70%	62%	60%
Significantly increase scope and depth of documentation utilizing internal resources	-	17%	9%	5%	5%	8%	8%
Significantly increase scope and depth of documentation utilizing external and internal resources	33%	17%	36%	24%	10%	15%	18%
Decrease scope and depth of documentation	-	-	9%	-	-	-	1%
Don't know	33%	17%	9%	10%	15%	14%	14%

Extent Which Subsequent Documentation Modified: Explanation of the Economic Analysis and Projections

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

h. Explanation of the economic analysis and projections relied upon in developing the method

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	Total
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	33%	50%	45%	67%	80%	58%	61%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	5%	-	11%	8%
Significantly increase scope and depth of documentation utilizing external and internal resources	33%	33%	36%	19%	10%	18%	19%
Decrease scope and depth of documentation	-	-	9%	-	-	-	1%
Don't know	33%	17%	-	10%	10%	13%	12%

Extent Which Subsequent Documentation Modified: Description of Relevant Data Obtained After End of Tax Year

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

i. Description of any relevant data that was obtained after the end of the tax year and before filing a tax return, and which would help determine if a specified method was selected and applied in a reasonable manner

Base: Contemporaneous documentation required

	Gross Receipts						
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	Total
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Did not/Will not significantly modify subsequent documentation	33%	100%	73%	71%	70%	68%	70%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	9%	5%	5%	8%	7%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	-	18%	14%	-	6%	7%
Decrease scope and depth of documentation	-	-	-	-	5%	-	1%
Don't know	67%	-	-	10%	20%	18%	16%

Extent Which Subsequent Documentation Modified: Index of Principal and Background Documents

Q28. Based on your experience with the examination process relating to your most recent return, for each of the principal documents listed below please indicate by selecting the appropriate response, the extent to which you modified (or intend to modify) subsequent documentation.

j. Index of the principal and background documents and a description of the record keeping system

Base: Contemporaneous documentation required

	Gross Receipts						Total (N=144)
	\$10-\$61 Mil. (N=3)	\$62-\$124 Mil. (N=6)	\$125-249 Mil. (N=11)	\$250-\$499 Mil. (N=21)	\$500 Mil. - \$1 Bil. (N=21)	Over \$1 Bil. (N=82)	
Did not/Will not significantly modify subsequent documentation	33%	67%	64%	67%	80%	75%	72%
Significantly increase scope and depth of documentation utilizing internal resources	-	-	18%	14%	-	4%	6%
Significantly increase scope and depth of documentation utilizing external and internal resources	-	17%	9%	10%	-	6%	6%
Decrease scope and depth of documentation	-	-	-	-	5%	-	1%
Don't know	67%	17%	9%	10%	15%	15%	15%

Final Outcome of Examination Process

Q29. What was the final outcome of the examination process regarding your most recent return with respect to issues for which contemporaneous documentation was prepared?

Base: Contemporaneous documentation required

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
No adjustment was proposed	100%	100%	73%	62%	60%	48%	57%
Adjustment was proposed	-	-	27%	14%	5%	21%	17%
Not determinable	-	-	-	19%	35%	27%	23%
Decline to Comment	-	-	-	5%	-	4%	3%

How Long to Respond to Contemporaneous Documentation by Audit Outcome

Q25. How long did it take you to respond to the request for contemporaneous documentation for your most recent return?

Q29. What was the final outcome of the examination process regarding your most recent return with respect to issues for which contemporaneous documentation was prepared?

Base: Contemporaneous documentation required

	No adjustment was proposed	Adjustment was proposed	Not Determinable	Decline to Comment	Total
	(N=82)	(N=25)	(N=34)	(N=3)	(N=144)
Within 30 days after request	76%	68%	76%	-	72%
Within 60 days after request	20%	16%	6%	33%	16%
More than 60 days after request	5%	8%	12%	-	7%
No answer	-	8%	9%	67%	5%

How Long to Follow-up Questions after Submission by Audit Outcome

Q26. After providing contemporaneous documentation for your most recent return to the IRS, what was the period of time between providing such information and substantive discussion or follow-up questions regarding the information provided?

Q29. What was the final outcome of the examination process regarding your most recent return with respect to issues for which contemporaneous documentation was prepared?

Base: Contemporaneous documentation required

	No adjustment was proposed	Adjustment was proposed	Not Determinable	Decline to Comment	Total
	(N=82)	(N=25)	(N=34)	(N=3)	(N=144)
Within 30 days after request	33%	24%	21%	-	28%
Within 60 days after request	24%	20%	15%	-	21%
More than 60 days after request	26%	52%	27%	33%	31%
Unknown	12%	4%	38%	-	17%
No answer	5%	-	-	67%	4%

Adequate Consideration of Documentation by Audit Outcome

Q27. From your perspective was your submission of contemporaneous documentation on your most recent return given adequate consideration?

Q29. What was the final outcome of the examination process regarding your most recent return with respect to issues for which contemporaneous documentation was prepared?

Base: Contemporaneous documentation required

	No adjustment was proposed	Adjustment was proposed	Not Determinable	Decline to Comment	Total
	(N=82)	(N=25)	(N=34)	(N=3)	(N=144)
Yes	87%	44%	68%	33%	74%
No	10%	52%	6%	33%	17%
No answer	4%	4%	27%	33%	10%

Assessment of Impact of Submitting Contemporaneous Documentation

Q30. Thinking about the examination of your most recent return, which of the following statements best describes your assessment of the impact of submitting contemporaneous documentation on the time and cost expended in resolving transfer pricing issues?

Base: Contemporaneous documentation required

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil.	Over \$1 Bil.	
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Submission of contemporaneous documentation significantly reduced the time and cost expended	67%	50%	18%	48%	50%	30%	36%
Submission of contemporaneous documentation had little or no impact on the time and cost expended	-	17%	73%	38%	45%	49%	46%
Don't know/Decline to Comment	33%	33%	9%	14%	5%	21%	18%

Assessment of Impact of Submitting Documentation by Audit Outcome

Q30. Thinking about the examination of your most recent return, which of the following statements best describes your assessment of the impact of submitting contemporaneous documentation on the time and cost expended in resolving transfer pricing issues?

Q29. What was the final outcome of the examination process regarding your most recent return with respect to issues for which contemporaneous documentation was prepared?

Base: Contemporaneous documentation required

	No adjustment was proposed	Adjustment was proposed	Not Determinable	Decline to Comment	Total
	(N=82)	(N=25)	(N=34)	(N=4)	(N=145)
Significantly reduced the time and cost expended	44%	24%	29%	-	36%
Little or no impact on the time and cost expended	44%	64%	41%	25%	46%
No answer	12%	12%	29%	75%	18%

Impact of Submission of Contemporaneous Documentation

Q31. What impact do you think the submission of contemporaneous documentation will have on the time and cost expended by the corporation in addressing issues raised during examinations in the future?

Base: Contemporaneous documentation required

	Gross Receipts						Total
	\$10-\$61 Mil.	\$62-\$124 Mil.	\$125-249 Mil.	\$250-\$499 Mil.	\$500 Mil. - \$1 Bil	Over \$1 Bil.	
	(N=3)	(N=6)	(N=11)	(N=21)	(N=21)	(N=82)	(N=144)
Will reduce the time and cost significantly	33%	33%	-	19%	25%	14%	17%
Will reduce the time and cost somewhat	-	50%	36%	24%	25%	25%	26%
Will have little or no impact on the time or cost	-	-	36%	38%	30%	29%	29%
Will increase the time and cost somewhat	-	-	9%	5%	10%	11%	9%
Will increase the time and cost significantly	-	-	18%	14%	-	18%	14%
Decline to comment	67%	17%	-	-	10%	4%	6%