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Operating model design: The importance of keeping controversy front of mind

Pressures on supply and value chains are causing organizations to consider changes to their operating models. Companies are contemplating [multi-hub models](#) as they look to manage supply chain issues. One area of consideration is whether double tax treaties are available to allow use of bilateral or even multilateral advance pricing agreements (APAs) and mutual agreement procedures (MAPs). “Having a treaty network is key to your overall transfer pricing controversy strategy,” says Ameet Kapoor, Transfer Pricing Partner at Ernst & Young LLP. As transfer pricing (TP) audits at a global level are on the rise and potentially becoming more targeted, treaties that allow for APAs and MAPs will be important to consider when assessing intercompany transactions flows, intercompany agreements and invoicing.

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