

Case Study VII:

Intra-group Financing – Cash Pooling

Modul 5

Facts:

Oil Group is a listed company with Group Holding/Headquarter domiciled in Austria. **Oil Ltd** Group has business activities in many markets and operates in those markets by legal entities. .

The **Treasury center of Oil Group** is located in the Netherlands. Such Center provides Intra group borrowings/loans and operates **Cash Pooling**.

Oil uses an intra-group rating model (with an S+P Tool) to price interest on intra-group loans (and parental guarantees).

You are asked to comment on the tax issues related to the **use of Cash Pooling**.

The questions:

1. What is the **aim/purpose of Cash Pooling**? What are the targeted benefits business wise?
2. Which **Cash Pooling techniques/structures** are possible? How do they work and what are the main **pros and cons**?
3. What **pricing method(s)** are typically used to price intra group loans and deposits? Are these TP methods also suitable in Cash Pooling?

Please separate between borrowers and depositors in CP and the CP Master activity as such.

4. Is the **CUP method** based on data from **banks** most appropriate or do we need adjustments to deal with the group savings in Cash Pooling?
5. Is the **profit split method** an option to be used to allocate the cash pooling benefits?
6. What are possible **remunerations** of the cash pool leader?
7. Please compare your answers with the outcome from the **Danish Court** case to the Bombardier Cash Pooling.

Literature:

- Skript Modul 5 Cash Pooling
- VPR Tz 87- 101
- **OECD Discussion Draft** BEPS Actions 8-10 Financial Transactions (July 3-Sept 7, 2018) sect C 2 pages 24 - 30
- **Storck, Alfred/Stradinger, Theresa**, Cash Pooling, in Lang/Schuch/Staringer (eds.), Aktuelle Fragen zur Konzernfinanzierung, Linde 2013, S 209ff *
- **Ditz/Tcherveniachki**: Fremdübliche Verzinsung im Rahmen eines grenzüberschreitenden Cashpools, in IStR 2014, S. 398f.
- **Vistisen, E**, *Bombardier Case: First Published Cash Pool Decision*, in ITPJ 2014, page 189 f*

*siehe Webseite