

Sheinberg, Samuel I.

From: Sheinberg, Samuel I.
Sent: Tuesday, October 13, 2020 1:37 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Item 5/Inter-company sales

Your approach is fine.

From: [REDACTED]
Sent: Friday, October 9, 2020 12:40:38 PM (UTC-05:00) Eastern Time (US & Canada)
To: [REDACTED]
Subject: Item 5/Inter-company sales

Dear All:

I have reviewed the tip sheet for Item 5 and PNPM # 191 and 192 but I would like to clarify the appropriate treatment of inter-company sales in my context.

Assume A is a US Company. It, among other things, acquires manufactured product from affiliates outside the US and resells it in the US, typically without any further processing or manufacturing.

#191 appears to say that if the filing person manufactures product outside the US and retails the same product in the US, it should report revenues at the manufacturing level using a 10 digit code and should report at the transfer price to the controlled entity and not at the final wholesale or retail price. In my case, there is not a separate wholesale or retail entity. The US entity manufactures some product itself but also purchases product from its foreign affiliates and then simply sells that product to wholesale or retail customers. As I read 191, I believe that I should report the US revenue derived from the foreign manufactured product at a 10 digit level and at the transfer price, thus ignoring the final wholesale or retail revenue.

Is that correct?

Thank you.

Best regards,

[REDACTED]

