



## HIGHLIGHTS

**Government Seeks Supreme Court Review of Texaco Decision:** The U.S. government asks the Supreme Court to overturn *Comr. v. Texaco Inc.*, which found price restrictions in a Saudi oil minister's letter had the force of law and precluded §482 allocations. [p. 574]

**China Attacking Chinese Affiliates' Contract Manufacturer Status:** Chinese tax officials are increasing their scrutiny of joint ventures in which the Chinese affiliate is characterized as a contract manufacturer, saying the units should be earning more income from related-party transactions, a practitioner says. [p. 586]

**Lyons Reviews Scenarios in Which ACI Could Negotiate Penalties:** The U.S. Competent Authority could negotiate a §6662(e) penalty in rare cases in which the foreign authority has a similar, but not necessarily identical, penalty, Internal Revenue Service Assistant Commissioner (International) John Lyons says. [Interview, p. 592]

**IRS Releases Field Guidance on Negotiating, Processing APAs:** The IRS expands the guidance available on negotiating and processing APAs by issuing an addition to the Chief Counsel Directives Manual (CCDM) on coordination among IRS offices. [p. 571; Full Text, p. 599] ...The IRS announces it completed seven more APAs in the first quarter of fiscal 1997, bringing the total to 79 completed agreements since the program began. [p. 573]

**Coal Firm, Government Told To Present Pricing Evidence at Trial:** The U.S. Court of Federal Claims denies Pikeville Coal Co.'s motion for summary judgment that §482 does not apply to its case and a government motion to dismiss, saying coal pricing evidence should be presented at trial. [p. 574; Full Text, p. 609]

**Japan Increasing Review of Japanese Firms with Asian Subsidiaries:** Japan's National Tax Administration is increasing its probe of domestic firms with Asian affiliates, charging some Japanese companies with low or nonexistent royalty payments from related parties throughout Asia, sources in Japan say. [p. 587]

**Economist Examines Capital Adjustments to Comparables:** Brian C. Becker, an economist with Economic Consulting Services Inc. in Washington, D.C., details how taxpayers can adjust working capital in analyzing transfer prices. [In Practice, p. 613]

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IRS attorneys are making greater use of the Service's summons authority, including more designated summonses, a practitioner says. [p. 571]

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A Tax Court judge says he will conduct an *in camera* review of documents in DHL Corp.'s transfer pricing case. [p. 577]

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A bill that would overturn court decisions upholding foreign income blocking laws will be introduced in February, its sponsors say. [p. 585]

### Around the World [p. 586]

The United Kingdom is considering only a limited number of APA requests due to resource problems, one practitioner says. [p. 588]

Germany is updating 1983 transfer pricing guidelines for local tax offices, a practitioner says. [p. 589]

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## Capital Adjustments: A Short Overview

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It is common when performing comparable profits method (CPM) analyses to "level the playing field" between the taxpayer's profits and the profits of comparable third parties by adjusting for differences in working capital. Such capital adjustments might include adjustments for inventory, accounts payable, accounts receivable, and inventory valuation method (LIFO vs. FIFO). These adjustments counteract the effects of key balance sheet items on a company's income statement, from which most profit level indicators (PLIs) are taken.

While there is not universal agreement among practitioners concerning the exact way to perform such working capital adjustments, there clearly is agreement regarding the general methods (and directions of adjustment) that should be performed. This article explains the economic, business, and accounting reasons why such adjustments need to be performed; describes one reasonable way to perform inventory, accounts payable, and accounts receivable adjustments;<sup>1</sup> and suggests other options available for each adjustment. These adjustments will be described using a case study approach for a hypothetical taxpayer.

### Capital Adjustments: A Case Study

Trigger & Sons Inc. (TRIGGER), a U.S.-based pork distributor, made multiple purchases from its Canadian related party, Trigger Canada Inc., in 1996. To satisfy the arm's-length requirements of §482 and the documentation requirements of §6662, TRIGGER attempted to perform an economic analysis of the arm's-length nature of its intercompany prices.

Since TRIGGER only acts as a simple distributor of pork in the United States, TRIGGER decided to per-

<sup>1</sup> As stated above, other adjustments can be performed, but they will not be detailed in this article.

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form a CPM analysis using itself (the U.S. parent) as the tested party.<sup>2</sup> After searching for U.S. pork distributors through numerous databases of information on public companies, TRIGGER's economist located three "comparable" companies: Wilbur Inc. (WI), Sausages-R-U's Co. (SRU), and Swine is Fine Inc. (SFI).<sup>3</sup>

After examining the financial records of WI, TRIGGER's economist was initially disturbed. She knew from TRIGGER's operations personnel that TRIGGER was careful to make its customers pay their bills quickly. WI, on the other hand, was very forgiving to its purchasers, often allowing them six months or more to pay their bills. WI's *Form 10-K*, however, said that although its customers were allowed extra time to pay (*i.e.*, its accounts receivable were relatively high), they were charged a higher price. Still, this posed a potential problem for TRIGGER's economist who realized that a relatively high level of accounts receivable would *overstate the net sales and the net interest expense* of WI when being compared to TRIGGER's business. After much thought, TRIGGER's economist performed the following calculations to adjust for this difference in accounts receivable.

### Technical Description—Accounts Receivable

As mentioned above, relatively large accounts receivable<sup>4</sup> reported on a company's balance sheet will tend to overstate its net sales and net interest expense on its income statement relative to a company with lower accounts receivable. Carrying high accounts receivable implies the company is allowing its customers a relatively long time to pay its bills. As a profit maximizer, the company would not allow its customers this "extra" time, unless they were paying a higher actual price. In effect, the company will be charging its customers implicit interest over that time period in the form of a higher price. Thus, it is reasonable to assume that, for a sale in which the payment terms are 60 days, a company would charge:

<sup>2</sup> TRIGGER Canada owns various manufacturing technology.

<sup>3</sup> In most CPM analyses, more than three companies would be used as benchmarks (or "comparables").

<sup>4</sup> All references to accounts receivable in this article refer to the average accounts receivable from the beginning and end of year balance sheets. Such an average gives a better picture of the typical level of accounts receivable held by the company during the year, and not just a "point in time" value.

Price for payment at 60 days =  
 Price for immediate payment + 60 days of interest  
 on the immediate payment price<sup>3</sup>

Such an effect would be directly seen on the company's income statement, where its net sales (prices) would be increased to reflect the higher price (implied interest).

Since a company with high accounts receivable would not be getting paid immediately, it would need to either borrow money to pay for its operations while waiting for payment, or not be able to invest as much money in interest bearing instruments since it would have less cash available. The first of these situations

would, of course, have a positive effect on the company's interest expenses, while the second situation would have a negative effect on its interest income. In either case, however, the overall effect of higher accounts receivable would be to increase the company's net interest expenses (interest expenses less interest income).

A simple example illustrates how a company's income statement can be affected by its level of accounts receivable. The following company's income statement and accounts receivable are shown under two scenarios: accounts receivable of zero and accounts receivable equal to half of its net sales (*i.e.*, one-half year of receivables<sup>4</sup>):

	Scenario 1: 0 Accounts Receivable	Scenario 2: ½ Year Of Accounts Receivable
Net Sales	95	100
Cost of Goods Sold	60	60
Gross Profit	35	40
Operating Expenses	25	25
Operating Income	10	15
Net Interest Expenses	0	5
Other Non-Operating Income	0	0
Pre-tax Income	10	10
Accounts Receivable	0	50

As the above example shows, a company's level of accounts receivable does not change its pre-tax income levels, but it can have a significant effect on its net sales, gross profit, and operating income. Thus, when comparing the profits of companies with different levels of accounts receivable,<sup>5</sup> it is necessary to either use a profit level indicator (PLI) which does not involve net sales, gross profit, or operating income in its ratio (*i.e.*, pre-tax income/operating assets) or make an adjustment for different levels of accounts receivable.

While there is not a universal rule governing accounts receivable adjustments, the guiding principle should be to restate each of the companies' income statements as if they all had the same level of accounts receivable. This is typically done by setting all of the companies' accounts receivable to zero or to some specified value (*i.e.*, the same days receivable as the taxpayer). Since a company's level of accounts receivable only affects its net sales and net interest expenses on its income statement, the "accounts receivable adjustments" should

only be performed on these line items. The "adjusted net sales" of a company with "x" years of accounts receivable, being adjusted to "y" years of accounts receivable can be described as:

$$\text{Adjusted Net Sales} = \text{Reported Net Sales} - (x-y) \times (\text{interest rate}) \times (\text{Reported Net Sales})$$

That is, if a company made its customers pay more quickly (lower accounts receivable), it would not be able to charge those customers the implied interest anymore, and would have to lower its prices (net sales) to reflect that. Similarly, the adjusted net interest expenses of a company with low accounts receivable would be calculated as follows to reflect this change in borrowing/investing:

$$\text{Adjusted Net Interest Expenses} = \text{Reported Net Interest Expenses} - (x-y) \times (\text{interest rate}) \times (\text{Reported Net Sales})$$

Thus, the adjustment to net sales would be completely offset by the net interest expenses adjustment,<sup>6</sup> such that the company's pre-tax income would be unchanged. Since net interest expenses are "below the

<sup>6</sup> That is, the increase (decrease) to net sales would be equivalent to the increase (decrease) to net interest expenses.

<sup>3</sup> While companies may not set their pricing structure in such a specific manner, it is common practice to charge more on sales that allow for longer payment periods or to offer discounts for quick payment.

<sup>4</sup> That is, a company with accounts receivable of 20 and annual net sales of 40 is holding one-half of a year's net sales as receivables, implying it allows its customers one-half of a year to pay.

<sup>5</sup> There is no "correct" level of accounts receivable. Economic theory assumes that companies, as profit maximizers, settle on a level of accounts receivable that is optimal for their businesses.

operating income line," the accounts receivable adjustment would affect both gross profit and operating income.

Using the original accounts receivable table provided above, the accounts receivable adjustment can be seen with "Scenario 2" being adjusted from one-

half year to 0 accounts receivable (using an interest rate of 10%<sup>9</sup>). The last column in the following table shows what the "Scenario 2" company's financial statement would look like if it held no accounts receivable.

	Scenario 1: 0 Accounts Receivable	Scenario 2: ½ year of Accounts Receivable	Scenario 2: <i>Adjusted</i> from ½ year to 0 Accounts Receivable
Net Sales <sup>10</sup>	95	100	$95 = 100 - (0.5 - 0) \times 10\% \times 100$
Cost of Goods Sold	60	60	60
Gross Profit	35	40	35
Operating Expenses	25	25	25
Operating Income	10	15	10
Net Interest Expenses	0	5	$0 = 5 - (0.5 - 0) \times 10\% \times 100$
Other Non-Operating Income	0	0	0
Pre-tax Income	10	10	10
Accounts Receivable	0	50	0

### Case Study (Continued)

Using that theory, the economist was able to adjust the accounts receivable of the first comparable. After performing this analysis, the economist began to examine the financial records of the second comparable to be used in the CPM analysis, SRU. While SRU made its customers pay their bills relatively quickly, SRU itself was very slow to pay its bills. It would often take six months or more to pay for its supplies. Once again, TRIGGER's economist was initially stumped because TRIGGER had always paid its bill quickly (thus, TRIGGER reported much lower accounts payable as a percent of cost of goods sold than SRU). TRIGGER's economist realized that SRU's financial records, with its relatively high level of accounts payable, would overstate its cost of goods sold and understate its net interest expenses. After much thought, TRIGGER's economist performed the following calculations to adjust for this difference in accounts payable.

<sup>9</sup> Choosing the "appropriate interest rate" for these adjustments has been the subject of disagreement among practicing economists. Some rates that have been used include the prime rate, short term T-bill rates, and short term CD rates.

<sup>10</sup> As this row shows, this adjustment works "perfectly" when the second scenario is adjusted to the same days receivable as the first scenario. This would not exactly be the case if the first scenario were to be adjusted to the same days receivable as the second scenario. That is,  $95 - (0 - 0.5) \times 10\% \times 95 = 99.75$  does not equal 100.

This is a general situation in which the "amount" of adjustment will be slightly different depending on whether the adjustment is made to the company with the lower or higher amount of days receivable. As the following sections will show, this is the same case for days payable and days inventory.

### Technical Description—Accounts Payable

As mentioned above, relatively large accounts payable<sup>11</sup> reported on a company's balance sheet will tend to overstate its cost of goods sold and understate its net interest expenses on its income statement, relative to a company with lower accounts payable. By carrying high accounts payable, the company is taking a relatively long time to pay its bills. As a profit maximizer, the company would not take this "extra" time (and pay the implied interest being charged in a higher actual price), unless it could make efficient use of this time by investing money or reducing its borrowing. In effect, the company will pay a higher price for the opportunity to earn interest income or reduce its borrowing (interest expenses).

Thus, it is reasonable to assume that, for a sale in which the payment terms are 60 days, a company will pay the:

$$\begin{aligned} &\text{Price for payment at 60 days} = \\ &\text{Price for immediate payment} + 60 \text{ days of interest} \\ &\text{on the immediate payment price} \end{aligned}$$

Such an effect would be directly seen on the company's income statement where its cost of goods sold (prices) would be increased to reflect the implied interest.

Since a company with high accounts payable would not pay immediately, it would have the opportunity to either invest money in an interest bearing vehicle or

<sup>11</sup> All references to accounts payable in this paper refer to the average accounts payable from the beginning and end of year balance sheets.

reduce its borrowing. The first of these situations would, of course, have a positive effect on the company's interest income, while the second situation would have a negative effect on its interest expense. In either case, however, the overall effect of higher accounts payable would be to decrease the company's net interest expenses.

A simple example illustrates how a company's income statement can be affected by its level of accounts payable. The following company's income statement and accounts payable are shown under two scenarios: accounts payable of 0 and accounts payable equal to half of its cost of goods sold (*i.e.*, one-half year of payables<sup>12</sup>):

	Scenario 1: 0 Accounts Payable	Scenario 2: ½ Year Of Accounts Payable
Net Sales	100	100
Cost of Goods Sold	76	80
Gross Profit	24	20
Operating Expenses	15	15
Operating Income	9	5
Net Interest Expenses	0	-4
Other Non-Operating Income	0	0
Pre-tax Income	9	9
Accounts Receivable	0	40

As the above example shows, a company's level of accounts payable does not change its pre-tax income levels, but it can have a significant effect on its cost of goods sold, gross profit, and operating income. Thus, when comparing the profits of companies with different levels of accounts payable,<sup>13</sup> it is necessary to either use a PLI which does not involve cost of goods sold, gross profit, or operating income in its ratio (*i.e.*, pre-tax income/net sales) or make an adjustment for different levels of accounts payable.

An accounts payable adjustment restates each of the companies' income statements as if they all had the same level of accounts payable. Since a company's level of accounts payable only affects its cost of goods sold and net interest expenses on its income statement, the "accounts payable adjustments" should only be performed on these line items. The "adjusted cost of goods sold" of a company with "m" years of accounts payable, being adjusted to "n" years of accounts payable can be described as:

$$\text{Adjusted Cost of Goods Sold} = \text{Reported Cost of Goods Sold} - (m-n) \times (\text{interest rate}) \times (\text{Reported Cost of Goods Sold})$$

That is, if a company paid its suppliers more quickly (lower accounts payable), it would not be paying its suppliers the implied interest anymore, and would pay lower prices (cost of goods sold) to reflect that. Similarly, the adjusted net interest expenses of a

company with low accounts payable would be calculated as follows to reflect this change in borrowing/investing:

$$\text{Adjusted Net Interest Expenses} = \text{Reported Net Interest Expenses} + (m-n) \times (\text{interest rate}) \times (\text{Reported Cost of Goods Sold})$$

Thus, the adjustment to cost of goods sold would be completely offset by the net interest expenses adjustment,<sup>14</sup> such that the company's pre-tax income would not change. Since net interest expenses are "below the operating income line," the accounts payable adjustment would affect both gross profit and operating income.

Using the original accounts payable table provided above, these adjustments can be seen with "Scenario 2" being adjusted to 0 accounts payable (using an interest rate of 10 percent). The final column in the following table shows what the "Scenario 2" company's financial statement would look like if it held 0 accounts payable.

#### Case Study (Continued)

After performing the payables analysis (seen on the next page), the economist began to examine the financial records of the third CPM comparable, SFI. While SFI paid for its products promptly and also forced its customers to pay quickly, TRIGGER's economist soon discovered that SFI tended to store a large quantity of its pork supply in inventory (as a percent of cost of goods sold) in its warehouse. TRIGGER, whose inventory operations were run by an elite group of MBAs, ran a just-in-time operation, holding little inventory

<sup>12</sup> That is, a company with accounts payable of 20 and annual cost of goods sold of 40 is holding one-half of a year's cost of goods sold as accounts payable, implying it takes one-half of a year to pay.

<sup>13</sup> There is no "correct" level of accounts payable. Economic theory assumes that companies, as profit maximizers, settle on a level of accounts payable that is optimal for their business.

<sup>14</sup> That is, the decrease (increase) to cost of goods sold would be equivalent to the increase (decrease) to net interest expenses.

	Scenario 1: 0 Accounts Payable	Scenario 2: ½ year of Accounts Payable	Scenario 2: <i>Adjusted</i> from ½ year to 0 Accounts Payable
Net Sales	100	100	100
Cost of Goods Sold	76	80	$76=80-(0.5-0)\times 10\%\times 80$
Gross Profit	24	20	24
Operating Expenses	15	15	15
Operating Income	9	5	9
Net Interest Expenses	0	-4	$0=-4+(0.5-0)\times 10\%\times 80$
Other Non-Operating Income	0	0	0
Pre-tax Income	9	9	9
Accounts Receivable	0	40	0

(thus, TRIGGER held much less inventory than SFI). SFI's *Form 10-K* stated that holding inventory is profitable since it translates to a better deal from the pork supplier by purchasing products in large quantities and not demanding immediate service on an order. Still, TRIGGER's economist was upset because she realized that SFI's *high inventory levels would understate its costs of goods sold and overstate its net interest expenses*. After much thought, TRIGGER's economist performed the following calculations to adjust for this difference in levels of inventory.

#### Technical Description—Inventory

As mentioned above, relatively large inventory levels<sup>13</sup> reported on a company's balance sheet will tend to understate its cost of goods sold and overstate its net interest expense on its income statement relative to a company with lower inventory levels. Carrying high levels of inventory implies that the company is purchasing its products quickly or in large quantities from its suppliers. Its suppliers gain from this behavior because they do not have to wait for sales and payments, and can invest these early payments in interest bearing instruments (or it may reduce their level of borrowing). Since the suppliers earn a positive level of interest income from their customers early or large purchasers, they will offer a lower price (which incorporates the interest income) to those customers.

Thus, it is reasonable to assume that a company which is purchasing 60 "days" "more inventory than another would pay a price that is cheaper by 60 days worth of interest. More generally, the price paid by a company holding "x" days of inventory would be:<sup>17</sup>

$$\text{Price paid by a company with } x \text{ days of inventory} = \text{Price paid by a company with } 0 \text{ days of inventory} - x \text{ days of interest}$$

Such an effect would be directly seen on the company's income statement where its cost of goods sold (prices) would be decreased to reflect the implied interest.

Since a company with high levels of inventory would be paying its suppliers quickly and holding that inventory for a time period before selling, it would need to either borrow money to make the original purchase of inventory while holding the inventory and waiting to make a sale, or not be able to invest as much money in interest bearing instruments since it would need to spend its available cash on inventory. The first of these situations would, of course, have a positive effect on the company's interest expenses, while the second situation would have a negative effect on its interest income. In either case, however, the overall effect of higher inventory levels would be to increase the company's net interest expenses.

<sup>13</sup> Sixty days of inventory corresponds to approximately one-sixth of a company's annual cost of goods sold.

Days of inventory =  $365 \times (\text{Average inventory}) / (\text{Cost of Goods Sold})$

<sup>17</sup> High inventory levels might also allow a company to sell products at a higher price because it could offer its customers better service. That is, they would be more likely to have a specific item in stock.

<sup>14</sup> All references to inventory in this article refer to the average inventory from the beginning and end of year balance sheets.

A simple example illustrates how a company's income statement can be affected by its level of inventory. The following company's income statement and

inventory are shown under two scenarios: inventory of 0 and inventory equal to half of its cost of goods sold (*i.e.*, one-half year of inventory):

	Scenario 1: 0 Inventory	Scenario 2: ½ year Of Inventory
Net Sales	100	100
Cost of Goods Sold	63	60
Gross Profit	37	40
Operating Expenses	25	25
Operating Income	12	15
Net Interest Expenses	0	3
Other Non-Operating Income	0	0
Pre-tax Income	12	12
Inventory	0	30

As the above example shows, a company's level of inventory does not change its pre-tax income levels, but it can have a significant effect on its cost of goods sold, gross profit, and operating income. Thus, when comparing the profits of companies with different levels of inventory,<sup>18</sup> it is necessary to either use a profit level indicator (PLI) which does not involve cost of goods sold, gross profit, or operating income in its ratio (*i.e.*, pre-tax income/net sales) or make an adjustment for different levels of inventory.

An inventory adjustment is intended to restate each of the companies' income statements as if they all had the same level of inventory. Since a company's level of inventory only affects its cost of goods sold and net interest expenses on its income statement, the "inventory adjustments" should only be performed on these line items. The "adjusted cost of goods sold" of a company with "s" years of inventory, being adjusted to "t" years of inventory can be described as:

$$\text{Adjusted Cost of Goods Sold} = \text{Reported Cost of Goods Sold} + (s-t) \times (\text{interest rate}) \times (\text{Reported Cost of Goods Sold})$$

That is, if a company purchased its products more slowly (lower inventory), it would not be getting the

<sup>18</sup> There is no "correct" level of inventory. It is generally assumed by economists that companies, as profit maximizers, hold a level of inventory that is optimal for their businesses.

"price break" from its suppliers and would pay higher prices (cost of goods sold) to reflect the fact that the supplier would be getting paid later. Similarly, the adjusted net interest expenses of a company with low inventory levels would be calculated as follows to reflect this change in borrowing/investing:

$$\text{Adjusted Net Interest Expenses} = \text{Reported Net Interest Expenses} - (s-t) \times (\text{interest rate}) \times (\text{Reported Cost of Goods Sold})$$

Thus, the adjustment to cost of goods sold would be completely offset by the net interest expenses adjustment,<sup>19</sup> such that the company's pre-tax income would not change. Since net interest expenses are "below the operating income line," the inventory adjustment would affect both gross profit and operating income.

Using the original inventory table provided above, the inventory adjustment can be seen with "Scenario 2" being adjusted from one-half year to 0 inventory (using an interest rate of 10%). The table below shows what the "Scenario 2" company's financial statement would look like if it had no accounts receivable.

<sup>19</sup> That is, the increase (decrease) to cost of goods sold would be equivalent to the decrease (increase) to net interest expenses.

	Scenario 1: 0 Inventory	Scenario 2: ½ year of Inventory	Scenario 2: <i>Adjusted</i> from ½ year to 0 Inventory
Net Sales	100	100	100
Cost of Goods Sold	63	60	63 = 60 + (0.5 - 0) × 10% × 60
Gross Profit	37	40	37
Operating Expenses	25	25	25
Operating Income	12	15	12
Net Interest Expenses	0	3	0 = 3 - (0.5 - 0) × 10% × 100
Other Non-Operating Income	0	0	0
Pre-tax Income	12	12	12
Inventory	0	30	0

After such adjustments have been performed (in addition to any other capital adjustments that need to be performed), any PLI can be used to compare the companies in a CPM analysis.<sup>20</sup>

### Conclusion

This article has described the types of adjustments that can be made to level the playing field when comparing the profits of companies with different levels of accounts receivable, accounts payable, and inventory. Before making such adjustments, one must either consider a measure of profitability that is not affected by these differences or be aware of the (usually minor) inaccuracies that can occur from

making "unadjusted" comparisons. After making such adjustments (assuming all other necessary adjustments have been made), any financial ratio can be used to make an appropriate comparison.

Numerous other capital adjustments have been proposed and performed on different cases. In fact, arguments could be made to make adjustments for differences in all balance sheet items when making income statement profitability comparisons. If all of the balance sheet information were both pertinent and reliable,<sup>21</sup> then it is likely that some type of return on assets profitability measure would be the most appropriate PLI. Under such a measure, working capital is already being taken into account in the profitability comparison, and no capital adjustments need to be performed.

<sup>20</sup> In most actual analyses, all three of the adjustments would be applied to each comparable company. For comparables with similar levels of accounts receivable, accounts payable, or inventory to the tested party, these adjustments would have little or no effect.

<sup>21</sup> Balance sheet information is often not reliable, especially in cases when it involves some type of allocation of assets across divisions or units of a company.



## JOURNAL

### CURRENT READING

This section lists recent articles and books related to transfer pricing published by BNA and other publishers.

- Evans, David, *Wake in Fright, Taxation in Australia*, November 1997.
- Neary, Sean, *Transfer Pricing Torpedoes, Taxation in Australia*, November 1996.

### MEETINGS

- Feb. 5-6: AIC Conferences, *Transfer Pricing*, London. Call (44) (171) 242-2324 or fax (44) (171) 242-2320.
- Feb. 20-21: American Conference Institute, *Taxation of International Alliances & Joint Ventures*, New York. Call (416) 927-7936 or fax (416) 927-1061.
- March 4-5: Global Educational Services, *Tax Aspects of Intercompany Pricing*, San Francisco. Call (201) 297-0053 or (888) GES-TRAIN; or fax (201) 297-0014.

- March 15-19: Tax Executives Institute midyear conference, Washington, D.C. Call (202) 638-5601 or fax (202) 638-5607.
- March 18-19: Canadian Importers Association, Annual Transfer Pricing Conference, Toronto. Call (416) 595-5333 or fax (416) 595-8226.
- April 24-25: International Tax Report, *Transfer Pricing Update*, Atlanta. Fax (305) 361-7722.

Court decisions and other documents discussed in this issue are available for a fee from BNA PLUS, and can be delivered by facsimile transmission, overnight delivery, or regular mail. For information or orders, call BNA PLUS toll-free at (800) 452-7773 nationwide; (202) 452-4323 in Washington, D.C.; or by fax at (202) 822-8092.





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