Central Directorate for Tax Assessment

International Division
International Ruling Office

International Standard Ruling Report

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1. Preliminary remarks

The International Standard Ruling Report (hereafter: "the Report") illustrates in details the applications submitted to the International Ruling Office of the Revenue Agency's Central Directorate for Tax Assessment following the introduction of the so called *"International Standard Ruling"* by article 8 of Decree Law no. 269 of 30 September 2003, converted with amendments into Law no. 326 of 24 November 2003 and implemented with Regulation of the Director of the Revenue Agency of 23 July 2004 (hereafter also "the Regulation").

The purpose of the Report is to briefly illustrate the main characteristics of this instrument and to publish related data and news for information and statistical purposes, albeit in an anonymous form. It does not provide any guide to the application of the arm's length principle.

2. The international standard ruling

The international standard ruling came into force in 2004, but actually took effect only in February 2005 after the favourable advise of the European Commission.

It is addressed to "*enterprises with international activity*" which, as defined by article 1 of the Regulation, intend to agree in advance with the Italian tax administration:

– the correct transfer pricing methodology applicable to the transactions carried out with related parties, as provided for by paragraph 7 of article 110 of Presidential Decree no. 917 of 22 December 1986 (hereafter the "Consolidated Income Tax Act" or TUIR);

– the tax treatment provided for by law, including tax treaties, in respect of dividends, interest, royalties or other income paid to or received from non-resident persons in specific cases;

– the application of the provisions of the law, including tax treaties, to specific cases related with the attribution of profits or losses to permanent establishments in Italy of non-resident enterprises as well as to permanent establishments abroad of resident enterprises.

Specifically, although the international standard ruling should be classed under the *genus* of a tax ruling, it is characterised by certain unique features which distinguish it as a dialectical process compared with other forms of ruling under Italian tax law. As a result of this character the relevant procedure does not end with a unilateral decision by the tax administration, but with an agreement between the taxpayer and the tax authority regarding cross-border transactions, as provided for by article 2 of the Regulation.

Broadly speaking, the international standard ruling is part of the tax compliance policy which aims to improve cooperation and dialogue between taxpayers and the tax administration. Moreover, it provides legal certainty to both of the parties, preventing legal disputes and reducing the risk of international double taxation.

3. Advance Pricing Agreements and the international standard ruling

The international standard ruling as set out in article 8 of Decree Law no. 269 of 30 September 2003 covers both transfer pricing and other cases previously mentioned and referenced in article 2 of the Regulation.

With specific reference to transfer pricing, through the implementation of the ruling procedure Advance Pricing Agreements or APAs[1] have been introduced into Italian law, representing a tool which is commonly available in the tax systems of OECD (Organisation for Economic Cooperation and Development) member countries.

An APA is generally an agreement between the taxpayer and the tax administration in the taxpayer's country of residence, which makes it possible, in advance and for a set period of time, to determine the method for calculating the arm's length value referable to the transactions covered by the agreement. The OECD guidelines provide for "unilateral", "bilateral" or "multilateral" agreements[2]. The international standard ruling is comparable to a unilateral APA in that, with main reference to paragraph 7 of article 110 of the TUIR, it constitutes an agreement which binds the taxpayer and the Italian tax administration.

4. Legislative and interpretive rules concerning transfer pricing

The legislation that rules transfer pricing is contained in article 110, paragraph 7 of the TUIR and, by virtue of the reference in paragraph 2 of the same article, also in article 9, paragraph 3 of the TUIR. This provision allows the Italian tax administration to assess the normal value of the transactions carried out between a resident enterprise and a non-resident one in case a control relationship exists, *de facto* or *de jure*, between the two parties or if both of them are controlled by a third party[3].

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[1] APAs are recommended by the OECD in its transfer pricing guidelines and by the European Commission in the guidelines set out in Communication COM 2007 (71) of 26 February 2007.

[2] A "bilateral" or "multilateral" APA, as a rule, ensures that income accrued to associated enterprises from transactions which fall within the scope of the agreement is not subject to double or multiple taxation, since the agreement is also accepted and signed by the competent authorities of the foreign jurisdictions concerned.

[3] *Cf.* article 110, paragraph 7, of TUIR and Circular no. 32 of 22.09.1980 issued by the Ministry of Finance.

Moreover, by virtue of the principle of speciality of international treaties, the aforementioned cases are governed by article 9 of the OECD Model Tax Convention on Income and on Capital, which sets out the arm's length principle[4]. The rules contained in the OECD Model are supplemented for interpretive purposes by the Commentary on the model which explicitly refers to the OECD transfer pricing guidelines[5]. Therefore, within the scope of the conventions signed by Italy in accordance with the aforementioned OECD Model, the arm's length principle constitutes the international standard to be used for determining transfer prices for tax purposes.

The rationale behind both article 110, paragraph 7 of the TUIR and the aforementioned article 9 of the OECD Model, is to establish general criteria for the correct allocation of the taxable base to the associated enterprises of the multinational group, in order to safeguard the integrity of the fiscal yield of the States and, at the same time, to avoid double taxation.

5. International standard ruling procedure

Access to the international standard ruling procedure occurs on a voluntary basis and, unlike other countries, is not subject to the payment of an accession fee.

The application for a ruling, as provided for by article 8, paragraph 5, of Decree Law no. 269 of 2003, must be sent by registered letter with return receipt on unstamped paper in an unwrapped envelope to the International Ruling Office - International Division - Central Directorate for Tax Assessment of the Revenue Agency, which is organised into two branches based in Rome and Milan.

Article 1 of the Regulation sets out the geographical jurisdiction, establishing Rome branch as competent for applications submitted by enterprises having their fiscal domicile in the regions of Tuscany, Umbria, Marche, Lazio, Abruzzo,

[4] The enunciation of this principle, contained in article 9 of the OECD Model, establishes that whenever "*conditions (…) made or imposed between (…) two enterprises in their commercial or financial relations (…) differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly*".

[5] OECD transfer pricing guidelines of 1979 ("*Transfer pricing and multinational enterprises*"), 1984 ("*Transfer pricing and multinational enterprises: Three Related Issues*") and the 1995 report and subsequent updates titled "*Transfer pricing guidelines for multinational enterprises and Tax Administrations*" (*breviter* OECD Guidelines, OECD Report or *Guidelines*) which replaced the previous guidelines of 1979 and 1984.

Molise, Campania, Puglia, Calabria, Basilicata, Sicily and Sardinia, while Milan branch of the Office is competent for the regions of Lombardia, Piemonte, Val d'Aosta, Trentino-Alto Adige, Friuli-Venezia Giulia, Veneto, Liguria and Emilia-Romagna.

5.1. Subjective requirements

Article 1 of the Regulation clarifies the term "enterprise with international activity", according to article 8 of the Decree Law no. 269. In particular it specifies the eligibility requirements and distinguishes between resident and non-resident subjects.

For residents, the status of enterprise with international activity is recognised to enterprises which alternately or jointly:

- fall under one or more of the conditions laid down under article 110, paragraph 7, of TUIR;
- either hold stakes in the assets, funds, capital of non resident persons or have stakes in their assets, funds, capital which are held by non-resident persons;
- have paid out to or received from non-resident persons dividends, interest or royalties.

The status of enterprise with international activity is also recognised to non-resident enterprises which carry on business in Italy through a permanent establishment, that qualifies as such according to the relevant provisions of TUIR.

5.2. Objective requirements

According to article 2 of the Regulation, the application must include, on pain of inadmissibility, information such as the name of the enterprise, its registered office or fiscal domicile, the taxpayer identification number and VAT registration and, if the case, the national addressee for the procedure, different from the enterprise, to whom communications relating to the procedure itself are to be sent.

Applications by resident enterprises must be accompanied by documents giving evidence that they are in possession of the subjective requirements, while applications by non-residents must indicate the presence of a permanent establishment in Italy in order to be eligible for the procedure.

On pain of inadmissibility, pursuant to letter c), paragraph 2 of article 2 of the

Regulation, the application must also clearly indicate the object of the ruling.

With regard to transfer prices, article 3 of the Regulation requires that the application specifies the goods and/or services which are the object of the cross-border transactions between related parties, as well as the non-resident companies with which said transactions are carried out. Finally, the application must illustrate the criteria and methods used to determine the arm's length value of the relevant transactions and the reasons why they are considered consistent with the law.

As a general rule, transactions may concern: the transfer of tangible and intangible property, the provision of services as well as cost sharing agreements.

In addition, the international ruling may be focused on the tax treatment applicable, under the law and the tax treaties, to crossborder flows of interest, dividends, royalties and other income in specific cases.

In such cases, pursuant to articles 4 and 5 of the Regulation, application for access to the international ruling procedure must indicate:

a) details of the case in relation to which the application is being filed;
b) the solution which the taxpayer intends to adopt in terms of application of the relevant legislation and the reasons why the solution is deemed to be compliant with the tax rules;
c) any non-resident subjects who are to receive or pay out dividends, interest, royalties or other income.

Finally, the application for a ruling may also concern the attribution of profits or losses to the permanent establishment abroad of a resident enterprise, or to the permanent establishment in Italy of a non-resident enterprise.

In this case, according to article 6 of the Regulation, in addition to what indicated under letters a) and b) above, the application must include the identification of the permanent establishment in Italy or abroad.

5.3. Procedural issues

Article 2 of the Regulation provides for a period (thirty days from the receipt of the application) in which the International Ruling Office evaluates the existence of the eligibility requirements. In the affirmative, the Office schedules a meeting with

the taxpayer[6] in order to define the terms and developments of the procedure. If the case, the Office can request additional information to the taxpayer.

If, on the other hand, any of the essential requirements are lacking, the Office declares the inadmissibility of the application. In any case application cannot be declared inadmissible if further examination can be carried out in order to ascertain that the applicant meets the conditions required by letter a) of article 1 of the Regulation. During this examination the term of thirty days is suspended.

The procedure is structured in several meetings with the taxpayer, during which any further documentation can be required. Over the course of the procedure, the Office and the taxpayer may agree that the tax officers dealing with the procedure pay one or more visits to the premises where business is carried on, in order to obtain direct knowledge of the circumstances represented in the application.

5.4. Outcome of the procedure and effects of the agreement

In accordance with the Regulation, the procedure must be completed within 180 days of the date the application was filed. Nevertheless, as this term is merely formal, according to circumstances, the parties may agree to extend the procedure[7].

The procedure is completed by the signing of an agreement which sets out the criteria and methods for calculating the normal value of the transactions to which the application refers to, or, in other cases, the criteria for application of the relevant legislation.

The international standard ruling agreement, which is binding for both parties, remains in force for three years starting from the tax period in which it is signed. During this period the Revenue Agency, and more specifically the International Ruling Office [8], verifies that the terms of the agreement are complied with and also ascertains whether any changes have occurred to the *de facto* or *de jure* conditions which constitute the premise on which the clauses of the agreement are based. This activity is carried out also by means of one or more agreed visits to the

[6] Through the legal representantives of the company or one of its agents.

[7] See TABLE 2 of the Report: in practice, the complexity of the procedure involves average procedure times in line with comparable procedures available in most of the OECD member jurisdictions.

[8] See the combined provision of articles 1 and 9 of the Regulation of the Director of the Revenue Agency of 23 July 2004.

premises where the enterprise carries on business.

At the end of the three-year period of validity, and at least ninety days before it expires, the taxpayer may submit an application for renewal[9].

A final clarification regards cases in which a change is ascertained in the *de facto* or *de jure* conditions on which the agreement in force is based. In such a case it is possible to proceed by modifying the existing agreement[10].

With regard to the issues covered by the agreement, and for the period during which it is effective, the powers attributed to the tax administration by article 32 *et seq.* of Presidential Decree no. 600 of 1973[11], are suspended.

6. Applications for rulings submitted and agreements signed (Tables 1, 2 and 3)

The tables provided below summarise the outcome of applications for international standard rulings submitted during the period 2004-2009 (Table 1), the average time required for the procedure to reach an agreement (Table 2), and the methods for establishing the transfer prices as agreed between the Revenue Agency and the taxpayer in the agreements signed during the 2004-2009 period (Table 3).

In this connection, it should be reminded that despite the Regulation of the Director of the Revenue Agency was issued on 23 July 2004, the relevant provisions could take effect only in February 2005 after favourable advice of the European Commission.

TABLE 1

Applications for international standard rulings submitted during the period 2004-2009

	Total
Applications submitted	52
International rulings granted	19
Procedures in progress	17
Applications rejected	7
Applications withdrawn	9

9 As of 2008, the year of expiry of the first three-year period of validity of agreements, four agreements had been renewed.

10 As of 31 December 2009 two agreements had been renewed.

11 *Cf.* article 8, paragraph 4 of Decree law no. 269 of 30 September 2003.

The summary data provided in TABLE 1 show that, out of a total of 52 applications submitted in the period 2004-2009, 45 were declared admissible. Specifically, 19 procedures were concluded with an agreement and 17 (70% of submitted applications overall) were still pending, while 9 procedures (approximately 17% of applications submitted) were withdrawn by the taxpayer or after decision between the taxpayer and the tax administration. With specific reference to applications withdrawn, the main reasons for interruption on the part of the taxpayer include changes to objective or subjective requirements as a result of company restructuring which took place during the procedure. Reasons for interruption on the part of the Revenue Agency include the lack of cooperation from the taxpayer.

Declarations of inadmissibility are attributable primarily to erroneous interpretations on the part of the taxpayer, regarding the aims of the international standard ruling. They have little significance in percentage terms.

The data provided in TABLE 1 are expressed in percentage terms in Graph 1 below.

GRAPH 1 –Outcome of international ruling applications submitted as of 31 December 2009 (Percentage share)

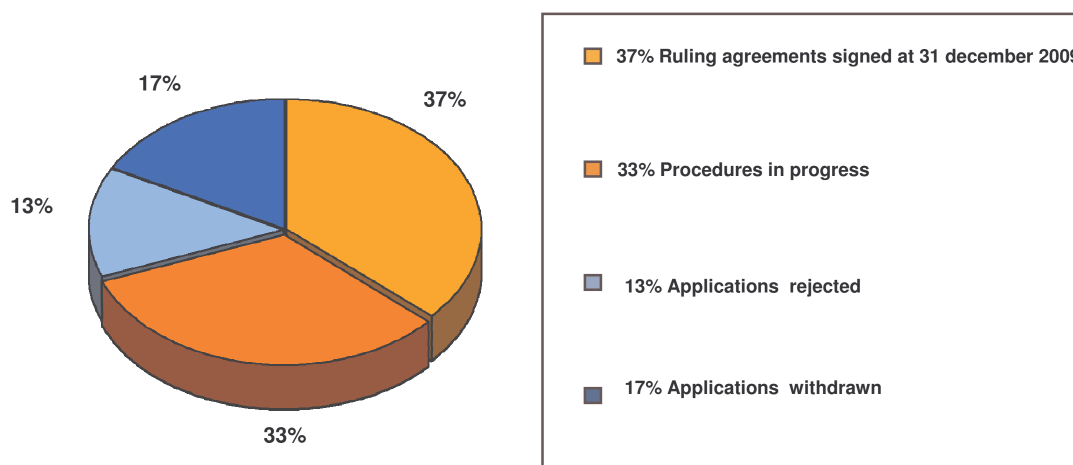


TABLE 2 below shows the share of procedures concluded in relation to the number of months necessary for them to be signed in order to determine the actual Average Time taken to reach the Agreement (hereafter "AAT - Average Agreement Time").

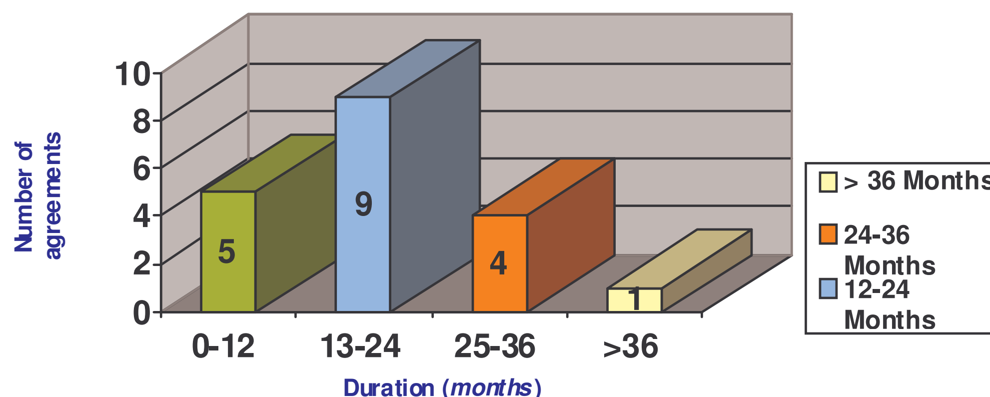
TABLE 2					
International ruling agreement completion time (*months per procedure*)					
Months	No. signed agreements	Months	No. signed agreements	Months	No. signed agreements
1		17	2	33	
2		18		34	1
3		19		35	1
4		20	1	36	
5	1	21	2	37	
6	1	22	1	38	
7		23		39	
8	1	24		40	
9		25	1	41	
10	1	26		42	
11	1	27	1	43	
12		28		44	
13		29		45	
14	1	30		46	
15	2	31		47	
16		32		48 e oltre	1
Completion time: average (*months*)					20

The duration in months of the procedure for each agreement signed has been calculated as the difference between the date of signature of the agreement and the date of submission of the application. Calculation of this difference excludes any suspension periods as provided for by article 7 of the Regulation (lack of essential elements as set out in article 2 of the Regulation). Instead, the duration of the procedure includes periods of inactivity or delay in providing documentation or information on the part of the taxpayer.

AAT, approximately 20 months, is calculated as a simple average of the total number of months taken to sign the agreements.

The data provided in TABLE 2 are shown in Graph 2 below, which illustrates the composition, by class of duration expressed in months, of the procedures concluded with an agreement.

GRAPH 2 – Percentage share of international ruling agreements by class of duration (*months*)



Specifically, it can be seen that approximately 74% of such procedures were concluded within 24 months, while just 5% of them had a duration of beyond 36 months.

With regard to procedures concerning cases provided for by article 110, paragraph 7 of the TUIR, TABLE 3 details the methods for determining the transfer prices adopted in the agreements signed.

TABLE 3

Methods used for determining transfer prices

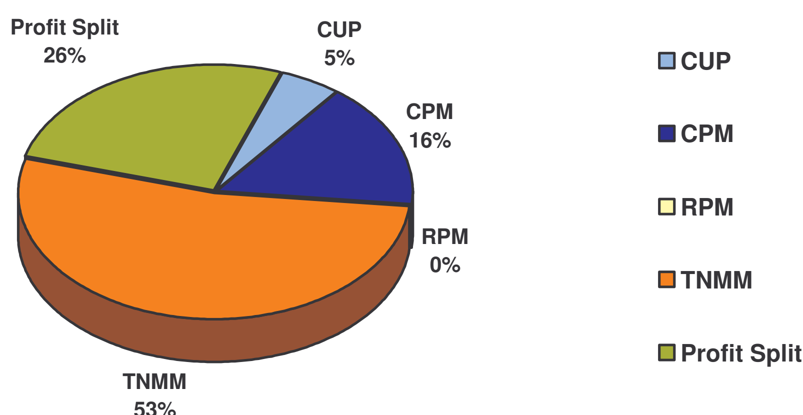
Description of methods	*No. cases*	
	Partial	*Total*
Comparable Uncontrolled Method (CUP)		**1**
Internal comparables	1	
External comparables		
Cost Plus Method (CPM)		**3**
Internal comparables	2	
External comparables	1	
Resale Price Method (RPM)		
Internal comparables		
External comparables		
Transactional Net Margin Method (TNMM)		**10**
PLI (profit level indicator): mark-up on total costs	7	
PLI (profit level indicator): return on sales	3	
Profit Split		**5**
Contribution analysis		
Residual analysis	5	
Total*		**19**

* The total number of methods shown in this TABLE, exclusively with reference to agreements concerning transfer prices (therefore excluding procedures concerning the attribution of profits or losses to permanent establishments, cost sharing agreements, dividends, interest and royalties), does not represent the number of "*Ruling agreements concluded in the 2004-2009 period*" as set out in TABLE 1, since an agreement may include more than one type of transactions between related parties, which can be evaluated by using different methods.

The data in TABLE 3 show that transactional profit methods were adopted in 79% of cases, while traditional transaction methods were used in the remaining 21%. The Transactional Net Margin Method (hereafter "TNMM") was applied in 53% of agreements signed. With reference to traditional transaction methods, the Cost Plus Method (hereafter "CPM") prevailed on the Comparable Uncontrolled Price Method (hereafter "CUP"), while the Resale Price Method (hereafter "RPM") has never found practical application in ruling agreements signed.

The data provided in TABLE 3 are expressed in percentage terms in Graph 3 below.

GRAPH 3 – Transfer Pricing Methods used as of 31 december 2009



7. Classes of taxpayers by turnover and industry (TABLES 4, 5 and 6)

TABLES 4 and 5 illustrate the classes of taxpayers who submitted an application for international ruling according to size, expressed by turnover, and to industry.

Specifically, TABLE 4 shows data relating to taxpayers who signed an agreement or whose procedure was still pending as of 31 December 2009. These taxpayers have been divided into classes according to turnover.

TABLE 4

Classes of taxpayers by turnover

Taxpayers' turnover	Number of taxpayers*	%	Average % of the cross-border transactions (between related parties) covered by ruling on the total of cross-border transactions
Turnover < 100 Meuros	13	48,15%	82,78%
Turnover from 100 to 300 Meuros	4	14,81%	79,21%
Turnover > 300 Meuros	10	37,04%	47,75%
Total	**27**	**100,00%**	

* The total number of taxpayers indicated does not coincide with the data provided in Table 1 because a single taxpayer submitting more than one application has been counted only once.

The data above show that the majority of taxpayers submitting applications (approximately 52%) declare turnover of more than 100 million euros, and 71% of these fall into the class of taxpayers with turnover of more than 300 million euros. TABLE 4 also includes a column indicating the average percentage of cross-border transactions between related parties governed by ruling agreements or forming the object of the application (with specific reference to pending procedures as of 31 December 2009) as a share of total cross-border transactions between related parties.

TABLE 5 identifies the economic activities according to the ISTAT[12] classification and specifically the Ateco 2002 code of taxpayers that submitted applications for ruling during the years 2004-2009.

TABLE 5

Industry according to Ateco 2002 code

Code	Description	Taxpayer*
15.8	Manufacture of other food products	1
19.2	Manufacture of luggage, handbags and the like, saddlery and harness	1
24.1	Manufacture of basic chemicals	2
24.4	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	2
24.5	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet	2
25.1	Manufacture of rubber products	2
25.2	Manufacture of plastic products	2
26.5	Manufacture of cement, lime and plaster	2
28.1	Manufacture of structural metal products	1
28.2	Manufacture of tanks, reservoirs and containers of metal; manufacture of central heating	1
29.0	Manufacture of machinery and equipment n.e.c.	1
29.2	Manufacture of other general machinery purpose	1
29.5	Manufacture of other special machinery purpose	1
29.7	Manufacture of domestic appliances n.e.c.	1
31.6	Manufacture of other electrical equipment n.e.c.	1
32.1	Manufacture of electronic valves and tubes and other electronic components	3
34.1	Manufacture of motor vehicles	2
50.1	Sale of motor vehicles	1
50.3	Sale of motor vehicle parts and accessories	1
50.4	Sale, maintenance and repair of motorcycles and related parts and accessories	1
51.4	Wholesale of household goods	4
51.8	Wholesale of machinery, equipment and supplies	3
52.4	Other retail sale of new goods in specialised stores	1
60.1	Transport via railways	2
63.4	Activities of other transport agencies	1
64.2	Telecommunications	2
66.0	Insurance and pension funding, except compulsory social security	3
72.5	Maintenance and repair of office, accounting and computing machinery	1
74.8	Other business activities n.e.c.	1

* Figure for admissible applications as per Table 1. The figure provided includes applicants with two activity codes.

** Figure for agreements signed or withdrawn by the taxpayer for which a benchmark analysis has in any case been produced.

[12] The National Institute of Statistics.

TABLE 6, part 1, groups the economic activities illustrated in TABLE 5 according to the macro-categories worked out by the Confindustria Research Centre (hereafter also CSC). With regard to economic activities not classified by the CSC, the Office has worked out its own grouping into macro-categories with comparable characteristics.

TABLE 6

Industry (part 1)

CSC Code	CSC definition	Taxpayer*	Ateco 2002 Code
1	Mining		10, 11, 13, 14
2	Manufacture of food products and beverages	1	15
3	Manufacture of textiles		17
4	Manufacture of wearing apparel		18
5	Manufacture of leather clothes and footwear	1	19
6	Manufacture of wood and furniture		20, 36.1
7	Manufacture of paper, publishing and printing		21, 22
8	Manufacture of refined energy products		23
9	Manufacture of chemicals and chemical products	6	24
10	Manufacture of rubber and plastic products	4	25
11	Manufacture of glass and ceramic goods		26.1, 26.2, 26.3, 26.8
12	Manufacture of basic building material	2	26.4, 26.5, 26.6, 26.7
13	Metallurgy		27
14	Manufacture of fabricated metal products	2	28
15	Manufacture of machinery and electrical machinery	3	29.1, 29.2, 29.6, 29.7
16	Manufacture of machine-tools	1	29.3, 29.4, 29.5
17	Electronics	3	30, 32
18	Electrical engineering	1	31
19	Manufacture of precision instruments		33
20	Motor vehicles	2	34
21	Manufacture of other transport equipment		35
22	Other manufacturing n.e.c.		36
23	Electricity		*40*
24	Construction		*45*

Industry (part 2)

Services			
	Sale, maintenance and repair of motor vehicles and motorcycles, parts and accessories	3	*50*
	Wholesale trade and commission trade	7	*51*
	Retail trade	1	*52*
	Transport via railways and activities of transport agencies	3	*60, 63*
	Telecommunications	2	*64*
	Insurance	3	*66*
	Computer and related activities	1	*72*
	Other business activities	1	*74*

* Figure for admissible applications as per Table 1. The figure provided includes applicants with two activity codes.
** Figure for agreements signed or withdrawn by the taxpayer for which a benchmark analysis has in any case been produced.

The data provided in the "Taxpayer" column refer to the industry of taxpayers whose applications have been declared admissible by the Office.

Analysis of the information contained in TABLE 6 shows that the range of taxpayers that submitted an application is quite broad and varied. More specifically, it can be seen that 53% of taxpayers are engaged in production activity, while the remaining 47% operate in the commercial and services sector.

Specifically, in the production sector around 40% of taxpayers applying for a ruling carry on their activity in highly specialised and high-tech areas (for example the electronics sector). With regard to the commercial sector, the majority of taxpayers (approximately 64%) operate in the wholesale trade sector, while applicants operating in the services sector are evenly spread across the various economic categories.

8. Relationships between associated parties and transactions covered by agreements (TABLES 7 and 8)

TABLES 7 and 8 described in this section show ruling procedures which were concluded with an agreement distinguished on the basis of the relationships between the associated parties (subjective requirement) and the type of transactions covered by ruling agreements (objective requirement).

TABLE 7

Relationships between associated parties

Relationships between associated parties	No. signed agreements*
Non-resident parent company – Italian subsidiary**	9
Italian parent company - non resident subsidiary	8
Italian related company – non resident related company	6
Italian permanent establishment – non resident head office	2
Non-resident permanent establishment – Italian head office	0

* The total number of agreements given in the current table does not coincide with the number of "*Ruling agreements concluded during the 2004-2009 period*" as the scope of an agreement may also include more than one kind of relationships between related parties.
** The concept of control within the context in question includes both direct and indirect control.

TABLE 7 shows roughly the same number of companies which are controlled by non-resident subjects and companies which carry out transactions with subsidiary

companies abroad. With regard to applications concerning the attribution of profits or losses to permanent establishments, only applications regarding the permanent establishment in Italy of non-resident subjects were submitted.

TABLE 8	
Cases of transactions in the agreements signed	
Cases of transactions	**Number of transactions in the agreements signed***
Sale of tangible property into Italy	11
Purchase of foreign goods	4
Perfomance of services by Italian entity	3
Perfomance of services by non-Italian entity	0
Cost sharing agreements	1
Transactions involving intangibile property	1
Attribution of profits or losses to a permanent establishment	2

* The total number of agreements given in the current table does not coincide with the number of "*Ruling agreements concluded during the 2004-2009 period*" as per TABLE 1, since an agreement may also include more than one kind of transactions between related parties

TABLE 8 shows a predominance of agreements concerning the sale of tangible goods from Italy (50% of total transactions). There are some cases regarding cost sharing agreements and determination of the normal value of intangibles sold or licensed.

9. Concluding notes

The purpose of the current publication is to publish data and information regarding the international standard ruling provision as of 31 December 2009. It does not constitute a standard document, nor does it aim to provide guidelines to the application of the arm's length principle in accordance with article 9 of the OCSE Model Tax Convention, or of the principle of normal value under article 9, paragraph 3, of the TUIR as referred to by article 110, paragraph 7, of the TUIR.

Rome, 21 April 2010