



The Impact of Transfer Pricing on the Company's Image.

Implications in Audit Work

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Abstract

In an economy strongly marked by globalisation, transfer pricing is at the top of the agenda of taxpayers, tax authorities and regulatory bodies, with its influence manifested primarily in the fiscal area, respectively in the correct determination and proper allocation of the corporate tax base between different jurisdictions or between companies operating within the same jurisdiction. However, transfer pricing transcends the fiscal problematic and significantly influences other aspects of a company's life, one of which is the image reflected in the annual financial statements, including cash flows or financial performance indicators, and through their analysis, the investment decisions of potential users of accounting information.

Transfer pricing is, therefore, also a reference point in the audit work carried out at the level of companies part of national or multinational groups and involved in significant intra-group transactions, as compliance or non-compliance with the arm's length principle directly influences the way in which different elements of income, expenses, results, assets, equity or liabilities are reflected or not in accordance with the true and fair view principle and thus, ultimately, the audit opinion. National and international auditing standards provide recommendations and guidance on how to deal with transfer pricing issues as part of audit engagements, reflecting a continuing concern by professional bodies to develop best practices in this area.

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