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TRANSFER PRICE AND ITS ACCOUNTING AND TAX IMPACTS WITHIN A AUTOMOTIVE FILTERS COMPANY IN IMPORTS AND EXPORTS OF GOODS

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ABSTRACT

Brazilian law require specific accounting entries, when the subject is Transfer Price. These existing rules were created to prevent Brazilian companies with foreign subsidiaries from using the foreign currency drain strategy, since without appropriate system of laws; prices could be undervalued so that there would be no due payment of taxes in the transfer of products abroad. The objective of this study is to verify the accounting and tax impacts on the use of the transfer price in the import and export of goods, for an automotive company. For this, the applied research was used, through the collection of documentary data and unstructured interview. Considering the legal penalties when the law is not applied properly, the following research problem was presented: What are the accounting and tax impacts, when the calculation methods appropriate to the transfer price are applied? The results obtained for the calculation of the import for the product P603 showed that the PRL Resale method, to obtain the lowest adjustment compared to the PIC method in the year 2014, was the most appropriate to be used in the calculation of the transfer price. At the time of export, the CAP method was the most appropriate accounting and tax for the products F175F13 and R161F042, since it was the only possible method to calculate the transfer price for the company studied. As a conclusion of the research, it was verified that the use of the methods recommended by the current Brazilian tax law could contribute to the quality of the accounting information and, at the same time, would result in an increase in the calculation basis of the taxes on income.

Keywords: Transfer price. Management accounting. Tax adjustments. Subsidiary companies. Import. Export.

1 INTRODUCTION

International trade has the characteristic to enable countries to exchange goods and services in an ever more agile flow. With the strong growth of multinational companies in Brazil, the transfer price, also internationally known as transfer price, has been used to control commercial and financial transactions carried out with related companies and domiciled abroad.

Many companies have operations around the world and often administer the subsidiaries

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on a geographical basis. In general, these subsidiaries carry out transactions of purchase and sale of goods or services. Fiscal authorities play a role of regulators of the amounts transferred in this transaction, in a coercive and also regulation way, to avoid foreign currency drain (Newton & Steevens, 2013).

Brazilian law requires specific accounting entries when the subject is transfer price. There are legal penalties when the law is not applied or when it is applied incorrectly, which may make operational results unfeasible.

In view of the need to avoid losses of tax revenues, the transfer price is an important instrument whose primary function is to avoid undue increase in costs of companies with operations between related parties or when one of the parties resides in a tax haven. With the introduction of Law no. 9430 (1996), there is a tendency to establish criteria for tax control and adjustment of transfer prices delivered.

Empirical studies, such as that presented by Chen & Chen (2014), discuss transfer price in line with agency theory and suggest a standardization for the use of appropriate tax rates and values to be used in the transfer price as a form of influencing the performance mediation system and also of transferring price autonomy.

Thus, the objective of this study is to analyze the transfer pricing calculation methods applicable to the export and import of goods in a multinational automotive filter industry. For the delimitation of the research the following problem was established: What are the accounting and tax impacts, when the calculation methods appropriate to the transfer price are applied?

In order to achieve the central objective, the specific objectives were classified, such as analyzing the Brazilian transfer pricing rules applicable to imports and exports of goods, calculating the most appropriate methods for the products proposed in the study, verifying the accounting impacts and, finally, analyzing the tax effects of using transfer pricing methods.

The applied research configured the design of this study, which used data and unstructured interview to carry out the analysis and verify the impacts of the transfer price on the products studied.

Thus, this study presents the theoretical concepts about the use of transfer pricing, the methodology adopted, the results found and the conclusion of the application of the study in practice, as a way of corroborating the central objective of this research.

2 TRANSFER PRICE

Transfer price is the value of the purchase or sale of goods, services or rights, traded between organizational units of the same company that are located in different countries. These values may increase or decrease market values.

For Higuchi (2015), with the regulation of Law no. 9430 (1996), a great step was taken in Brazilian law to reduce over-invoicing in imports and under-invoicing in exports. Most of the time, it is not a question of lawful tax avoidances, but of even gross tax evasions. With the advent of the law that defines transfer prices, the risk of dishonest companies being assessed has become higher.

All individuals or legal entities resident in Brazil that engage in transactions with individuals or legal entities residing abroad, considered to be related or, even if not related, residing in a country that does not tax the income or that taxes at a rate of less than twenty per cent are subject to the transfer pricing rules (Andrade, 2011).

In order to control the related transfer price, only the individual or legal entity resident or domiciled abroad, who owns a company located in Brazil and who carries out transactions between them, will be considered. In this sense, the definition of art. 23 of Law no. 9430/96, which considers that a legal entity domiciled in Brazil is one whose headquarters or subsidiary is formally incorporated in national territory, is appropriate.

For Schoueri (1999, p. 111), transfer price is "the amount charged by a company in the sale or transfer of goods, services or intangible property, the related company." With the methods of import and export, it is determined that the price parameter must be consistent for each good, service or right, for the whole calendar year. Since the company can choose one of the methods for each different good or raw material, that is, use different methods for different goods, as long as it does not change method in the calendar year. With this, it may have excess cost in one good and not have in another.

In the import and export operations of goods with related companies, the transfer price is calculated according to the methods contained in Table 1.

Table 1
Import and export methods

Import	Export
PIC	PVEx
PRL Production	PVV
PRL Resale	PVA
CPL	CAP
PCI	PECEX

Note. Source: Adapted from Law no. 9430, December 27, 1996 (1996). It provides for federal law, social security contributions, administrative process of consultation and other measures. Retrieved from http://www.planalto.gov.br/ccivil_03/leis/L9430.htm

Delivery price is the average price actually realized in the imports or exports of the period in question, involving the related or originated person. The price parameter is the price obtained by means of one of the methods stipulated in the transfer pricing law. The excess cost paid on import or the lower sales revenue received on export, involving the related person or tax haven, is considered profit and carrying basis for taxation of CSLL and IR, becoming the adjustment or fiscal exposure.

According to Normative Instruction n. 1312, art. 3, of December 28, 2012, the costs, expenses and charges related to the goods, services and rights are those contained in the import or acquisition documents, in the transactions carried out with related person. They are deductible in the determination of the actual profit and the basis of calculation of the social contribution only up to the value that does not exceed the price determined by one of the methods provided by law (Kimi Shiraishi, Gonzales, & Fernandes dos Santos, 2015).

Schäfer, Petri, Gasparetto & Mattos, in 2015, published a bibliometric research on international literature focused on transfer pricing and showed that most of the authors researched seek to work out the management aspects of the transfer price and that there is still a vast path to be explored in this theme, since the accounting and tax aspects are less explored.

On the other hand, Morch, Castro, Castro and Cogan (2008) and Checoli (2013) studied the transfer price in financial securities for banks, emphasizing the need for detailed studies on the theme. Cripe, Harmon and West (2015) applied an accounting/tax study to a company with headquarters in Italy and a subsidiary in the United States, in order to demonstrate the influence of the correct use of the transfer price in the financial statements. They concluded that there is a significant influence of the application of the transfer price correctly in the accounting information.

When it comes to intangible assets, the transfer price has its significance because it is an item also supported for this asset category. Franklin and Mayers' (2016) research presents a history of the international courts on the transfer price in relation to the American market. There is a need for regulation and creation of legal weapons that consider the use of this tool.

Kumar and Sosnoski (2011) proposed in their study the prediction of transfer pricing problems for small and medium-sized companies. They assessed the need for clarity regarding tax issues and reduced the exposure of these companies to double taxation.

The transfer price may change the accounting, tax and management information. The study carried out by Araujo (2013) verified the management effect, considering the calculation methods of the transfer price and its impact on the contribution margin of a Brazilian company, related to a Chinese company.

2.1 Transfer price on the import of goods

When importing goods, the prices to be used as a parameter price will be compared with the constant acquisition documents, observing if the delivery price in the acquisition of the related company is higher than the price used as a parameter price. The amounts resulting from the excess of cost, computed in the company results, due to the difference between the comparative prices are added to the actual profit. In this way, it can be said that if the price is lower, no adjustment with tax effect can be made.

According to art. 45, I, II of Law no. 10.637 (2002), in cases of determination of excess cost of acquisition of goods, services and rights imported from related companies and which are considered nondeductible in determining the actual profit and the calculation basis of the social contribution on the net profit, the legal entity shall adjust the excess cost, determined by one of the methods provided for in the law, at the end of the accounting period, by means of account debit entry of accumulated results and of account credit of the asset in which the acquisition of goods, rights or services was accounted for. These entries must remain there recorded at the end of the calculation period, or own account of cost or expense of the calculation period, that records the value of the goods, services or rights in case these assets have already been written off from the asset account registered their acquisition.

The PIC method, or independent comparative price method, is set forth in Article 18, I, of Law no. 9430 (1996). It was defined as the weighted arithmetic average of the prices of goods, services or rights, identical or similar, calculated in the Brazilian market or in other countries, in purchase and sale operations undertaken by the interested party or by third parties, under similar payment conditions.

That means the method compares the price charged for property or services in a controlled transaction with that charged for property or service in an independent comparable transaction. If there are differences, precise adjustments should be made to eliminate the impact.

The method of resale price less profit or PRL has its standardization according to art. 18, II, of Law no. 9430 (1996) and is defined as the weighted arithmetic average of the country's sales prices of imported goods, rights or services under similar and calculated payment conditions.

This method shall be used in the case of imported goods, services or rights applied to production and resale. In that case, the parameter price of the imported goods, services or rights will be calculated excluding the value added in the country and the profit margin of sixty percent by 2012 and from 2013 with the profit margin of forty percent, thirty percent or twenty percent, according to the economic activity sector.

If the company imports the same good to be resold and applied in the production of one or more products, or in the event that the imported good is submitted to different production processes in Brazil, the final parameter price will be the weighted average of the values found by the application of the PRL Method.

In 2013, there was a change in Brazilian law, passing the percentage from sixty percent to forty percent, thirty percent and twenty percent, depending on each industrial sector (Higuchi, 2015).

The method of production cost plus profit, known as CPL, is defined as the weighted average cost of producing goods, services or rights, identical or similar to the taxes and fees charged on the export in the country where they were originally produced and the margin of profit of twenty percent, calculated on the calculated cost.

In determining the cost of the good, service or right, acquired by the company in Brazil, the referred costs, incurred by the producing unit abroad, will be considered in proportion to the quantities destined to the company in Brazil.

In the case of the use of a similar product, for cost measurement, the cost of production should be adjusted according to the differences between the good, service or acquired right and what is being used as a parameter. The profit margin of twenty percent will be applied to the costs calculated before the incidence of taxes and fees charged in the country of origin on the value of goods, services and rights acquired by the company in Brazil.

For Andrade (2012), in calculating the price by this method will be considered exclusively the costs incurred in the production of the good, service or right, excluding any others, even if they refer to the profit margin of wholesale distributor.

Also, according to the same author, in the same way, it can be said that production costs must be demonstrated in a discriminatory way, by component, values and respective suppliers. Data may be used from the supplying unit itself or from producing units of other companies located in the country of origin of the good, service or right. For the purposes of determining the price by this method, they may be computed as part of the cost: (a) the cost of acquisition of the raw materials, intermediate products and packaging materials used in the production of the good, service or right; (b) the cost of any other goods, services or rights applied or consumed in production; (c) the cost of personnel employed in production, including direct supervision, maintenance and guarding production premises and the related social charges incurred, required or permitted under the law of the country of origin; (d) the costs of renting, maintenance and repair and the costs of depreciation, amortization or exhaustion of goods, services or rights applied in production; (e) the amounts of reasonable tears and losses occurring in the production process, which are permitted under the tax laws of the country of origin of the goods, service or right.

The PCI (method of price under quotation on import), according to art. 18-A of Law no. 9430 (1996), is defined as the daily average values of the quotation of goods or rights subject to public prices in the internationally recognized commodities exchange and futures. The law requires the use of this method when the product cumulatively meets the commodity product requirement.

Considering the relevance of the theme, previously published studies, such as those of Pedó, Muller and Cortimiglia (2011); Padhi and Bal (2015) elaborated a study to identify the impacts of the legal limitations on the transfer price in Brazil and in the world, on good imports, whose proposal also compared the already revoked norms and that perpetuate with legal proceedings, due to the large number of situations concerning the subject.

2.2 Transfer price on the export of goods

According to art. 19 of Law no. 9430 (1996), income earned on transactions with related person is subject to arbitration when the average sales price of the goods, services or rights related to the export, made during the calculation period of the income tax, is less than ninety percent of the average sales price of the same goods, services or rights in the Brazilian market during the same period and under similar payment conditions.

According to art. 6 of the Normative Instruction n. 1312/12, the determination of the average export price and the average comparison price will be obtained by multiplying the prices by the quantities for each operation and the results calculated will be summed and divided by the total quantity, thus determining the price weighted average.

It is important to emphasize that the taxpayer must verify if the export will be made with related persons, with individual or legal entity, who is resident or domiciled in a country that does not tax the income or that taxes the income less than twenty percent.

This means that if the taxpayer falls under the aforementioned hypotheses, it is obliged to make the comparison to determine the average sales price of the goods, services and rights in the exports made in the calculation period of the tax calculation basis. If export sales prices are less than ninety per cent, sales revenues shall be disregarded and the amounts shall be arbitrated using one of the five methods provided for in §3 of art. 19 of Law no. 9430 (1996).

On export, the methods used, presented in Table 1, are defined as:

a) Export Sales Price Method - PVEx: According to art. 19, §3, I of Law no. 9430 (1996), is defined as the arithmetic average of the sales prices of similar goods in the exports made by the company itself, to other customers or by another national exporter of goods, services or rights, during the calculation period of the Income Tax calculation basis and under similar payment conditions.
b) Wholesale Price in the Country of Destination Method Less Profit Method - PVA: In art. 19, §3, II, of Law no. 9430 (1996), is defined as the arithmetic average of the sales prices of identical or similar goods in the wholesale market

of the country of destination, under similar payment conditions, less taxes included in the price, charged in that country, and a profit margin of fifteen percent on the wholesale price.

c) Retail Price in Country of Destination Less Profit Method - PVV: According to art. 19, § 3, III, of Law no. 9430 (1996), is defined as the arithmetic average of the sales prices of identical or similar goods in the retail market of the country of destination, under similar payment conditions, less taxes included in the price, charged in that country, and a profit margin of thirty percent on the retail price.

d) Acquisition or Production Cost Plus Taxes and Profit Method - CAP: According to art. 19, § 3, IV, of Law no. 9430 (1996), is defined as the arithmetic average of the acquisition or production costs of goods, services or rights exported, plus taxes and contributions charged in Brazil and a profit margin of fifteen percent on the sum of costs plus taxes and contributions.

e) Price under Quotation Method for Exports - PECEX: According to art. 19-A of Law no. 9430 (1996), is defined as the daily average values of the quotation of goods or rights subject to public prices in internationally recognized markets and futures exchanges.

Thus, whenever a company transfers or receives products from a foreign subsidiary, it must obey the provisions of the law for the transfer price. It can not, in any case, practice what suits its best.

3 METHODOLOGY

This study is an analysis of the transfer price in the import and export of goods in an automotive filters company headquartered in Brazil. Its headquarters in Switzerland. The main objective was to demonstrate the impacts of accounting for the adjustment on results.

Company with a Brazilian subsidiary inaugurated in 1997 opened the way to new factories in other countries. In times of change and expansion in the automotive industry, the company has always been aware of the development of the automotive sector that has been growing rapidly. With the concern of healthy growth, focused on prospects for the future, the company tends to reduce the consumption of raw material to facilitate the process of disposal and recycling in the future. As the main product in the automotive sector, the company in Brazil manufactures complete parts for vehicles of large automakers. The Brazilian subsidiary provides customer service, among automakers and the entire Brazilian market for spare parts. It can thus develop solutions and meet the needs of customers. For reasons of professional secrecy the name of the company was hidden, preserving only the results obtained in the case study.

This study is classified as applied research. It seeks to produce knowledge for practical application in relation to a given problem. Its approach is qualitative, since it appropriates data for elaboration and analysis based on law and data collection, without the use of statistical procedures.

The data collection involved the accounting documents regarding the products studied and unstructured interview with the company accountant. The interview took place in October 2015 and data collection took place from August to October 2015. For the large number of products with the possibility of transfer pricing analysis, the F175F13 and R161F042 were used for the export and the P603L for the import, being products with a large volume of export and import of goods. The data for these products came through the entry/exit invoices, internal reports and financial statements for the calendar year of 2014. The calculations were conducted to verify the most appropriate procedures in the tax treatment, according to the current law in Brazil, and subsequently the accounting effects of this tax change, in the accounting of the company.

4 RESULTS ACHIEVED

By analyzing the data collected in this research, it was observed the absence of practices, according to the current law, transfer prices for the products studied. Therefore, the results obtained are based on the calculations made, considering the need and legal obligation of this practice.

The calculation methods were divided into two steps: imported product, first and then exported products.

4.1 Calculation of import methods

The data found for the import of the product, here called P603L Filter, were calculated considering the four methods in importing goods, allowed in law, in order to identify the most appropriate procedure for this product.

It was then verified that this product comes from the related company in Switzerland and has as its purpose its resale in the Brazilian domestic market. The calculations made for each method are presented below, considering Table 2, with the simulation of the first calculation, by the PIC method.

Table 2

Calculation of PIC method

P603L	Condition	Average	Observations
Related Acquisitions	370 pieces for R$ 29,514.90	R$ 79.77	Delivery Price
Other Acquisitions	18,741 pieces for R$ 927,828.75	R$ 49.51	Parameter Price
	With margin 5%	R$ 51.98	(R$ 49.51 + 5%)
	Difference	R$ 30.26	(R$ 79.77 – R$ 49.51)
	Total Imported Quantity	370	
	Total Adjustment	R$ 11,196.20	(370 x R$ 30.26)

Note. Source: The authors.

It was verified that the parameter price is lower than the delivery price. In this method, 5% (five percent) is added to the parameter price to verify the possibility of its price being within the divergence margin. Determined, even with the increase of the divergence margin, the parameter price is still lower than the delivery price. Then, the difference between the delivery price with the price parameter should be determined, to multiply by the quantity imported, and thus reach the value of the adjustment.

If the company uses this method, it would be paying for a product imported from its related a higher cost, that is, it will be leaving currencies in the country of origin.

For the PRL Resale method the same filter P603L was analyzed, as in Table 3.

Table 3

Calculation of PRL Resale Method

P603L	Conditions	Average	Observations
Related Acquisitions	370 pieces for R$ 29,514.90	R$ 79.77	Delivery Price
Sales	364 pieces for R$ 43,686.83	R$ 120.02	
	– 20% Profit	R$ 96.02	Parameter Price (R$ 120.02 – 20%)
	With margin 5%	R$ 100.82	(R$ 96.02 + 5%)

Note. Source: The authors.

For the calculation of the Resale Price Less Profit Method - PRL, it was analyzed the delivery price, which is the average of the prices of acquisitions in the import of related to the parameter price, calculated by the average of the prices of goods of the sales of that product imported, deducting twenty percent of profit and calculating the divergence margin of five percent.

In this way, the price parameter is higher than the delivery price. This means that the company earns a profit of twenty percent or more above the value that was acquired by the related that is, the company can sell its product with the profit stipulated by law and has no need to make any adjustment to its results.

Table 4
Demonstration of calculation options

Methods	Calculation options
PIC	Calculated - Adjustment of R$ 11,196.20
PRL Production	There is no way to calculate, product P603L Elem Filter is resale product
PRL Resale	Calculated - No adjustment
CPL	There is no way to calculate, related does not make the cost reported.
PCI	There is no way to calculate, method for products listed on the stock exchange (commodity)

Note. Source: The authors.

The company headquartered in Brazil imports the P603L filter only for resale, that is, it does not use any process of industrialization in this filter. Therefore, the PRL Production method calculation does not apply to this product.

The related does not provide a breakdown of the costs incurred in the production of the good, such as records in the accounting books, commercial invoices for the acquisition of raw materials and other goods used in production, labor cost apportionment worksheets, copies of the payrolls, expenses with maintenance and repairs of equipment applied to production, statement of the percentages and depreciation, amortization or depletion charges used. Furthermore, it does not present a copy of the income tax return filed by the tax authorities of its country. In this way, it is not possible to calculate the CPL method.

The product is an automotive filter. It does not fall within the list of commodities provided in IN RFB No. 1395, of September 13, 2013. Then, in this case, the calculation of the PCI method does not apply.

The main objective of the transfer price on import is to make the companies make domestic purchases to generate wealth for Brazil.

4.2 Calculation of export methods

According to the guidelines of Law no. 9430 (1996), the analyzes of the five export methods for the F175F13 and R161F042 filters were elaborated to identify the best method to be used for the calculation of adjustment in their results.

Based on the data collected, the CAP method for the F175F13 filter was calculated, as in Table 5.

Table 5
Calculation method CAP filter F175F13 Filter

F175F13	Conditions	Average	Observations
Related Exports	20.616 pieces for R$ 8,359,765.11	R$ 405.50	Delivery Price
CPV/CMV	R$ 7,398,670.08	R$ 358.88	
	+ 15% Profit	R$ 412.71	Parameter Price (R$ 358.88 +15%)
	Without margin – 5%	R$ 392.07	(R$ 412.71 – 5%)

Note. Source: The authors.

By analyzing the calculations, the company has a high cost regarding the sale price. According to art. 19, § 3, IV, of Law no. 9430 (1996), fifteen per cent was added to the cost of the good sold to the related to verify if there was the profit required by law. In this case, with the addition of fifteen percent, the delivery price is lower than the parameter price. This means that the company is not charging the minimum profit required by law. The divergence margin of five percent was then reduced, so that the product could remain within the margin and there was no adjustment.

According to the data collected in the company, the CAP method was calculated for the filter R161F042, as in Table 6.

Table 6
Calculation method CAP filter R161F042

R161F042	Conditions	Average	Observations
Related Exports	1.200 pieces for R$ 98.664,00	R$ 82.22	Delivery Price
CPV/CMV	R$ 61,848.00	R$ 81.54	
	+ 15% Profit	R$ 93.77	Parameter Price (R$ 81.54 + 15%)
	Without margin – 5%	R$ 89.08	(R$ 93.77 – 5%)
	Difference	R$ 11.55	(R$ 93.77 – R$ 82,22)
	Quant. Total Export.	1,200	
	Total Ajustment	R$ 13,860.00	(1,200 x R$ 11.55)

Note. Source: The authors.

In relation to the cost with the sale price, it was verified that the company sold to its related with a profit of less than one percent. According to the CAP method law, the company should have exported to its related with a minimum profit of fifteen percent.

Even calculating the divergence margin for this product, there will be a need to adjust the result, since the value exported did not reach the minimum established by law. In this way, the difference between the delivery price with the parameter price was calculated to multiply by the total exported quantity of the year and to reach the total adjustment of the product.

The studied company has no way to calculate PVEx for both the F175F13 and R161F042 filters, since it exports only to its related, which makes it impossible to compare the delivery price with the parameter price of other exports of independent companies.

According to Law no. 9430 (1996), to perform the calculation of the PVV and PVA method, there is an obligation to export to its related and resale to the retail or the wholesale. Thus, these two methods do not apply in this study, since the related purchase of Brazil for use in the manufacturing process.

According to art. 19-A of Law no. 9430 (1996), the PECEX method is only calculated for products listed on the stock exchange (commodity). This method does not apply to the automotive filter industry.

4.3 Ajustment

The Tax-Accounting Bookkeeping (ECF) of the Income Tax (IRPF) and the Social Contribution on Net Income (CSLL) came to replace the bookkeeping in the Taxable Income Calculation Book (Lalur), in relation to events occurring from the January 1, 2014.

Transfer pricing adjustments if they were treated according to the tax standard and adjusted in the company's accounting would bring about a change in their results, since the values for the exported products would be higher, generating a higher export revenue than the revenues currently practiced. On the other hand, the imported product would generate an additional cost by the PIC method and a lower cost in the use of the PLR Resale method.

Tax adjustments, if not adopted in the accounts, would only be reported in the ECF annual statement, registration M300 - entries of part A of e-lalur, according to Figure 1.

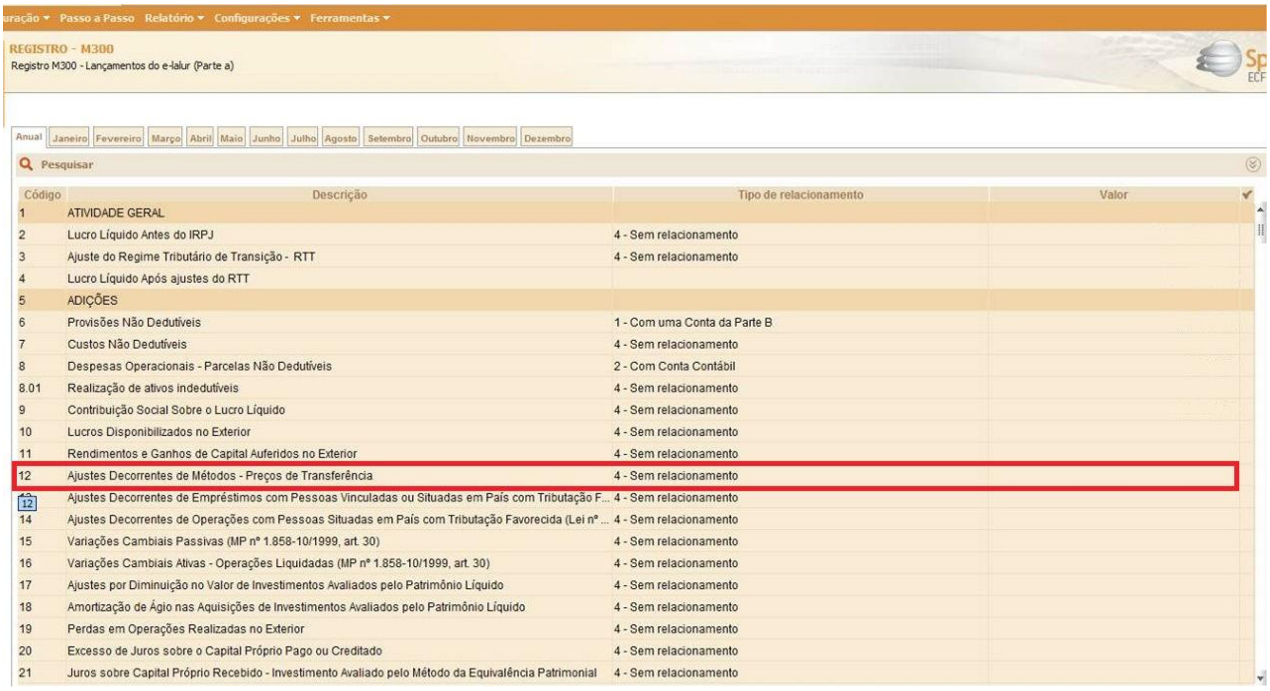

Figure 1. ECF Sped Statement
Source: ECF Sped System.

It can be seen in Figure 1 that there is a field called Adjustments Due to Methods of Transfer Price in the ECF, precisely to consider situations related to the transfer price, due to its obligatoriness.

4.4 Infraction notice

The company, according to the interview conducted with the accounting coordinator of the institution, uses the transfer price. From the calculations and analyzes presented in this study, there is no evidence of this practice, as demonstrated previously. In this way, it incurs the risk of supervision, since it does not exercise what is determined in law. The transfer price is not only a method to check sale or purchase prices. Through it are classified the taxes that will be paid by the company, such as IRPJ and CSLL. The Internal Revenue Service has the obligation to launch the letter that can have heavy consequences for the company, such as the exclusion or suspension of the CNPJ or application of fines.

According to Law no. 11488 (2007), the amounts to be paid by the company, due to the fine of the transfer price, bring high losses and must first be paid seventy-five percent on the totality or difference between the taxes paid and those due, which is defined by the agent of the tax authorities, and also fifty percent on the monthly payment amount of the income tax when the corporation.

The tax authorities may also request to inspect the last five years as permitted by law. You can also file fines if there is any kind of irregularity in the transfer pricing calculations.

5 CONCLUSION

Law no. 9430 (1996) dictates transfer pricing rules that are increasingly required for taxpayers who carry out import and export operations with related companies.

This study was elaborated with the objective of studying the transfer price within a automobile filters company, and its accounting and tax impacts, such as Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), the Brazilian law allows the taxpayer the option of choosing the method to be used that can bring the lowest adjustment. With the complexity associated with transfer pricing, it is important to carry out a tax planning with the strategic planning, which will indicate the method considered the best for the company's business. If there is such a planning, when identifying that the product is adjusting, the company has the possibility to negotiate with its related the transfer of the profit of said product to another that adjustment is not necessary.

From all the information collected and analyzed from the import, it was verified that only two methods, the PIC and the PRL Resale, can be applied in the product studied, in the imports. In the PIC method there was an adjustment in the amount of R$ 11,196.20 (eleven thousand, one hundred and ninety-six reais and twenty cents) and in the PRL Resale method there was no adjustment, since the delivery price is lower than the parameter price. It is concluded, therefore, that the best method to be used for the import related to the P603L filter is the PRL Resale method because there is no adjustment in the year 2014.

With the data collected and analyzed for export, it was concluded that only the CAP method can be used to calculate the transfer price in the two products studied F175F13 and R161F042. For the F175F13 filter there was no adjustment, since the value is within the divergence margin. For the R161F072 filter, there was an adjustment in the amount of R$ 13,860.00 (thirteen thousand, eight hundred and sixty reais), which will be released at LALUR for the year 2014.

Through the simulation carried out, the importance of transfer pricing within a company was exemplified. It has also been shown that, in view of the assumptions presented in the examples, there would be an adjustment to be made.

It is concluded that the transfer price is nothing more than a way to prevent companies from circumventing the customs system, doing the correct process and adjustments as required by law. The company will not have future damages, such as fines or exclusion from the national legal entity registry, as shown in the studies presented by Newton and Steeves (2013); Pedó, Muller and Cortimiglia (2011); Schäfer (2016).

Also, through this case study, it was evident, in a clearer way, how the transfer price can be applied within an automotive filter industry, directed to a planning of its managers regarding the purchase and sale prices for its related. Considering the presented situations, it is stated that the objectives proposed in this research were fully met.

The limitations of this study are lack of data and access to documents that could calculate other exercises and products. It is suggested for future studies an analysis on products and its impact on the profits of the company to be studied, mainly considering the effect of this profit in the distribution to partners and shareholders.

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