Transfer Pricing and Bush School (GBS) Students
Lorraine Eden, Prof. of Management, leden@tamu.edu (11/7/17)

Howdy! Since 2007, I have been teaching a graduate seminar MGMT 663 International Transfer Pricing in the Mays Business School at Texas A&M University, which is cross-listed in the Bush School as INTA 663 and in Economics as ECON 663. The course is open to masters and PhD students and to senior undergraduates in 4+1 or 3+2 graduate programs in all three units: Bush School (MIA and MPSA), Economics and Mays; and to other students as space permits.

What is transfer pricing? It’s the setting of prices for transactions that move between or among affiliates of a multinational enterprise (MNE); examples include intellectual property transfers from a parent firm to a foreign subsidiary, business services provided by one affiliate to a sister affiliate, and intermediate goods moving along the value chain within a vertically integrated MNE. More than 40% of international trade world-wide moves through MNE affiliates. Transfer pricing can be highly controversial because it affects where MNE profits are declared and taxes are paid; see for example, recent newspaper reports about income shifting and taxes paid by MNEs such as Google, Microsoft and Amazon.

What do students do after studying transfer pricing? 302 Texas A&M graduate students have studied transfer pricing with me to date. Of the 229 former students with identified jobs, 104 (45%) are in transfer pricing; 36 (16%) are in related careers (tax, finance); and 80 (35%) have unrelated careers. Transfer Pricing Aggies (TP Aggies) work primarily in the USA, but many are also in Australia, Brazil, Canada, China, India, Ireland and Mexico. The biggest transfer pricing employers are the Big Four firms, but TP Aggies are also in industry, government, banks and law firms. There are TP Aggies working at, for example, Amazon, Baker Hughes, BKD, Deloitte, Duff & Phelps, Ernst & Young, Expedia, Grant Thornton, Halliburton, KPMG, Kraft Heinz, Oracle, Plant Moran, PwC, Ryan, UBER and Weatherford. Masters students with no prior work experience typically start at the consultant/associate level; those with work experience or two graduate degrees typically start at the senior consultant/associate level. A new trend is that some TP Aggies, after 4-6 years in transfer pricing, are moving into starting their own businesses, running an NGO or getting a PhD, following the logic that the shortest distance between two points is often not a straight line, but rather to use the skills acquired by working in transfer pricing to move a leadership position in the public or not-for-profit sector.

Transfer Pricing Module: Bush School students can complete a Transfer Pricing Module by selecting the following courses as electives or core courses during the two years of their regular Bush School degree program (MIA or MPSA).

- INTA/ECON/MGMT 663 Transfer Pricing (required core course.)
- ACCT 647 Financial Statements Analysis (Necessary for reading financial statements. Note ACCT 640 is a prerequisite, but most GBS students go directly into ACCT 647 without a background in accounting.)
- One course on International Business (e.g., INTA 629 Multinational Enterprises, MGMT 679 International Business Policy, MGMT 680 Business and Corporate Strategy, or ECON 617 Economics of the Multinational Firm).
- One “depth” course in a functional area relevant to transfer pricing (e.g., INTA 625 International Trade Policy, ACCT 646 International Accounting, FINC 645 International Finance or FINC 641 Valuation).

Might this career be right for you? The skill set needed for a successful career in transfer pricing, in addition to a love of solving puzzles and the courses listed above, includes the following hard and soft skills:

- An undergraduate degree in economics or business (e.g., accounting, finance, international business) is recommended; other useful degrees are agricultural economics, biology, engineering, and computer science.
- Quantitative courses in your graduate program (statistics, advanced EXCEL, econometrics).
- Soft skills such as team building, leadership, foreign languages, public speaking and presentation skills.
- Excellent oral (both speaking and listening) and written English skills are required. Most U.S. firms will employ foreign students, but only if they have excellent written and oral English skills. Students with poor English skills should look at outside the U.S.A. or choose areas where perfect English is less needed (e.g., big data analysis).

When is the course? Normally, two sections of MGMT/INTA/ECON 663 are offered in the fall semester (Why? Employers are on campus in the fall semester to recruit for summer internships and full-time openings.) For more information, please: (1) Google “transfer pricing.” (2) Read materials posted at http://www.voxprof.com/eden/eden-transfer-pricing.html and http://www.linkedin.com/in/LorraineEden. (3) Contact Prof. Eden at leden@tamu.edu.