

FORMATION OF TRANSFER PRICES AT TRADE ENTERPRISES

Karpenko I.V.

Postgraduate Student at Department of Accounting and Taxation,
Kyiv National University of Trade and Economics

Transfer prices in modern international trading are a widespread variant of pricing. Trading activity is one of the most widespread forms of business in Ukraine today. The article is dedicated to a problem of formation of transfer prices with the peculiarities of trade enterprises. Research of transfer price formation is necessary for the development of transfer pricing policy. The author pays attention to the term "transfer price", the main approaches to setting transfer prices, a range of determining transfer price, systematization methods of transfer pricing, the understanding of which is necessary for the formation of the accounting system.

The use of a method of forming transfer pricing also depends on the medium and long-term business strategy, the market conditions, and the financial condition of a company or group of companies. The author identifies three main approaches to the set-

ting of transfer prices in trade and in any other economic transaction: based on market prices, based on costs, through negotiation. Considered approaches are the foundation of methods of transfer pricing.

In addition, for this article, a special attention is given to international methods of managing transfer prices developed by the Organization for Economic Cooperation and Development (OECD). The author considers the following methods of transfer pricing: Comparable Uncontrolled Price (CUP), Resale Price Method (RPM), Cost Plus Method (CPM), Transactional Net Margin Method (TNMM), Profit Split Method (PSM), also provides a justification for the selection of an appropriate transfer pricing method. Trade enterprise may use any method, which it reasonably considers as the most acceptable. One method of transfer pricing cannot meet all needs of the enterprise.