

# ROYALTY RANGE

## Detailed Analysis of DEMPE Functions

### Why DEMPE functions should be analysed?

**D**evelopment  
**E**nhancement  
**M**aintenance  
**P**rotection  
**E**xploitation

Under the arm's length principle, each member of the multinational enterprise group should receive arm's length compensation for the functions it performs.

In cases involving intangibles, this includes functions related to the development, enhancement, maintenance, protection, and exploitation of intellectual property.

Functional Analysis															
(Numbers from 1 to 4 reflect the distribution of functions, risks, costs and assets between the parties. First number represents Licensor, second - Licensee.)															
Functions					Risks					Costs & Assets					
Research and Development	Marketing	Design and Control of Research and Marketing Programmes	Defense and Protection of Intangibles	Quality Control Over Functions Performed	Unsuccessful Research and Development	Unsuccessful Marketing	Product Obsolescence, Technological Advances of Competitors (Adversely Affecting the Value of the Intangibles)	Infringement, Time Consuming and Costly Defense	Product Liability	Bear the Costs to Support the Performance of Functions	Bear the Costs When Relevant Risks Come to Fruition	Provide Compensation to Other Parties Performing the Functions	Research and Development Costs	Marketing Costs	Knowledge of Own Employees
√	√√	√	√√	√√	√	√√	√√	√√	√√	√	√√	√√	√	√√	√√

RoyaltyRange royalty rate reports contain a detailed functional, risk and asset analysis in full compliance with the OECD recommendations under Action 8 of BEPS project.

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