

DEMPE

FUNCTIONS

Development
Enhancement
Maintenance
Protection
Exploitation

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 intangibles (DEMPE).

DEMPE functions are integral to the value of intangibles, so they need to be analyzed in detail when assessing transactions between related entities. This can be facilitated by accessing data on third-party DEMPE functions and comparable uncontrolled transactions through a royalty rate database, such as RoyaltyRange. With this data, taxpayers can ensure that their transfer pricing is at arm's length.

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**ROYALTY
RANGE**