

Hamburg and Göttingen, February 16, 2009

Mr. Jeffrey Owens
Director
OECD Centre for Tax Policy and Administration (CTPA)
2, rue Andre Pascal
75016 Paris
FRANCE

**Transfer Pricing Aspects of Business Restructurings
Discussion Draft for Public Comment**

Dear Mr. Owens,

This letter sets out the joint comments of IIFS and idib with regard to the OECD paper captioned Transfer Pricing Aspects of Business Restructurings - Discussion Draft for Public Comment (the "Discussion Draft").

In our view, the overall presentation represents an important forward step in developing international consensus on the important topic of business restructurings. It is our impression, however, that the OECD discussion draft delivers a compromise open to differing interpretations of the arm's length principle in cases of business restructuring.

From a German perspective the question arises whether the outcome of the new German rules for taxation of business restructurings on a transfer package basis will be acceptable in other OECD countries thus giving effective relief for a potential double taxation. Against this background we would appreciate more specific guidance with respect to the objects of valuation (i.e. separate assets vs. bundled assets) in the OECD's final report. Of particular interest in this context is the recognition of integration advantages and location savings.

In order to demonstrate our position we compare and contrast the core elements of the German regulations and the OECD draft and elaborate on the main differences.

Yours sincerely,

Prof. Dr. Gerrit Frotscher Prof. Dr. Andreas Oestreicher