

Steve Dixon Quoted on Transfer Pricing Case in Law360 Tax Authority

"4 International Tax Cases To Watch In The 2nd Half Of 2019"

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Steve Dixon was quoted on *Amazon.com Inc. v. Commissioner of Internal Revenue* and the dispute over whether "corporate culture" and "significant growth options resulting from its culture of relentless innovation" should be included among the intangible assets Amazon licensed to a European subsidiary. Dixon said these "far-reaching and abstract intangibles" suggest the government is using the discounted cash flow valuation method (DCF method) in an attempt "to capture a portion of any future income that comes out of the cost-sharing arrangement." That outcome is not what the law provides, he added. The panel's questions and remarks during oral arguments suggested the panel will affirm the Tax Court's decision that the methods Amazon used to determine payments for the licensing of intellectual property were reasonable. "I think that taxpayers have thought of cost sharing as a kind of safe harbor, because that's clearly how it's constructed as long as you've done what is necessary under those cost-sharing regulations," Dixon said.