

Section 22

Marketing hubs:

- Offshore marketing or services hubs refer to situations where entities (generally subsidiaries) are established offshore and mobile functions are moved to those offshore entities that previously occurred in the jurisdiction of the parent company.
 - Marketing is an example of an extremely mobile function that has been moved offshore within the mining sector. When functions such as this move offshore a risk arises in that the price which the hub charges for their functions can mask the true value of the functions undertaken by the parent.
- Australian products sold to the hub should be at an arm's length price in accordance with **Australian transfer pricing rules**. Similarly, services provided by the hub to the Australian parent should be at arms length. The transactions flowing both ways can equally be manipulated to shift profits out of Australia in the absence of well-functioning transfer pricing rules.

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