



Transfer Pricing Careers for Graduate Students in Economics

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Howdy! Since 2007, I have been teaching a graduate seminar **MGMT 663 International Transfer Pricing** in the Mays Business School at Texas A&M University, which is cross-listed in the Bush School as INTA 663 and in Economics as ECON 663. **The course is open to masters and PhD students in all three departments/colleges and also to senior undergraduates in 5-year Bush and Mays programs.**

What is transfer pricing? It's the setting of prices for transactions that move between or among affiliates of a multinational enterprise (MNE); examples include technology transfers from a parent firm to a foreign subsidiary, business services provided by one affiliate to a sister affiliate, and intermediate goods moving along the value chain within a vertically integrated MNE. More than 40% of international trade world-wide moves through MNE affiliates. Transfer pricing can be highly controversial because it affects where MNE profits are declared and taxes are paid; see for example, recent newspaper reports about income shifting and taxes paid by MNEs such as Google, Microsoft and Amazon.

What do students do after studying transfer pricing? More than 275 graduate students have studied transfer pricing with me to date. We call ourselves the **TRANSFER PRICING AGGIES**. About 50-60% have gone on to careers in transfer pricing, primarily with the Big Four consulting firms, but also with other accounting and consulting firms, industry, government agencies/departments, banks and law firms. Another 20% have gone into related careers in tax, valuation and finance. Most of my former students work in the United States, but many also work in countries as diverse as Australia, China, India, Ireland, Mexico and Scotland. Masters students with no prior work experience typically start at the consultant/associate level; those with relevant work experience, two graduate degrees or a PhD in Economics typically start at the senior consultant/associate level.

Transfer Pricing Module: Masters and PhD students in Economics can complete a **Transfer Pricing Module** by selecting the following courses as electives or core courses during their degree program:

- **MGMT/ECON/INTA 663 International Transfer Pricing** (core course).
- A graduate course on **multinational enterprises** (e.g., ECON 617 Economics of the Multinational Firm, MGMT 679 International Business Policy or MGMT 680 Business and Corporate Strategy).
- **ACCT/FINC 647** Financial Statements Analysis (waived for students who have completed CFA Level 1).
- A **"depth" course** in either an international functional area (e.g., international trade or finance) or an industry (e.g., energy economics) or a specialized area of transfer pricing (e.g., valuation, risk management).

Might this career be right for you? The skill set needed for a successful career in transfer pricing, in addition to a love of solving puzzles and the courses listed above, includes the following hard and soft skills:

- Economics—Useful courses are microeconomics, international trade, public finance and/or industrial organization.
- Finance – CFA level I or level II is very helpful, especially for transfer pricing of financial transactions.
- Quantitative skills – statistics, advanced EXCEL, econometrics (undergrad and/or graduate level).
- Soft skills such as team building, leadership, foreign languages, PPT presentation skills.
- Excellent oral (both speaking and listening) and written English skills are a MUST. Most (but not all) U.S. firms will hire foreign students, but if they have excellent written and oral English skills. Students with poor English skills should look at jobs outside of the United States or specialize in areas where English speaking and writing are less necessary such as econometrics, financial analysis or big data.

When is the course? Two sections are offered in Fall 2017 (section 601: MW 2:20-3:50; section 602: MW 4:30-6:00). The course will NOT be offered in Spring 2018. Please contact Ms. Margaret Lomas Carpenter in Economics for more information. There are enrolment caps and entry decisions are based on the student's program, background and interest.

More info: (1) <http://www.voxprof.com/eden/eden-transfer-pricing.html> (2) <http://www.linkedin.com/in/LorraineEden> (3) Google "transfer pricing." (4) Make an appointment to see me at leden@tamu.edu. My office hours in Fall 2017 are Mondays and Wednesdays 10 am to noon in 415D Wehner and 6:00-6:30 pm in 181 Wehner or by appointment.