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## TRANSFER PRICING – "LARGEST DANISH TAX MATTERS EVER": DANISH SUPREME COURT RULES IN FAVOR OF TAXPAYERS

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The Danish Supreme Court recently held 7-0 against the Danish Revenue in two major transfer pricing matters argued by Kromann Reumert's tax team lead by partner Arne Møllin Ottosen before the Court, setting aside the valuation method applied by the Revenue in those matters.

The Supreme Court concurred with the companies that the market value of water and sewerage companies' infrastructure assets cannot meaningfully be established using a DCF method, i.e. a cash flow based valuation method, given that the companies are subject to Danish regulation prohibiting any profit to be made by an investor in such infrastructure assets.

The cases serve as pilot cases for more than 270 cases currently pending before the Danish National Tax Tribunal and are referred to as the "largest Danish tax matters ever", a reference to the total tax value of the depreciations involved amounting to DKK 36 billion.

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