Review of: "Transfer Prices and Compensation: an Activity-Based Costing Approach in the Telecommunications Industry"

Jumpei Hamamura

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This paper proposes an interesting case of decision-making on transfer pricing. I find that this is a case report, and therefore, I shall propose my suggestion as a case report. Why is the cost-based transfer price decided at this level? I think it is difficult to decide the margin of the transfer price under a cost-based case in practice. In particular, why is the 15% margin decided based on the variable cost? Additionally, does ABC affects the level of cost-based transfer prices? In other words, when this company adopts another cost accounting system, is the level of transfer price different? Many practitioners have an interest in the optimal level of internal transfer pricing. Therefore, this paper should suggest the reason why this level of transfer prices (margin and cost) is decided by this company under TDABC.