OECD Update – Transfer Pricing Country-by Country Profiles

Introduction

The Organisation for Economic Co-operation and Development (OECD) has released an updated and expanded set of **Transfer Pricing Country Profiles**, significantly enhancing the global transfer pricing knowledge base available to multinational enterprises (MNEs), tax administrations, and advisors.

With this update, the OECD's Transfer Pricing Country Profiles now cover **83 countries and jurisdictions worldwide**, following the **addition of 8 new countries** to the database. These profiles provide a structured, jurisdiction-specific overview of how individual countries apply the OECD Transfer Pricing Guidelines (TPGs) in domestic law and administrative practice.

This development forms part of the OECD's ongoing efforts to improve transparency, consistency, and certainty in the application of transfer pricing rules, particularly in a post-BEPS and Pillar Two environment where transfer pricing outcomes are under increased scrutiny.

Purpose

- Provide **comparative information** on how jurisdictions interpret and apply the arm's length principle.
- Enhance predictability in **cross-border dispute prevention and resolution** and ease procedural aspects.
- Support tax administrations in **benchmarking practices** against international standards.
- Assist taxpayers in understanding **local transfer pricing compliance expectations**.

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Key Updates

1. Expansion to 83 Jurisdictions

- The total number of covered jurisdictions has increased to **83**.
- **8 new countries** have been added, further strengthening geographic representation across developed, emerging, and developing economies.
- The expanded coverage reflects the **growing global adoption of OECD-aligned transfer pricing frameworks,** including by non-OECD and non-Inclusive Framework members.

2. Core Areas covered under Country Profiles

- **Adoption of the arm's length principle** and its status in domestic legislation
- **Recognised transfer pricing methods**, including the priority or hierarchy (if any)
- **Comparability analysis** practices and adjustments
- **Transfer pricing documentation requirements**, including master file, local file, thresholds, penalties, audits, and enforcement practices
- **Safe harbour rules** and simplification measures
- **Treatment of intra-group services, intangibles, and financial transactions**
- **Dispute prevention and resolution mechanisms**, including APAs/MAPs

3. Practical Utility for MNEs

- **Design and validate** global transfer pricing policies.
- **Anticipate audit focus areas** in specific jurisdictions.
- **Assess documentation gaps** before local filing deadlines.
- Identify jurisdictions with **higher litigation or adjustment risk**.
- **Support APA, MAP**, and controversy management strategies.

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Areas of Enhanced Focus

Alignment with OECD TP Guidelines

The profiles indicate whether, and to what extent, jurisdictions follow the OECD Guidelines, highlight areas of divergence or additional requirements, and identify practical differences in interpretation notwithstanding formal alignment with the OECD framework.

Hard-to-Value Intangibles (HTVI)

Countries are increasingly clearing positions on the use of ex-post outcomes in the evaluation of ALP, aligning their approaches with the OECD's guidance on HTVI, and setting more explicit documentation expectations, particularly in relation to DEMPE analyses.

Baseline Marketing and Distribution Activities

Several country profiles now reflect domestic positions on simplified approaches for routine marketing and distribution functions, as well as alignment with recent OECD developments, including concepts related to Amount B.

Key Observations and Conclusions

- The increase to 83 jurisdictions signals a clear move towards greater global standardization, while still recognizing local legislative and administrative differences.
- The detailed coverage of intangibles, distribution activities, and documentation reflects evolving audit priorities globally.
- Regular updates indicate that these profiles should be treated as living documents, not one-time references.

In conclusion, these profiles are a valuable tool for multinational businesses and help in aligning transfer pricing policies, managing compliance, and mitigating dispute risk. Tax teams and advisors should review the profiles relevant to their jurisdictions and integrate the insights into ongoing transfer pricing planning, documentation, and controversy management.

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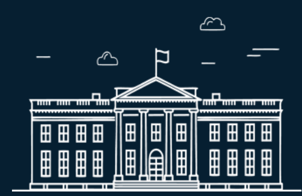

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