

Business Survey on Transfer Pricing Comparability Data

INTRODUCTION

In December 2013, in line with the Group of Twenty (G20) St Petersburg Development Outlook, the G20 Development Working Group (DWG) called upon the Organisation for Economic Development and Co-operation (OECD) to report on the impact of base erosion and profit shifting (BEPS) in developing countries.

Part 1 of the OECD's report noted that the arm's length principle, which is the international standard in transfer pricing and which is routinely incorporated in domestic transfer pricing rules, requires Multinational Enterprises (MNEs) to price their related-party transactions in line with the pricing they would have used if they were conducting the same transaction with an unrelated party. Financial data about transactions between unrelated parties that are similar to the related party transaction (known as "comparable transactions") is thus a prerequisite for countries to be able to effectively enforce their transfer pricing rules. During the consultation process for Part I of report, a number of developing countries expressed concerns about the availability and quality of financial data on such comparable transactions. Consequently Part II of the report¹, welcomed by the DWG at its September 2014 meeting, recommended that the OECD and World Bank Group assess how practical toolkits can be produced to address this issue using a 2-prong approach: **a) assist developing countries address difficulties in accessing comparables data and b) use approaches to apply internationally accepted principles in the absence of comparables.**

The DWG has called on the OECD and World Bank Group to develop a toolkit to assist developing countries address these comparability data difficulties and to apply the arm's length principle effectively. This work is supplemented by a study by the OECD Secretariat on the feasibility of addressing information gaps on prices of natural mineral sold in an intermediate form e.g. mineral concentrate.

The development of the toolkit will be undertaken with the International Monetary Fund and the United Nations and the Regional Tax Organisations; ATAF, CIAT and CREDAF, and will use each organisation's experience, expertise and mandate.

SURVEY

Business is being consulted on the toolkit and as the next step in that consultation **this business survey** has been prepared to understand fact patterns and tools used in practice to analyse and price cross-border transactions involving developing countries between associated parties. This survey should be completed by persons responsible for the transfer pricing function in multinational enterprises. Tax advisors wishing to participate in this survey are kindly asked to complete the survey from the perspective of their client(s).

We would be very grateful if you **would complete the survey by 15 July 2015**. The survey can be accessed here: <http://webnet.oecd.org/Survey/Survey.aspx?s=900910c7e04f45249f1531c1def2185f>. Please note that the survey is only available in English. For questions or comments, or for sending additional information, please contact the OECD Secretariat and World Bank Group by sending an email to Ms Luz ACEVEDO: Luz.ACEVEDO@oecd.org.

¹ OECD (2014), Part 2 of a Report to G20 Development Working Group on the Impact of BEPS in Low Income Countries, Paris, www.oecd.org/ctp/tax-global/part-2-of-report-to-g20-dwg-on-the-impact-of-beps-in-low-income-countries.pdf.