

United Kingdom

Transfer Pricing Country Profile¹

October 2025

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic transfer pricing framework² make reference to the arm's length principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 147 Tax calculations to be based on arm's length, not actual, provision (3) The profits and losses of the potentially advantaged person are to be calculated for tax purposes as if the arm's length provision had been made or imposed instead of the actual provision.	Section 147 Taxation (International and Other Provisions) Act 2010 Section 164 Taxation (International and Other Provisions) Act 2010
2	Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The UK's transfer pricing legislation incorporates a requirement that it be interpreted as "best secures consistency" with the OECD TPG.	Section 164 Taxation (International and Other Provisions) Act 2010

¹ Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

² For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

3	<p>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>147 Tax calculations to be based on arm's length, not actual, provision</p> <p>(1) For the purposes of this section “the basic pre-condition” is that—</p> <ul style="list-style-type: none"> (a) provision (“the actual provision”) has been made or imposed as between any two persons (“the affected persons”) by means of a transaction or series of transactions, (b) the participation condition is met (see section 148), (...) <p>148 The “participation condition”</p> <p>(1) For the purposes of section 147(1)(b), the participation condition is met if—</p> <ul style="list-style-type: none"> (a) condition A is met in relation to the actual provision so far as the actual provision is provision relating to financing arrangements, and (b) condition B is met in relation to the actual provision so far as the actual provision is not provision relating to financing arrangements. <p>(2) Condition A is that, at the time of the making or imposition of the actual provision or within the period of six months beginning with the day on which the actual provision was made or imposed—</p> <ul style="list-style-type: none"> (a) one of the affected persons was directly or indirectly participating in the management, control or capital of the other, or (b) the same person or persons was or were directly or indirectly participating in the management, control or capital of each of the affected persons. <p>(3) Condition B is that, at the time of the making or imposition of the actual provision—</p> <ul style="list-style-type: none"> (a) one of the affected persons was directly or indirectly participating in the management, control or capital of the other, or (b) the same person or persons was or were directly or indirectly participating in the management, control or capital of each of the affected persons. <p>(4) In this section “financing arrangements” means arrangements made for providing or guaranteeing, or otherwise in connection with, any debt, capital or other form of finance.</p> <p>(5) For the interpretation of subsections (2) and (3) see sections 157 to 163.</p> <p>Sections 157 to 163 of the UK legislation define direct and indirect participation in the management, control or capital of a person by reference to the definition of</p>	<p>Section 148 Taxation (International and Other Provisions) Act 2010</p> <p>Sections 157 – 163 Taxation (International and Other Provisions) Act 2010</p> <p>Consultation on the reform of transfer pricing, permanent establishment and Diverted Profits Tax</p> <p>Draft legislation: transfer pricing</p>
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	<p>control at section 1124 Corporation Tax Act 2010. The TP provisions set out rules regarding the attribution of rights and powers to a person when considering whether that person controls a company or partnership.</p> <p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK's transfer pricing, permanent establishment and Diverted Profits Tax rules. Transfer pricing reform includes the following proposed changes to the participation condition:</p> <ul style="list-style-type: none"> • A new form of direct participation where two persons are subject to an agreement for common management. • An anti-avoidance provision ensuring participation when a person enters into arrangements with a main purpose of not meeting the participation condition. • A power allowing HMRC to issue a transfer pricing notice requiring a taxpayer with a return that is under enquiry to file on the basis that there is participation. <p>After considering consultation responses and making any necessary amendments, the UK government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.</p>	
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Transfer Pricing Methods

4	<p>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (<i>If so, please describe</i>)</th></tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> </tbody> </table> <p>Given the requirement for interpretation of the UK's legislation as best secures consistency with the OECD TPG, the guidance on transfer pricing methods contained in the OECD TPG is effectively incorporated within UK legislation, including the freedom for MNE groups to apply other methods where they are</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)	<input checked="" type="checkbox"/>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>									

		more appropriate than OECD-recognised methods based on the facts and circumstances of the case.	
5	Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p>	<p><u>Section 164 Taxation</u> (International and Other Provisions) Act 2010</p>
6	Does your domestic transfer pricing framework contain specific guidance on commodity transactions?	<p><input checked="" type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input checked="" type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> No</p>	<p><u>Section 147 Taxation</u> (International and Other Provisions) Act 2010</p> <p><u>Chapter 4, Part 8 Corporation Tax Act 2010</u></p>

Comparability Analysis

7	<p>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>
		<p>Given the requirement for interpretation of the UK's legislation as best secures consistency with the OECD TPG, the guidance on comparability analysis contained in the OECD TPG is effectively incorporated within UK legislation.</p>	
8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
		<p>There is a preference for comparable data from transactions in comparable markets. This will be informed based on the transaction(s) in question, the characteristics of the market and availability of comparable data.</p>	
9	<p>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
		<p>Secret comparables should not be used for transfer pricing assessment purposes.</p>	
10	<p>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>
		<p>Given the requirement for interpretation of the UK's legislation as best secures consistency with the OECD TPG, the guidance on the arm's length range and statistical measures contained in the OECD TPG is effectively incorporated within the UK's legislation. The use of a range and statistical tools are applied in the pricing of controlled transactions where the use of such measures is considered appropriate in accordance with the OECD TPG.</p>	

11	<p>Are comparability adjustments required under your domestic transfer pricing framework?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Given the requirement for interpretation of the UK's legislation as best secures consistency with the OECD TPG, the guidance on comparability adjustments contained in the OECD TPG is effectively incorporated within UK legislation.</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>
Intangible Property			
12	<p>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>
13	<p>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Part 8 Corporation Tax Act 2009 contains provisions regarding the tax treatment of intangible fixed assets.</p> <p>Part 9 Corporation Tax Act 2009 contains provisions regarding the tax treatment of transactions involving know how and patents.</p> <p>These rules set out a self-contained regime for the corporation tax treatment of transactions involving certain intangible fixed assets and may require the application of valuation standards different to the arm's length principle, such as market value, where relevant intangible assets are transferred between related parties and certain conditions are met.</p>	<p>Part 8 Corporation Tax Act 2009 Part 9 Corporation Tax Act 2009</p> <p>Consultation on the reform of transfer pricing, permanent establishment and Diverted Profits Tax</p> <p>Draft legislation: transfer pricing</p>

		<p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK's transfer pricing, permanent establishment and Diverted Profits Tax rules. Transfer pricing reform includes proposed changes to Part 8 Corporation Tax Act 2009, to move to a single valuation standard where intangibles are transferred between related parties. That standard is the arm's length price for cross-border transactions between related parties that are in scope of Part 4 TIOPA 2010. After considering consultation responses and making any necessary amendments, the UK government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.</p>	
Hard-to-Value Intangibles³			
14	Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>
15	If your jurisdiction applies the HTVI approach, what are the conditions for the application of the HTVI approach?	<p>Given the requirement for interpretation of the UK's legislation as best secures consistency with the OECD TPG, the guidance on hard-to-value intangibles contained in the OECD TPG is effectively incorporated within UK legislation.</p>	<p>INTM440176 – Transfer Pricing: Types of transactions: Intangibles: Establishing an arm's length price for valuable intangibles: Hard to Value Intangibles</p>
16	Are transactions falling within the scope of the HTVI approach subject to a transfer pricing analysis different from the one established in Chapters I and VI, or to other compliance requirements specifically applicable to transfer prices (e.g. domestic anti-abuse rules)?	<p>The analysis of HTVI transactions does not differ from the analysis established in Chapters I and VI of the TPG. Provided none of the exemptions are met, the HTVI guidance permits tax authorities to consider ex post outcomes as presumptive evidence as to the reasonableness of the projections used on an ex-ante basis to determine the pricing of a transaction involving transactions between associated enterprises.</p>	

³ Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

17	What is the statute of limitations applicable to transactions falling within the scope of the HTVI approach in your domestic transfer pricing framework? Does this statute of limitations differ from those applicable to other transactions?	<p>The standard statute of limitations which applies to all tax returns also applies to HTVI transactions.</p> <p>This allows an assessment of tax to be made on a taxpayer, following a discovery that their return is incorrect, up to 4 years after the end of the return period in any case, up to 6 years after the end of the return period where the return is incorrect due to careless behaviour by the taxpayer and up to 20 years after the end of the return period where the return is incorrect as a result of deliberate behaviour by the taxpayer.</p>	CH51300 – Assessing Time Limits
18	Can taxpayers request a bilateral or multilateral advance pricing agreement (“APA”) for transactions falling within the scope of the HTVI approach under your domestic transfer pricing framework?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Bilateral or multilateral APAs can be requested under the general terms and conditions in UK double tax treaties.</p>	
19	What measures exist or approaches have been adopted to avoid the use of hindsight (e.g. training of tax administrators, internal circulars/informative notes)?	<p>Given the requirement for interpretation of the UK’s legislation as best secures consistency with the OECD TPG, the use of hindsight for transfer pricing purposes in the UK is governed by the guidance provided in the TPG.</p> <p>UK TP audits are reviewed and discussed on a recurring basis and are subject to robust governance procedures.</p> <p>Transfer pricing staff in His Majesty’s Revenue and Customs (HMRC) are highly qualified professionals. Internal instructions, training and knowledge sharing are provided on an ongoing basis.</p>	
20	Is it possible for your tax administration to make adjustments under the HTVI approach in open years amounts pertaining to closed years?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
21	Does your domestic transfer pricing framework allow the tax administration to make corresponding adjustments under the HTVI approach in open years for amounts pertaining to closed years?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	

22	<p>Is it possible for your tax administration to make several adjustments for one single HTVI transaction under the HTVI approach?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Intra-group Services			
23	<p>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p><u>Section 164 Taxation</u> (International and Other Provisions) Act 2010</p>
24	<p>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p><u>Section 164 Taxation</u> (International and Other Provisions) Act 2010</p>

25	<p>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
Financial Transactions			
26	<p>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG? <input type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No</p> <p>Any guidance incorporated within the OECD TPG is effectively incorporated within UK legislation by the requirement to interpret that legislation as best secures consistency with those Guidelines. Consequently, the guidance on financial transactions within the amendments to the TPG made by the Report on Transfer Pricing Guidance on Financial Transactions (BEPS Actions 4 and 8-10) are indirectly incorporated within UK's legislation.</p> <p>In addition, UK domestic legislation contains specific provisions regarding transactions involving the giving of a security and a series of transactions involving the provision of a guarantee in respect of a security (sections 152 to 154); definitions of related parties in cases involving financing arrangements (sections 161 and 162); alternative methods for claiming a corresponding adjustment if a security is involved (sections 182 to 184); tax treatment of excessive interest (sections 187 and 187A) and the position of a guarantor of an affected person's liabilities under a security issued by the person (sections 191 to 194). All references are to Taxation (International and Other Provisions) Act 2010.</p> <p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK's transfer pricing, permanent establishment and Diverted Profits Tax rules. Transfer pricing reform includes proposed changes to the rules on financial transactions to ensure alignment with Chapter X of the TPG. After considering consultation responses and making any necessary amendments, the UK government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010 Chapter 2, Chapter 4 and Chapter 5 Part 4 Taxation (International and Other Provisions) Act 2010</p> <p>Consultation on the reform of transfer pricing, permanent establishment and Diverted Profits Tax</p> <p>Draft legislation: transfer pricing</p>

27	<p>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments or any similar rules)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The UK has specific rules governing the tax treatment of financial transactions, which are primarily contained within Parts 5, 6 and 7 Corporation Tax Act 2009. The deductibility of interest is subject to various rules, including in particular rules designed to combat avoidance and mismatches.</p> <p>In 2017, the UK introduced corporate interest restriction rules to combat attempts by multinational enterprises and other companies to obtain excessive tax relief for net interest and similar financing costs in line with the Final Report on Action 4 of the OECD's work on Base Erosion and Profit Shifting.</p> <p>In the same year, the UK also introduced anti-hybrids legislation to give effect to the recommendations on Action 2 of the OECD's work on Base Erosion and Profit Shifting.</p>	<p>Part 10 Taxation (International and Other Provisions) Act 2010</p> <p>Schedule 7A Taxation (International and Other Provisions) Act 2010</p>
Cost Contribution Arrangements			
28	<p>Does your jurisdiction allow cost contribution arrangements?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>Given the requirement for interpretation of UK's legislation as best secures consistency with the OECD TPG, the guidance on cost contribution arrangements contained in the OECD TPG is effectively incorporated within UK legislation.</p>	<p>Section 164 Taxation (International and Other Provisions) Act 2010</p>

Transfer Pricing Documentation

29	<p>Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <input type="checkbox"/> Other (specify): 	<p><u>The Taxes (Base Erosion and Profit Shifting) (Country-by-Country) Reporting Regulations 2016</u></p> <p><u>The Transfer Pricing Records Regulations 2023</u></p> <p><u>INTM450000 - Transfer pricing records</u></p>
30	<p>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</p> <p>The Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2016 require UK-headed groups with consolidated global revenue of at least €750m to file a CbC report in the UK. The CbC report has to be filed within 12 months following the end of the period to which it relates.</p> <p>In 2023, The Transfer Pricing Records Regulations 2023 were introduced to mandate the preparation and retention (but not filing) of the local and master files by UK entities within a multinational group with consolidated global revenue of at least €750m. Both the master file and local file must be prepared in accordance with the approach covered at Chapter V of the TPG (including Annex I and Annex II to Chapter V).</p> <p>The Regulations apply:</p> <ul style="list-style-type: none"> • for Corporation Tax purposes, to accounting periods beginning on or after 1 April 2023 • for Income Tax purposes, from the 2024 to 25 tax year <p>UK entities not within scope of the Regulations are required by law to keep such records as are required to make and deliver a correct and complete return. This includes records to demonstrate that the results of transactions with related parties are determined for tax purposes according to transfer pricing rules (and in particular,</p>	<p><u>The Transfer Pricing Records Regulations 2023</u></p> <p><u>INTM450000 - Transfer pricing records</u></p> <p><u>INTM450104 - Transfer pricing records: materiality of a category of controlled transactions</u></p> <p><u>Consultation on transfer pricing scope and documentation</u></p>

		<p>the application of the arm's length principle), unless the UK entity is covered by an exemption, such as the small and medium sized enterprises exemption.</p> <p>In April 2025, the UK Government published a policy consultation on transfer pricing scope and documentation. Proposals include introducing a requirement for multinationals to report information on cross-border related party transactions to HMRC through an International Controlled Transactions Schedule (ICTS). As of 15 July 2025, consultations responses are being considered and the government has yet to decide whether to move forward with these proposals.</p>	
31	Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>There are penalties for not filing a CbC report and also for inaccurate information when filing a CbC report.</p> <p>UK entities within the scope of the Transfer Pricing Records Regulations may be charged a penalty if they fail to keep or preserve the relevant records (the master file and the local file).</p> <p>Additionally, a penalty may be charged for false or misleading statements made in connection with an application for an Advance Pricing Agreement.</p>	<p>The Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2016</p> <p>Paragraph 23, Schedule 18 Finance Act 1998 (Penalty for failure to keep and preserve records)</p> <p>Section 227 Taxation (International and Other Provisions) Act 2010</p>
32	Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Both the Country-by-Country Reporting Regulations 2016 and The Transfer Pricing Records Regulations 2023 apply only to UK entities which are members of a multinational group with consolidated global revenue of at least €750m. The Transfer Pricing Records Regulations include specific exemptions for most UK-to-UK transactions, and for transactions covered by an APA which was agreed prior to the date the regulations commenced.</p> <p>UK entities not within the scope of these requirements remain subject to the general record-keeping obligations outlined in box 30 above.</p> <p>The UK also has a broad exemption from transfer pricing legislation for small or medium-sized enterprises. What constitutes a small and medium-sized enterprise for</p>	<p>The Transfer Pricing Records Regulations 2023 - Exclusions</p> <p>Section 166 Taxation (International and Other Provisions) Act 2010 (Exemption for small and medium-sized enterprises)</p> <p>Section 172 Taxation (International and Other Provisions) Act 2010 (Meaning of "small enterprise" and "medium-sized enterprise")</p> <p>Consultation on transfer pricing scope and documentation</p>

	<p>this purpose is a modification of the European Commission recommendation (2003/361/EC).</p> <p>In April 2025, the UK Government published a policy consultation on transfer pricing scope and documentation. Proposals included reforms to the Small and Medium Sized Enterprise Exemption, including but not limited to bringing medium sized enterprises into scope of transfer pricing. As of 15 July 2025, consultations responses are being considered and the government has yet to decide whether to move forward with these proposals.</p>	
Administrative Approaches to Avoiding and Resolving Disputes		
33	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p> <p>Please check those that apply:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Rulings <input checked="" type="checkbox"/> Enhanced engagement or cooperative compliance programmes <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Unilateral APAs <input checked="" type="checkbox"/> Bilateral APAs <input checked="" type="checkbox"/> Multilateral APAs <input checked="" type="checkbox"/> International Compliance Assurance Programme (ICAP) <input checked="" type="checkbox"/> Mutual Agreement Procedures <input type="checkbox"/> Other (please specify): <p>Taxpayers can apply for binding rulings in UK courts on tax related matters, and therefore also questions on transfer pricing.</p> <p>For further information on MAPs and APAs, please refer to UK's MAP Profile. HMRC operates a Profit Diversion Compliance Facility, which encourages businesses to correct their transfer pricing arrangements without the need for direct intervention by HMRC.</p> <p>In June 2025, HMRC issued guidance on the availability of 'CCA APAs', which provide unilateral clearance on the validity of the participation of a UK entity in a CCA- an area that was giving rise to transfer pricing disputes.</p>	<p>Part 5, Taxation (International and Other Provisions) Act 2010</p> <p>http://www.legislation.gov.uk/ukpga/2010/8/part/5</p> <p>Statement of Practice 2/10</p> <p>Statement of Practice 1/18</p> <p>Section 124, Taxation (International and Other Provisions) Act 2010</p> <p>United Kingdom's MAP Profile</p> <p>Profit Diversion Compliance Facility Guidance</p> <p>INTM422160 - Cost Contribution Arrangements under the Advance Pricing Agreement Legislation</p>

Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

34	<p>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?⁴</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Other (please elaborate)</p>	
37	<p>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Safe Harbours and Other Simplification Measures

39	<p>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>Section 166 Taxation (International and Other Provisions) Act 2010</p> <p>Section 172 Taxation (International and Other Provisions) Act 2010</p>
		<p>The UK currently has an exemption from transfer pricing legislation for small or medium-sized enterprises.</p> <p>The definition of “small” and “medium-sized” enterprises in UK legislation aligns with the definition in the Annex to the EU Commission Recommendation 2003/361/EC of 6 May 2003.</p> <p>In April 2025, the UK Government published a policy consultation on transfer pricing scope and documentation. Proposals included reforms to the Small and</p>	

⁴ In the case of jurisdictions that do not apply the simplified and streamlined approach (i.e. they responded “no” to question 34), it is not necessary to respond to questions 35, 36 and 38 and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

		Medium Sized Enterprise Exemption, including but not limited to bringing medium sized enterprises into scope of transfer pricing. As of 15 July 2025, consultations responses are being considered and the government has yet to decide whether to move forward with these proposals.	
Other Legislative Aspects or Administrative Procedures			
40	Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>The UK's transfer pricing legislation does not allow unilateral corresponding adjustments in the absence of MAP.</p>	
41	Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?	<input type="checkbox"/> Yes. Year-end adjustments are required. <input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed. <input type="checkbox"/> No <p>The statutory requirement is that “The profits and losses of the potentially advantaged person are to be calculated for tax purposes as if the arm’s length provision had been made or imposed instead of the actual provision”. This can be achieved through a year-end adjustment in the tax computations.</p>	Section 147 Taxation (International and Other Provisions) Act 2010
42	Does your domestic transfer pricing framework provide for secondary adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Attribution of Profits to Permanent Establishments			
43	Which version of Article 7 of the OECD Model Tax Convention on	<input checked="" type="checkbox"/> Article 7 as it read before 2010. <input checked="" type="checkbox"/> If so, please indicate in how many treaties:	

	<p>Income and on Capital do your tax treaties contain?</p> <p><input checked="" type="checkbox"/> Article 7 as it reads after 2010.</p> <p><input checked="" type="checkbox"/> If so, please indicate in how many treaties:</p> <p><input type="checkbox"/> Other (please provide additional details)</p>	
44	<p>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)</p> <p>Under UK domestic legislation, profits attributable to a non-resident are to be determined under the ‘separate entity principle’ which is equivalent with the attribution requirements under old Article 7 of the OECD model treaty. The UK sees the AOA as informative for cases where the tax treaty contains the pre-2010 version of Article 7. Therefore, the UK would consider the application of the AOA in practice but we would look to the earlier guidance on any areas where Article 7 conflicts with the AOA.</p> <p>UK domestic rules on profit attribution are not completely in line with the new Article 7, particularly in respect of the marking-up (or not) of internal dealings. As with the old Article 7, UK domestic rules only allow for dealings to be passed on at actual cost. This can cause some conflict with the AOA even in cases with a new Article 7 treaty. In such cases, we apply the AOA to the extent that the Treaty overrides the domestic position but there can be situations where the UK position is not aligned with the AOA.</p> <p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK’s transfer pricing, permanent establishment and Diverted Profits Tax rules. Permanent establishment reform includes proposed changes to align the definition of a permanent establishment, and method of attributing profits to a permanent establishment, with the 2017 OECD Model Tax Convention. The draft legislation on attribution is to be interpreted in accordance with the AOA. After considering consultation responses and making any necessary amendments, the UK</p>	<p>Consultation on the reform of transfer pricing, permanent establishment and Diverted Profits Tax</p> <p>Draft legislation: permanent establishment</p>

		government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.	
45	Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.	<p><input checked="" type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules)</p> <p><input type="checkbox"/> No</p> <p>The UK legislation pre-dates both AOA reports and so technically does not follow either. However, if the treaty terms of how income or gains should be attributed to a permanent establishment differ from the UK domestic attribution provisions, then the treaty provisions would take precedence.</p> <p>The domestic attribution provisions are explicit that the non-resident's profits chargeable in the UK should be determined under the 'separate entity principle'. This attributes profits to the PE in the amount that it would have made if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions dealing wholly independently with the non-resident company of which it is a PE.</p> <p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK's transfer pricing, permanent establishment and Diverted Profits Tax rules. Permanent establishment reform includes proposed changes to align the definition of a permanent establishment, and method of attributing profits to a permanent establishment, with the 2017 OECD Model Tax Convention. The draft legislation on attribution is to be interpreted in accordance with the AOA. After considering consultation responses and making any necessary amendments, the UK government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.</p>	<p>Domestic law – CTA'09 /Part2/ Chapter 4</p> <p>INTM267040 - Non-residents trading in the UK: profits of the PE: The separate entity principle and use of transfer pricing methodology</p> <p>Consultation on the reform of transfer pricing, permanent establishment and Diverted Profits Tax</p> <p>Draft legislation: permanent establishment</p>

Other Relevant Information			
46	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
47	Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)	<p>In April 2025, the UK Government published a consultation on draft legislation to reform the UK's transfer pricing, permanent establishment and Diverted Profits Tax rules. After considering consultation responses and making any necessary amendments, the UK government intends to legislate in Autumn 2025 with the possibility of entry into force in January 2026.</p> <p>Also in April 2025, the UK Government published a policy consultation on transfer pricing scope and documentation. Proposals included reforms to the Small and Medium Sized Enterprise Exemption and the introduction of a requirement for multinationals to report information on cross-border related party transactions to HMRC through an International Controlled Transactions Schedule (ICTS). As of 15 July 2025, consultations responses are being considered and the government has yet to decide whether to move forward with these proposals.</p>	<u>Reform of transfer pricing, permanent establishment and Diverted Profits Tax</u> <u>Transfer Pricing – scope and documentation</u>

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>