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■ **SPECIAL REPORT Q&A REPRINT** June 2026

INTERNATIONAL DISPUTE RESOLUTION

FW discusses transfer pricing disputes with Oliver R. Hoor at ATOZ Tax Advisers, Steven Wrappe at Grant Thornton, Graeme Webster at KPMG and Stephanie Pantelidaki at Norton Rose Fulbright.



Q&A: Navigating transfer pricing disputes

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FW: What major trends are currently shaping the transfer pricing (TP) dispute landscape? How are these developments affecting the risk environment for enterprises and their stakeholders?

Hoor: The launch of a dedicated transfer pricing (TP) division in Q4 2025 indicates that TP is a high priority for Luxembourg tax authorities. This initiative is part of a wider effort to develop expertise in this increasingly complex area. The division is expected to serve primarily as an internal resource, supporting tax inspectors during audits and contributing to the resolution of cross-border disputes. It will also help to develop consistent local guidance. The underlying goal is to achieve greater

coherence across cases and to engage more effectively with foreign counterparts. Another major trend is the judiciary's strong emphasis on contemporaneous documentation: courts give decisive weight to TP documentation prepared at the time of a transaction, while attaching less value to 'ex post' justifications. Unsurprisingly, TP frequently becomes a central focus in tax audits, as reflected by routine information requests covering TP documentation and computations. For enterprises, this creates a dual risk environment. Those that prepare appropriate contemporaneous documentation face limited risk of being challenged. Conversely, those that prepare no documentation for significant intragroup transactions are at significant risk of dispute.

The key takeaway for stakeholders – boards, investors and lenders – is that proactive compliance protects a company's tax position.

Pantelidaki: One of the most noticeable trends is the changing approach of tax authorities globally, as they are now much more forensic and data-driven in their enquiries. They use a multitude of data sources and analytical tools to select cases to investigate, resulting in more complex and multi-year audits. In some cases, tax authorities undertake their own functional analysis interviews of the business, despite the existence of TP documentation and prior interviews undertaken by the multinational enterprise (MNE) or its advisers. The areas of enquiry focus vary, but regularly include disputes

concerning intangibles, allocation of risk, comparability, financing, permanent establishments and profit attribution. The increasing sophistication of tax authority scrutiny puts the onus on MNEs to be audit-ready. Early engagement with a tax authority and formulating disputes strategies quickly – such as settlement versus litigation and coordinating cross-border negotiations – is becoming more critical, given that dispute prevention will ultimately be the stakeholders' objective.

Webster: Tax authorities want to have an in-depth factual understanding of the business before they assess the appropriateness of TP outcomes. They are reaching further into primary evidence and commercial documentation and may seek to undertake functional interviews with management. This is resulting in significant information requests and extended timelines. Disagreements over the correct interpretation and application of the control of risk and development, enhancement, maintenance, protection and exploitation (DEMPE) frameworks are a recurring theme in many of the most contentious TP disputes. Financial transactions continue to be a major focus area, and here we see tax authorities challenging deductibility of financing costs using multiple legislative provisions in parallel. TP risks are increasing, with use of extended look back powers and penalties on the rise.

His Majesty's Revenue and Customs (HMRC) recently reported record yield from TP of £3.4bn. The risk environment is also impacted by ongoing geopolitical uncertainty and disruption from accelerated technological change. All these factors are likely to mean TP remains a key priority for senior finance and tax leaders within MNEs as well as financial statement auditors.

Wrappe: Recent trends in TP enforcement have greatly increased the likelihood and magnitude of TP disputes. The additional reporting requirements advocated by the Organisation for Economic Co-operation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) project, especially country by country reporting (CbCR), and the expansion of Internal Revenue Service (IRS) enforcement efforts prior to staffing and budget reductions in 2026, have broadened the TP dispute landscape. The dollar amounts involved in individual TP disputes have grown due to an increase in focus on intangible issues and the increasing value of intangibles in modern businesses. The IRS has achieved recent Tax Court wins or partial wins in *Altera*, *Coca-Cola*, *3M* and *Medtronic*. Furthermore, the IRS has begun to more aggressively enforce the section 6662 penalty rules. Due to the IRS' improved track record and changed approach to section 6662, the financial reporting for TP as an uncertain tax position (UTP) under

accounting standards codification 740 has become more complicated. Finally, the overlap between TP and customs valuation has made TP compliance more complex for companies that import goods from related parties.

FW: How do tax authorities typically select taxpayers for TP audits? What key factors do courts or tribunals consider when assessing TP disputes?

Pantelidaki: Tax authorities use a combination of data and tax profiles to risk assess taxpayers and select audit targets. CbCR data, accounts, TP documentation, payroll data, LinkedIn profiles and European Union (EU) public CbCR are commonly used. Certain TP structures and transactions also attract attention: transactions with principal entities in low tax jurisdictions, commissionaires, changes in TP policies and entity profitability, unsubstantiated royalties, risk of creating a local permanent establishment, and business restructuring. Courts and tribunals consider in detail the evidence of the 'facts on the ground', legal contracts and the conduct of the parties, such as whether they comply or deviate from the contract. Ultimately, judgement will be passed on whether third parties would have accepted the terms and conditions, including pricing, of the tested intercompany transaction, by scrutinising the economic analyses undertaken by the taxpayer and the tax authorities, as well as

considering the views of expert witnesses.

Webster: Tax authorities have increasingly sophisticated risk assessment processes to support TP audit selection, leveraging CbCR data as well as additional country specific cross-border transaction reporting requirements. HMRC is going down this path and has confirmed it will introduce a new international controlled transactions schedule – effective from 2027 – to enable automated data-driven risk assessment at scale. That is not the whole story, as we also see European jurisdictions such as France, Germany, Italy and Spain routinely conducting TP audits of the largest MNEs, and this is reflected in the huge mutual agreement procedure (MAP) inventory of these jurisdictions. TP litigation is on the rise internationally but remains rare in the UK. Two factors which tend to prove pivotal in the outcome of cases are the implementation of TP and witness testimony. Well-defined contractual terms and properly implemented corporate plumbing are still very influential when cases reach the courts. Having credible witnesses with intimate knowledge of the business and winning the credibility battle of subject matter experts can also be decisive.

Wrappe: The ‘IRS Transfer Pricing Practice’ oversees TP case selection and issue development in individual cases, as well as coordinating with IRS attorneys

TP will remain transactional – the setting and defending of transfer prices – but will be assessed on a more holistic level by tax authorities.

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litigating those cases. Taxpayer-provided information on tax forms contributes to the selection process for TP examination. Form 5471 requires US persons with stock ownership in foreign corporations to report intercompany transactions by type and amount. Form 5472 requires a US corporation 25 percent or more owned by a foreign person to report related-party transactions by type and amount. Schedule UTP, form 1120, requires taxpayers to self-report UTPs, and TP is often one of the largest UTPs. The IRS has recently begun to use data analytics to identify potentially non-compliant TP behaviour. In 2022, the IRS sent ‘compliance alerts’ to approximately 180 distribution subsidiaries of foreign corporations pointing out that the taxpayer reported losses or low margins on its tax return

for the previous five tax years, and those results might indicate that the taxpayer’s TP was not in compliance with section 482. The alert mentioned that the IRS would be monitoring the taxpayer’s results and encouraged the taxpayer to consider self-correction.

Hoor: Luxembourg tax authorities may review TP as part of a corporate tax return review or a formal, multi-year tax audit. Experience shows that TP is systematically scrutinised whenever the tax position of a Luxembourg company is reviewed. TP audits are generally selected based on risk indicators, such as the nature and volume of intragroup transactions. It is important to note that tax authorities can reassess corporate tax returns within the general five-year statute of limitations or up to

10 years in cases of non-disclosure. When disputes reach the courts, the focus shifts to procedural integrity and the timing of documentation. A pivotal factor is whether the arm's-length analysis was performed at the time of the transaction or prepared afterwards as a defence. Documentation prepared after a challenge or specifically for litigation carries far less evidentiary value. This approach prioritises 'ex ante' compliance over 'ex post' justification, with courts treating contemporaneous analysis as strong evidence of arm's-length conduct. Furthermore, if tax authorities can demonstrate that the pricing does not adhere to the arm's-length principle, the burden of proof shifts to the taxpayer. Without appropriate contemporaneous documentation, substantiating the arm's-length nature of intragroup

pricing becomes extremely difficult, particularly when documentation is prepared years after the transaction when information and comparable data may no longer be traceable.

FW: How does TP audit scrutiny differ across business models involving physical goods, financial transactions, and service based or intangible heavy operations? Where do you see the greatest complexity arising?

Webster: There are common themes across sectors, such as challenging cost-plus remuneration for senior decision makers with global or regional responsibilities. But there are also certain sectors attracting greater scrutiny from HMRC. The UK is a leading international hub for financial services, and given the contribution

of banking and insurance to UK tax receipts, it is unsurprising that the sector attracts high levels of TP audit scrutiny. Within regulated sectors, TP models are often driven by regulatory requirements for the management and structuring of the financial risk that institutions are responsible for managing. More typical approaches to examining and challenging TP models by tax authorities create challenges. An industry value chain dedicated to managing risk where a highly skilled workforce may sit away from central hubs housing assets and associated risk raises questions on alignment of risk for TP models, which can have profound management and regulatory impacts. Aligning a regulatory, business and tax view of value creation is often problematic. Asset-intensive industries such as life sciences and energy and natural resources also tend to get a lot of attention, because businesses are often either heavily loss making or highly profitable depending on where they are in the cycle.

Hoor: Manufacturing and distribution models for the production and distribution of physical goods are relatively uncommon in Luxembourg. Consequently, tax audit scrutiny in this area is limited. Financial transactions, such as intragroup loans, other debt instruments, financing activities and cash pooling, receive far more attention, as Luxembourg's economy is driven by finance, banking and cross-



APAs are the gold standard in tax certainty and play a key part in many MNEs' tax risk management strategy.

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border investments. Intragroup services, such as fund management services, also face close scrutiny, particularly with regard to value creation. Cross-border investments, including financing foreign companies or real estate, are the most complex. These often provoke challenges from the investment jurisdiction's tax authorities, where local revenue needs, driven by massive debt-funded spending, may override a strict arm's-length analysis. This creates a significant risk of double taxation and uncertainty.

Wrappe: Although the IRS does not prescribe different audit approaches for different industries or business models, it does single out specific issues for additional guidance. In 2023, the IRS issued general legal advice memorandum (GLAM) AM 2023-008 to clarify that the IRS can recognise group membership to determine an arm's-length interest rate on intercompany loans based on implicit financial support expected from a group member. This GLAM may encourage companies to reconsider their intercompany debt agreements. GLAM 2025-001 makes clear the IRS position that taxpayers cannot address the question whether the taxpayer can overcome the periodic adjustment rule under the 'commensurate with income' standard by invoking the general arm's-length standard or the best method rule.

Pantelidaki: TP audit scrutiny on the business models of MNEs involved in physical goods is, comparatively speaking, not high. Financial transactions, on the other hand, involve a much higher level of scrutiny and complexity. This is because it is a data-rich area, where various TP methodologies can apply, and the wrong pricing judgements can be easily made. Service-based models – high and low value services, management fees and shared services – typically attract attention with respect to the evidence on the 'benefit received' by the recipient entity. Intangibles, however, is an area of the greatest scrutiny and complexity. Substantiating the DEMPE functions of intangibles is not an easy exercise, especially when there are joint responsibilities and activities across entities developing the intangible. Assessing which entity has the 'control' over research and development risk is another aspect of the complexity in intangibles.

FW: What practical steps should enterprises take to prepare for potential TP challenges? What measures are most effective in reducing the likelihood of future disputes?

Wrappe: The recommended approach to TP compliance has not changed much over the years. First, identify and characterise all related-party transactions. Next, perform interviews to confirm the contribution of function, bearing of risk and intangibles ownership

of each of the parties. Develop an arm's-length range of results from comparable uncontrolled companies and evaluate the controlled transactions against that arm's-length range. The taxpayer should also evaluate its overall risk of TP examination, adjustment, penalty and double tax, including the aggressiveness of the involved tax authorities, and develop a substantive and procedural defence strategy that considers likely outcomes under the available unilateral and bilateral procedures. In 2020, the IRS issued guidelines on TP documentation in the form of 'frequently asked questions' that list documentation best practices and areas for improvement. The IRS recommended that taxpayers conduct 'self-assessments' to see if their documentation is robust. Self-assessments might include a sensitivity analysis to determine if removing one company from the comparable set would cause the tested party to fall outside the benchmarked range, or comparing a variety of profit-level indicators to see if a different conclusion should be drawn.

Pantelidaki: Audit-readiness is now a frequent consideration among MNEs and is part of TP hygiene. Audit-readiness typically involves undertaking a contemporaneous functional analysis and a robust value-chain analysis, to form the basis of defensible TP policy, preparing TP documentation to minimise audit risks and gather related

evidence, such as emails on decision making and board meeting notes, identifying areas of risk and addressing these by simulating the tax authorities' possible positions, maintaining a collaborative relationship and proactive engagement with the tax authorities, and, lastly, ensuring all relevant stakeholders – the board, tax, finance, legal, IT systems and business – are aligned. In terms of reducing the likelihood of future disputes, certain measures can be deployed. These include aligning TP policies with the facts, regularly monitoring TP policy to ensure correct implementation, ensuring the data available to tax authorities presents a consistent picture, maintaining contemporaneous records and agreeing advance pricing arrangements (APAs) to a feasible extent.

Hoor: The most effective form of protection is contemporaneous TP documentation, prepared at the time of implementation rather than in response to a challenge. Regular reviews are also essential to ensure that the factual basis of the TP analysis remains aligned with the business' evolving realities. An outdated study carries almost the same risk as having no study at all. Experience shows that disputes most often arise in three scenarios – there is no TP documentation, the documentation is inconsistent with actual operations, and analyses contain material errors or unrealistic assumptions. Conversely, well-maintained, accurate and

timely documentation significantly reduces the likelihood of a successful challenge by Luxembourg tax authorities. Proactively updating documentation following significant changes to the business, such as new financing, restructuring, or changes to functions and risks, further strengthens a taxpayer's position. In essence, consistency between documentation and practice is the foundation of dispute prevention.

Webster: There are a number of practical steps businesses can take to be audit ready. These include understanding the technical positions tax authorities are likely to take in audits and why they take those positions, as well as how they identify TP risks and the typical focus areas in audits. Contemporaneous evidence should be gathered, both primary and secondary, for key transactions at heightened risk of audit. For example, position papers with supporting analysis at the time the decisions were made which inform and augment TP documentation. This can significantly reduce audit timelines. It is also important to establish clear policies and processes for responding to audits and ensure these are well understood within the business and technology enabled. Governance around TP audit settlements is key in preventing contagion risk and the availability of relief from double taxation established. In addition, learnings from TP audits should be systematically captured and used to

inform continuous improvement in TP compliance processes.

FW: How are OECD initiatives influencing international tax rules and expectations? What new operational or compliance demands are these placing on tax and finance teams?

Pantelidaki: OECD initiatives such as BEPS and BEPS 2.0 have significantly changed the international tax rules and TP specifically. BEPS puts a clearer emphasis on people substance, paving the way for refined 'OECD Transfer Pricing Guidelines', which, in turn, underpin the 'accurate delineation of transactions', DEMPE functions and 'control over risks', among other aspects. Pillar One of BEPS 2.0 reallocates parts of residual profit to market jurisdictions, and as such, works beyond the TP framework. The minimum taxation of Pillar Two, although not replacing TP, has complex interactions with TP outcomes and deferred taxes. In practice, these OECD initiatives mean that the tax and finance teams of MNEs need to collaborate even more closely than before – TP outcomes, accounting data, CbCR, Pillar Two calculations, all need to align. Tax and finance teams have consequently had to upgrade from technical domain specialists to business partners and advisers to address these challenges.

Hoor: The OECD is a key driver of international tax and



TP initiatives. As Luxembourg and other EU member states are OECD members, these initiatives often affect the EU, which tends to 'goldplate' OECD recommendations by adding stricter or more detailed requirements. However, given the significant amendments to the OECD Transfer Pricing Guidelines following the OECD BEPS project and the Pillar One and Two project, it is difficult to imagine what other major reforms the OECD could advance in the near future. These developments have already placed substantial operational demands on tax and finance teams in the form of enhanced documentation requirements, economic substance reporting, CbCR and, for in-scope groups, Pillar Two compliance, including Global Anti-Base Erosion rules and safe harbours. Teams must now monitor real-time changes in multiple jurisdictions, adapt TP policies continuously and handle the increased burden of data collection and reconciliation.

Webster: Over the last two years, tax and finance teams have had to do a huge amount of heavy lifting to comply with a raft of new domestic tax legislation implementing global minimum tax rules. In view of these rules, and the proliferation of other tax reporting requirements around the world, there is greater focus by MNEs on how they organise underlying data to feed multiple sources consistently and efficiently. The OECD is now turning its focus to addressing tax issues arising from global mobility

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and looking at updates to its TP guidance on intragroup services. There will be keen interest among MNEs regarding revisions to the guidance on services. Many groups find themselves caught between a rock and a hard place when it comes to intragroup services as they face disproportionate demands for evidence of benefits from tax administrations in paying jurisdictions, as well as increased scrutiny on recharging policies from the tax administration in their head office jurisdiction. Disallowances can result in material increases in group effective tax rates, so any improvements in this space would be very welcome.

Wrappe: The OECD BEPS project produced a 15-step action plan to reduce profit shifting. The BEPS Action 13 minimum standard on

CbCR requires tax administrations to collect and share detailed information on all large MNEs doing business in their country. Information collected includes the amount of revenue reported, profit before income tax, and income tax paid and accrued, as well as the stated capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction. The country by country information has increased transparency, but the readily available quantitative information has also allowed the proposal of adjustments without a full development of TP analysis. Overall, CbCR can be seen to have increased the number of TP disputes.

FW: Which dispute prevention and resolution mechanisms do you believe work best for

managing conflicts between taxpayers and tax authorities? Why are robust processes so important for enterprises?

Wrappe: Bilateral APAs, now available in 80 countries, represent the best opportunity for long-term resolution of difficult TP disputes. APAs increase the level of certainty between jurisdictions, reduce the likelihood of double taxation and proactively prevent tax disputes. According to OECD statistics, the number of bilateral APAs filed in 2024 rose by 3 percent and roughly a quarter of the inventory was closed, consistent with 2023. The 2015 BEPS Report referred to a bilateral APA as a best practice for effective dispute resolution. The IRS APA programme had a mixed year of accomplishment in 2025. Although broader TP enforcement

trends have made APAs increasingly attractive to taxpayers seeking certainty, recent IRS budget cuts, furloughs, return to office policies and a 15 percent staffing reduction created a challenging environment for APA case closures. APA requests were up modestly from 169 in 2024 to 178 in 2025. Total executed APAs decreased from 142 in 2024 to 110 in 2025. After accounting for a small number of withdrawals, the inventory of pending APAs increased from 560 in 2024 to 622 in 2025. The OECD worked with several countries to establish the international compliance assurance programme (ICAP). Like APAs, ICAP is a voluntary programme which allows the taxpayer to frame and support its TP to provide TP certainty. ICAP is intended to involve more countries, less cost and taxpayer effort, and provide

a lower level of certainty than an APA. However, largely because of the level of certainty provided by an APA, the APA programme enjoys a higher degree of popularity.

Webster: APAs are the gold standard in tax certainty and play a key part in many MNEs' tax risk management strategy. There are strategic benefits validating important TP policies by obtaining APAs from key treaty partner jurisdictions. APAs require careful planning including examining whether there is a track record of the candidate jurisdictions concluding timely APAs. The APA landscape is evolving, for example India is experiencing rapid growth in the number of bilateral APAs concluded with other jurisdictions. It is important that businesses are continually assessing their TP risk profile and keep up to date with developments in tax certainty programmes in the key jurisdictions in which they operate. MAP arbitration is a key dispute resolution mechanism and it is vital this functions properly such that taxpayers have timely access to arbitration where competent authority negotiations fail to reach a solution. The recent publication by the OECD of an updated 'Manual on Effective Mutual Agreement Procedures' provides clear and practical recommendations on a wide range of best practices, including MAP arbitration.



Tax authorities in investment jurisdictions around the world, including those in the EU, are expected to adopt a much more aggressive stance on TP and the application of the arm's-length principle.

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Hoor: In Luxembourg, contemporaneous TP

documentation is the most effective preventive measure. When prepared at the time of a transaction, it offers robust protection against challenges and demonstrates a commitment to transparency. MAP under tax treaties are often the most practical way to resolve cross-border disputes, although they can be slow. Robust processes are essential because TP is not an exact science. It requires judgement and different tax authorities may reach different conclusions using different parameters or comparable data. Without robust documentation and internal controls, enterprises are vulnerable to adjustments, double taxation and prolonged disputes. Furthermore, rising government debt levels and ambitious spending commitments – particularly NATO's target of spending 5 percent of gross domestic product on defence – are putting pressure on national budgets and making tax authorities more assertive. Well-documented, defensible TP policies are the best shield against aggressive audit positions.

Pantelidaki: APAs are an effective dispute prevention mechanism for complex transactions. Although they can be lengthy to complete, they provide tax certainty. When the dispute is live, it is recommended to be collaborative and transparent with the tax authority and aim to negotiate a settlement to the satisfaction of both parties. MAP, in turn, is the most effective mechanism for resolution of cross-

border disputes, in particular elimination of double taxation. If MAP stalls, mandatory binding arbitration can be pursued. Litigation is the last resort option, although it tends to be costly for both parties. Robust TP dispute management processes are very important for avoiding and resolving controversies. TP disputes are far reaching and can therefore quickly expand to other areas of tax. Inadequate processes, apart from contributing to increased tax cost and uncertainty, can also put a business' reputation at risk.

FW: Looking ahead, how do you expect TP requirements, enforcement priorities or global standards to evolve? What implications might this have for how enterprises design and implement their TP policies?

Webster: The big question on everyone's minds is how the rollout of artificial intelligence (AI) solutions within MNEs and within tax administrations will change the TP landscape. The changes made to the OECD TP guidelines off the back of the original 2015 OECD/G20 BEPS initiative are widely interpreted as elevating the importance of decision-making functions in determining where profits are taxed. The notion was that ownership of intangible assets and contractual allocation of risk were highly malleable, whereas business functions were less easily uprooted. Recent trends in global mobility were already putting

pressure on that hypothesis, but that is now being overtaken by a much bigger phenomenon in AI. As AI becomes an integral part of value creation within MNEs, this could tip the scales back toward a greater focus on the things which drive real-world pricing outcomes – namely capital, ownership of assets and control of other sources of competitive advantage.

Hoor: It is unlikely that global TP standards – mainly the OECD guidelines – will undergo another fundamental overhaul soon after BEPS and Pillar One and Two. However, enforcement priorities will likely evolve. Persistent geopolitical instability, such as the war in Ukraine, the US-Israel war on Iran and an extended blockade of the Strait of Hormuz, would disrupt energy markets, fertiliser flows and supply chains. Sustained high oil prices would likely reignite inflation, forcing tax authorities to scrutinise how MNEs allocate profits and losses. In Luxembourg, for example, the focus of enforcement will likely be on financial transactions, including credit risk, country risk and currency risk. Nevertheless, tax authorities in investment jurisdictions around the world, including those in the EU, are expected to adopt a much more aggressive stance on TP and the application of the arm's-length principle, given budgetary constraints and ongoing debt-funded spending. This has clear implications for enterprises.

First, TP documentation must be updated more frequently. Second, benchmarking studies must account for volatile economic conditions, as using historical data without adjustments may result in challenges being brought against them. And third, Luxembourg holding and financing entities must rigorously price heightened credit and country risks in intragroup debt instruments, financing activities, guarantees and cash pools. While the rules will likely remain stable, enforcement in foreign jurisdictions will become more aggressive, data-driven and risk-sensitive. It can be expected that the use of AI in tax and TP audits will play an increasingly important role, elevating scrutiny in TP to another level.

Pantelidaki: TP will remain transactional – the setting and defending of transfer prices – but will be assessed on a more holistic level by tax authorities. Enterprises will need to show how transactional pricing leads to an entity profit allocation that is commensurate with the contribution of that entity

in the taxable value creation. TP will also remain evidence-based. In terms of enforcement priorities, tax authorities are expected to focus on high-yield cases, including complex transactions, multiple years and permanent establishment issues. Likely implications for the design and implementation of TP policies include the facts and value contribution in the system profit required to support the local taxable profit, the likelihood that ‘profit splits’ will be used as either a primary or collaborative method, the level of TP governance needed to monitor TP policies and link them with finance and legal teams, and, finally, preparing for TP’s evolution into a transparent, evidence-based, OECD principles-driven mechanism for allocating profits among jurisdictions.

Wrappe: Current trends are likely to influence TP compliance in the near term. AI and data analytics may make it easier for taxpayers to prepare, and for governments to review, TP documentation. However, both should exercise caution and oversight in the use of AI. BEPS-

based reporting will continue to increase the number of TP disputes. The combination of these trends will encourage taxpayers to build more robust processes around TP compliance to avoid penalties and prolonged TP examinations. Uncertainty created by these trends will sustain the interest in APAs, but the time for resolution may undermine that trend. Operational TP may gain in popularity due to increased emphasis on true ups driven by tariffs and financial reporting requirements. ■

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