

Scoping of the future revision of Chapter IV (administrative approaches) of the Transfer Pricing Guidelines

Invitation for Public Comments

09 May-20 June 2018



OECD invites public comments on the scope of the future revision of Chapter IV of the Transfer Pricing Guidelines dealing with administrative approaches to avoiding and resolving transfer pricing disputes

The OECD, as part of its Programme of Work and Budget for 2017-2018, is considering starting a new project to revise the guidance in Chapter IV of the OECD Transfer Pricing Guidelines (“TPG”), “Administrative Approaches to Avoiding and Resolving Transfer Pricing Disputes”. Working Party No. 6 on the Taxation of Multinational Enterprises is still at the stage of scoping such a possible new project with the aim to finalise this scoping exercise by the end of 2018.

Chapter IV was included in the TPG when these were first adopted in 1995. Since then, there have been relevant developments over the past years on issues related to the administration of transfer pricing rules, some of which have led to partial revisions of Chapter IV. Despite these improvements, additional work could be done to update the guidance in Chapter IV in relation to examination practices and to mechanisms to prevent and resolve tax disputes, and to potentially include guidance on risk assessment.

Working Party No. 6 on the Taxation of Multinational Enterprises discussed the scope of the future revision of Chapter IV of the TPG at its meeting on 16-20 April 2018, and made a preliminary identification of the sections that should be revised and the issues that could potentially be covered as part of this revision.

For purposes of informing this scoping exercise, the Inclusive Framework would welcome the views of interested parties on how the guidance in Chapter IV could be revised or supplemented to reflect the latest developments on administrative procedures aimed at minimising transfer pricing disputes and to help resolve them, increasing tax certainty for taxpayers and preventing double taxation.

While Working Party No. 6 has decided that that there is no need at this stage to revise or supplement the current guidance on safe harbours and arbitration, public comments are invited on those issues, and especially welcomed on the following other issues:

- What additional aspects or mechanisms to minimise the risk of transfer pricing disputes should be included as part of the guidance on transfer pricing compliance practices (e.g. co-operative compliance, risk assessment tax examination practices)? While input received in the past on some of these issues in the context of the [work of the Forum on Tax Administration](#) will be considered, input on business experience with such aspects or mechanisms would be useful, including what have been the advantages and/or challenges?

- Relevant aspects of the minimum standards and best practices contained in the Report on BEPS Action 14¹ related to transfer pricing have been incorporated into Chapter IV in the 2017 edition of the TPG. Considering this, and based on your experience, is there any additional guidance that would be useful in relation to corresponding and/or secondary adjustments to minimise the risk of double taxation?
- Element 2.7 of Action 14 minimum standards and the best practices related to APAs contained in the Report on BEPS Action 14 have also been incorporated into Chapter IV in the 2017 edition of the TPG. Considering this, is there any additional guidance that could be provided on advance pricing arrangements? Based on your experience, are any features of APAs or specific initiatives related to APAs that could strengthen their role in minimising transfer pricing disputes? What are the advantages of such initiatives and the implementation challenges?
- Are there any other mechanisms or issues relevant to the administration of transfer pricing and/or to prevention and resolution of transfer pricing disputes for which guidance should be developed as part of the revision of Chapter IV of the TPG?

Interested parties are invited to send their comments by 20 June 2018 at the latest by e-mail to TransferPricing@oecd.org in Word format (in order to facilitate their distribution to government officials). Comments in excess of ten pages should attach an executive summary limited to two pages.

All comments received will be made publicly available. Comments submitted in the name of a collective “grouping” or “coalition”, or by any person submitting comments on behalf of another person or group of persons, should identify all enterprises or individuals who are members of that collective group, or the person(s) on whose behalf the commentator(s) are acting.

¹ OECD (2015), *Making Dispute Resolution Mechanisms More Effective*, Action 14 – Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing Paris. <http://dx.doi.org/10.1787/9789264241633-en>