



## UN Webinar on the COVID-19 Impact on Transfer Pricing *Concept note*

**Date:** 18 March 2021, from 8 a.m. to 12:00 p.m. EST

**Location:** Virtual sessions (live event)

**Organiser:** Financing for Sustainable Development Office of the United Nations Department of Economic and Social Affairs (FSDO/UNDESA)

The COVID-19 outbreak is not only a health crisis, but a jobs crisis, a humanitarian crisis and a development crisis, of unprecedented scale and dimension and it demands unprecedented responses. The implementation of government measures to detain the spread of the virus, such as lockdowns and social distance requirements, have abruptly disrupted business' supply chains and operations. Moreover, businesses need to ensure that their transfer price policies take into account any government aid received in view of the crisis. Extraordinary gains or (in many cases) losses need to be properly attributed to entities according to their functional and risk profiles.

The **UN Webinar on the COVID-19 Impact on Transfer Pricing** is a 4-hour virtual learning event addressing policy and administrative effects of the COVID-19 pandemic on transfer pricing analyses. It is designed to:

- Give participants a better understanding of how the COVID-19 pandemic has disrupted business' value chains and how the rapid changes and economic downturn have impacted the transfer pricing position of taxpayers and posed a challenge to tax administrations in assessing transfer prices under these circumstances.
- Identify some of the specific issues faced by developing countries on the impact of the COVID-19 pandemic on the transfer pricing position of their taxpayers and suggest practical solutions to these challenges.
- Give particular attention to the issue of the lack of local comparables to undertake the transfer pricing analysis based on the arm's length principle. It is acknowledged that this issue is not exclusive of the COVID-19 pandemic, but has been exacerbated by it.
- It is acknowledged that while many businesses have incurred losses, some may have experienced extraordinary gains. It is important for developing countries to identify these different circumstances and have a better understanding of how to deal with extraordinary losses, as undue treatment of losses can further erode the tax base.

- Provide a better understanding of the impact of the changing economic circumstances to existing Advance Pricing Agreements (APAs) or those under negotiation, as well as how the COVID-19 pandemic can have an impact on Mutual Agreement Procedures (MAPs).
- Encourage as consistent as possible an approach between countries, with a view of avoiding double taxation or double non-taxation, while ensuring the special situation of developing countries, especially the least developed, are kept in mind; and
- Achieve all of the above with a special emphasis on the practicalities for developing countries in formulating and administering policies on assessing transfer pricing in the light of the COVID-19 pandemic and help achieve the Sustainable Development Goals.

UNDESA is organizing the UN Webinar for the benefit of policy makers and tax administrations of developing countries dealing with international cooperation in tax matters. Given the relevance of the topic to stakeholders from all regions and multiple disciplines, the event will be open to the public. Preference will be given to addressing the practical questions shared by developing country officials participating, before and during the webinar.

The UN Webinar will be facilitated by renowned experts in international taxation from different backgrounds, such as international organisations, government representative, civil society, private sector and academia. The instruction methods will include theoretical and practical presentations, including case studies, and open discussions with participants. Please note that the webinar will be recorded for future viewing. For further information about the UN Webinar on the COVID-19 Impact on Transfer Pricing, please contact the organizing team in FSDO's International Tax and Development Cooperation Branch (ITDCB): Mr. Michael Lennard, Senior Economic Affairs Officer, [lennard@un.org](mailto:lennard@un.org), and Ms. Irving Ojeda-Alvarez, Economic Affairs Officer, [ojedaalvarez@un.org](mailto:ojedaalvarez@un.org).

#### **Strengthening UN support to tax policy and capacity development**

The Webinar is part of a UNDESA multi-donor project on "Providing effective substantive support to the Committee of Experts on International Cooperation in Tax Matters, its Subcommittees and related capacity development". Supported by the Norwegian Agency for Development Cooperation (Norad), the project aims to bring about a more inclusive, strategic and effective approach to the work of the Committee, with greater participation by and engagement of developing countries and greater impact at the country level. The project seeks to ensure that international cooperation and policy & practical guidance on tax matters increasingly reflect and respond to the needs of these countries, enabling them to increase domestic resource mobilization and achieve the Sustainable Development Goals (SDGs).