

**From:** [Federico Balbiano](#)  
**To:** [Taxcommittee](#)  
**Subject:** FW: Call for comments on transfer pricing workstreams  
**Date:** Monday, 30 May, 2022 4:22:41 AM  
**Attachments:** [image001.png](#)  
[CRP.13 Transfer Pricing Co-Coordinator Report 24th Session 0.pdf](#)

---

Dear Sirs,

Please, kindly find below some comments from my side.

Please, let me know if you would like to discuss about it.

Thank you,

Kind regards,

Federico

\*\*\*\*\*

#### **Industry / sector guidance for primary products**

-  
It is important – I believe – to strengthen the fact that transfer pricing can be determined through a proper allocation of functions, risks, and assets or by reference to a specific financial market – if existing – linked to a particular commodity.

It should be stressed the fact that the price of a certain commodity determined by financial markets is only an initial reference and price deviations can be justified. For instance, commodity price 10 in the financial markets but price of the intercompany transaction is just 8. The difference should normally be accepted if the taxpayer is able to justify the deviation based on the allocation functions and risks throughout the supply chain.

#### **COVID-19 / economic downturn**

-  
Transfer pricing is always assuming that companies should in principle be profitable. This is a good assumption in the general terms, but it should give room to exceptions and take into accounts the cyclicity of a certain industries – impacting the selected comparable entities - and possible destructive factors like COVID19.

#### **Dispute avoidance and resolution**

-  
Advance price agreements should be in place everywhere and are kind of essential – I believe - in the mining industry if the aim is to have a cooperation and fair agreement on the exploitation of mineral deposits between tax payers and the government. The idea behind is to fairly share the wealth generated by a certain activity.

Benefit for the company:

- Predictability

Benefit for governments:

- Fair share of revenues/profits generated by a certain taxable activity.
-