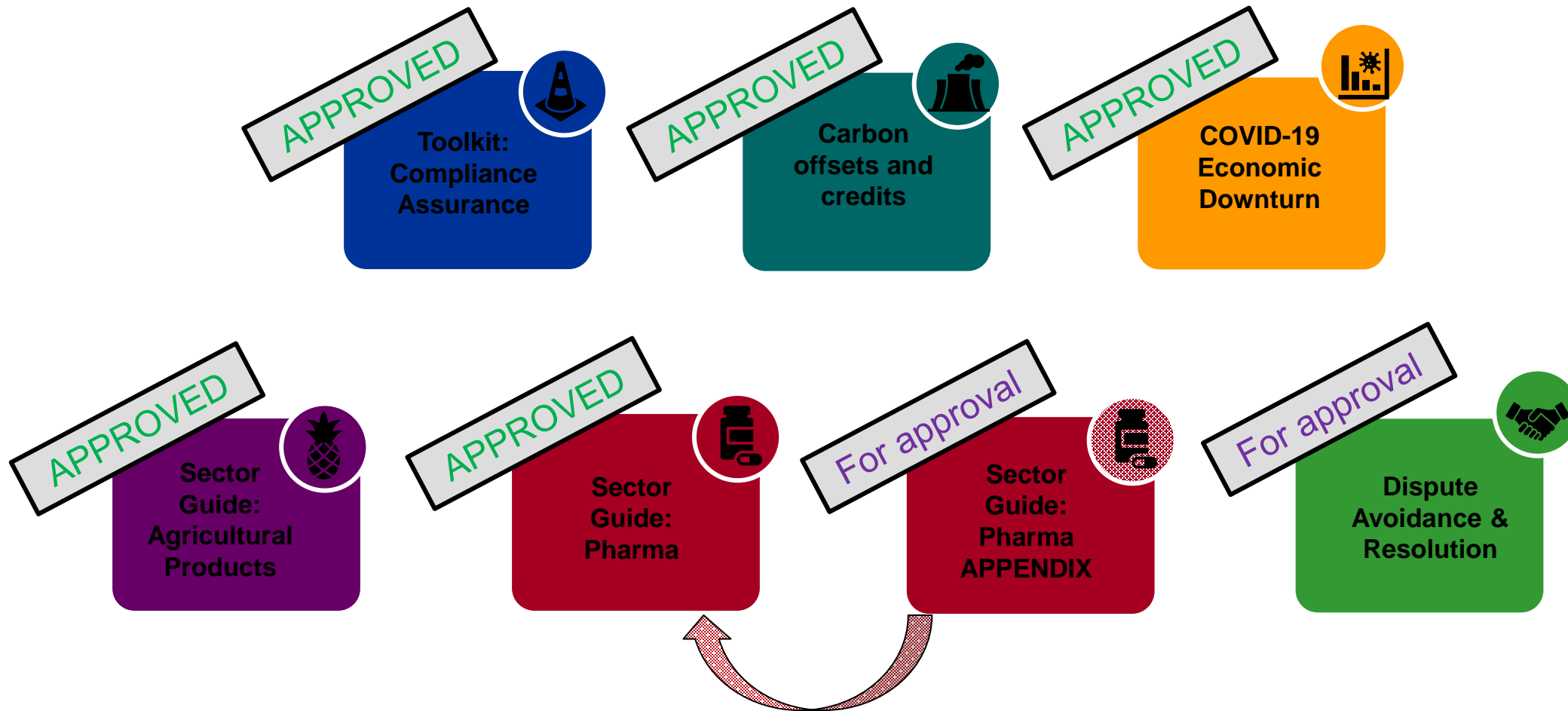




United Nations Committee of Experts on International Cooperation in Tax Matters

Transfer Pricing Subcommittee *Progress Report*

TP Subcommittee: Work Streams



Dispute Avoidance & Resolution (1/3)



For approval

- Objective
 - Give practical guidance on deciding whether to establish a Bilateral Advance Pricing Agreement / Arrangement (APA) Program and how to go about it
 - Guidance focuses on bilateral APA programs though some sections may also be considered valuable for the implementation of unilateral APA programs

“This guidance was prepared in response to the need, often expressed by developing countries, for practical advice in relation to Advance Pricing Agreement / Arrangement (APA) Programs.[...] It should also be noted that this guidance strives to give balanced answers to difficult questions.”

Dispute Avoidance & Resolution (2/3)



For approval

- The guidance is structured in the form of frequently asked questions and covers
 1. why and when to implement a bilateral APA program;
 2. how to embed bilateral APAs into the legal framework of a country;
 3. how to integrate the bilateral APA program into the organizational structure of a countries' tax administration; and
 4. what to consider during a bilateral APA process.
- Work has been coordinated with the Working Group on Dispute Avoidance and Resolution.

Dispute Avoidance & Resolution (3/3)



For approval

- Differences vis-à-vis the last version:
 1. Strengthened section on relationship between an audit / APA and how to handle information obtained during the negotiations of an APA
 2. Inserted caveat with regard to retaining qualified staff
 3. Inserted nuanced discussion on whether to publish APAs
 4. New Appendix 2 “Key elements of APA guidance”, i.e. what information should be disclosed by a country on APAs, for example through administrative guidance
 5. New Appendix 3 with further reading on APAs

For approval

Pharmaceutical Industry APPENDIX (1/3)



- Objective
 - To be added to the approved sector guidance for the pharmaceutical industry
 - Provides a list of potential questions that may be asked by a tax administration engaged

“It is important to note that not all questions in the Appendix are suitable for all entities, cases and situations. In particular, the questions cannot meet the needs and fit the specifics of each country [...]. Instead, the purpose of this Appendix is to provide options and considerations (and perhaps inspiration) for tax administrations, especially in developing countries, which can then tailor their questions to their particular domestic taxpayer, priorities, requirements, and constraints.”

Pharmaceutical Industry APPENDIX (2/3)



For approval

- The guidance contains questions for the following stages of the pharmaceutical industries' value chain:
 - R&D
 - Manufacturing
 - Marketing & sales
 - Supply chain management
 - Registration and regulatory affairs

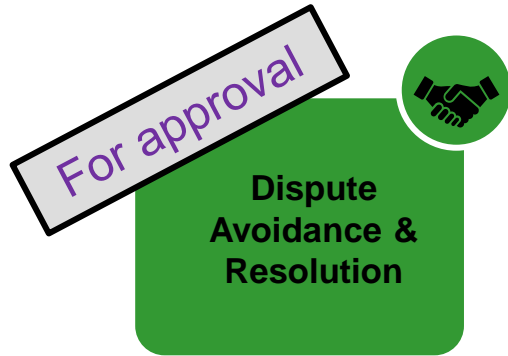
Pharmaceutical Industry APPENDIX (3/3)



For approval

- Changes vis-à-vis the last version (presented at the 27th Session):
 - Extended the scope to not only focus on distribution entities
 - Questions for all stages of the global value chain are now included
 - Introduction includes caveats to ensure that questions are tailored to the specific case

TP Subcommittee: Way forward



- Asking for approval for the guidance on APA Programs
- Asking for approval of the Pharma Appendix – will be added to the already approved guidance on the Pharmaceutical Industry



- Approved guidance has been released in advance unedited version on the webpage of the UNTC Edited versions expected end of 2024/ beginning of 2025



- The Subcommittee intends to provide input on pertinent transfer pricing topics for consideration from the next membership of the Tax Committee



Thank you!