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**Committee of Experts on International
Cooperation in Tax Matters
Thirtieth session**

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Item 3(e) of the provisional agenda

Transfer Pricing

Co-Coordinator's Report

Summary

Since its formation at the Twenty-third Session, the Subcommittee on Transfer Pricing has been working on drafting guidance in six workstreams: (a) transfer pricing during the COVID-19 economic downturn; (b) transfer pricing compliance assurance; (c) transfer pricing of carbon offsets and credits; (d) industry/sector guidance for agricultural products; (e) industry/sector guidance for the pharmaceutical industry; and (f) dispute avoidance and resolution. The guidance produced under the six workstreams has been approved by the Committee over the course of their membership.

The Subcommittee's Co-Coordinator's are hereby: (1) providing a progress report on the work undertaken, and (2) *presenting for discussion* feedback from Subcommittee participants on future workstreams that the next membership of the UN Tax Committee may wish to work on.

Background information

1. At its Twenty-third Session, the Committee of Experts on International Cooperation in Tax Matters (the Committee) established the [Subcommittee on Transfer Pricing](#) as a multi-stakeholder body. The Subcommittee's work program consists of six workstreams as approved at the Twenty-fourth Session namely: (a) transfer pricing during the COVID-19 economic downturn; (b) transfer pricing compliance assurance; (c) transfer pricing of carbon offsets and credits; (d) industry/sector guidance for agricultural products; (e) industry/sector guidance for the pharmaceutical industry; and (f) dispute avoidance and resolution. The guidance produced under the six workstreams has been approved by the Committee over the course of its membership. The guidance has been released as advance unedited drafts and is currently undergoing editorial and graphic design work.

Progress report

2. Since the Twenty-ninth Session, the Subcommittee on Transfer Pricing met virtually on 20 January 2025 to gather initial feedback from Subcommittee participants on future workstreams that the next membership of the Committee may wish to work on through a Subcommittee on Transfer Pricing.

3. The Subcommittee also coordinated with the Committee's Subcommittee on Extractives Industries Taxation where the issues dealt with by the Subcommittees overlap.

Feedback on future workstreams

4. Many topics were considered with the goal of resolving practical challenges that developing countries are facing in the area of transfer pricing. In identifying these topics, the Subcommittee drew upon the experience of Subcommittee participants, some of which are engaging in capacity development events for developing countries. Without prejudice to any decisions to be taken by the next membership of the Committee, but to assist them in their planning, below is a summary of the four topics that a large majority of Subcommittee participants identified as representing opportunities to address existing gaps with potentially significant benefits to all stakeholders, particularly developing countries.

Intragroup financial transactions

5. Intragroup financial transactions were recognized by many Subcommittee participants as an area of concern in the area of transfer pricing and where more practical guidance would be valuable. In particular, Subcommittee participants noted that issues of how to distinguish between equity and loans, country risk adjustments and cash pooling were areas in need of practical guidance.

Intangibles

6. Transfer pricing of different types of intangibles continues to be a perennial issue in applying the arm's length principle for all tax administrations, but there are special

challenges for those with stretched resources. Subcommittee participants mentioned that the bundling of different types of intangibles often present challenges; other Subcommittee participants noted that practical guidance on how to perform a DAEMPE analysis was needed.

Intragroup Services

7. Intragroup services can vary widely in scope. In particular, management services are an area for concern for many developing countries. Subcommittee participants noted that work could be undertaken on providing additional examples for, and descriptions of, particular service categories. Practical guidance on how to perform a benefit test was also mentioned as an area that would benefit developing countries.

Industry Guidance

8. Many Subcommittee participants noted the utility of the industry guidance on the pharmaceutical industry and the agricultural products that the UN Tax Committee recently released and stressed that additional industry guidance would be valuable. Industries that were identified during the initial brainstorming of the Subcommittee include telecom and infrastructure development.

9. As noted, these topics were identified during preliminary discussions and are meant to serve as suggestions by current Subcommittee participants, without prejudice to what the preference of the next membership of the Committee would be.

10. ***The Subcommittee invites discussion on the proposed future workstreams without prejudice to any decisions to be taken by the next membership of the Committee.***