

# Committee of Experts on International Cooperation in Tax Matters

Update of the Transfer Pricing Manual  
Report on the editorial process

# Approval of the update

- On 13 October 2016 the Committee of Experts approved the update by the Subcommittee
- Subject to editing and correction of errors and inconsistencies
- The update includes
  - New chapter on Services, intangibles, cost contribution arrangements and business restructurings
  - Revision taking account of G20/OECD BEPS reports
  - New four part format

# Updateprocess

- Written comments from Committee and Public/stakeholderstrbsy-1.2 (/ )-1.1 (n)

# Consistency checks

- One Committee member commented on
- Alternate use of expression «low value adding» and «low margin» services in new chapter on services; and
- Alternate use of «full fledged» and fully fledged» in business restructuring chapter
- Decision: consistent use of «low value adding» and «fully fledged»

# Commenton «sixth method» addition in chapter on transfer pricing methods

- Text arrived at in subcommittee result of difficult

# Comments from Treaty Policy Working Group (Carol A. Dunahoo and Gary Sprague)

- General comments:
  - Be even more ambitious in future work in guidance on e.g. intragroup services and interest rate issues
  - Further simplification in practical guidance to developing countries
  - Use of Country by Country report in documentation, local filing, confidentiality etc.
  - Penalties for non compliant documentation where arm's length norm is not breached
  - Clearer statement about the role of Part on country practices

# Treaty Policy Working Group cont.

- Specific suggestions for chapter on transfer pricing in domestic law:
  - On safe harbour rules, recognize the role of such rules for simplification purposes
  - Disagreement with statement regarding what «thin capitalization» means
  - On value of APA's for business, replace word «depend» by «rely»
  - Problem of time differences leading to double taxation

