

The OECD's arm's length pricing principles are absolute...

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Michael Durst - formerly of the IRS and in my view one of the world experts on transfer pricing is speaking at the TJN conference in Helsinki.

What he said is in essence simple: time and again the OECD say they are promoting arm's length pricing principles and actually what they're doing is making very, very sure is that multinational companies who do anything but that can get away with hiding their profits from taxation view.

To put it another way: the language and the practice are in complete conflict with each other.

No surprise there then!

His answer - tax has to follow the functions that really give rise to risk - not the contractual form in which risk is allocated.