

My submission to the OECD on transfer pricing documentation

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The [OECD has now published the submission](#) I made to them on transfer pricing documentation on behalf of the BEPS Monitoring Group.

That informal grouping is, as the submission notes:

a group of experts on various aspects of international tax, set up by a number of civil society organizations which research and campaign for tax justice including the Global Alliance for Tax Justice, Tax Justice Network, Christian Aid, Action Aid, Oxfam, Tax Research UK and others.

As the submission says:

*We welcome the White Paper issued by the OECD on transfer pricing documentation. In particular we believe that the proposed two-tier structure of master and local files that is proposed is very helpful because it will simplify documentation requirements for both tax administrations and firms, and is a step towards the **combined and country-by-country reporting** that we believe is vital if base erosion and profit shifting by multinational corporations is to be tackled.*

I've added the emphasis. The goal has to be the creation of a reporting system that ensures all countries have the information they need on a timely and universal basis to ensure they can manage the tax risk that multinational corporations create for them.

As the submission then says:

Our main concerns relate to what appear to us to be omissions from the planned transfer pricing documentation. These relate to:

- a. The lack of a statement of the purpose of transfer pricing documentation in this document, which as a result means there is no structure to the proposals made;*
- b. The lack of a clear systematic approach to the document to be supplied which would, in our opinion, make the undertaking of a transfer pricing risk assessment harder to*

achieve, in turn meaning that there may be an inappropriate selection of transfer pricing audits undertaken;

c. No discussion of the issue of country-by-country reporting in the proposed documentation; we expect that the request from the G8 will ensure that this matter will be considered;

d. The omission of a requirement to report data on the likely key drivers of profit allocation.

The OECD is taking tentative steps in the right direction with the BEPS project. It has a long way to go if it is to provide a coherent approach to tackling international tax abuse through profit shifting.

NB: My thanks are due to the Joseph Rowntree Charitable Trust for making the work on this type of project possible