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COUNCIL**Cancels & replaces the same document of 24 November 2025****Council****REPORT ON THE IMPLEMENTATION OF THE OECD
RECOMMENDATION ON THE DETERMINATION OF TRANSFER
PRICING BETWEEN ASSOCIATED ENTERPRISES****(Note by the Secretary-General)**

This Cancel & Replace version includes factual changes in footnote 7 of the cover note, as well as in paragraphs 36-37 and table 2 of the report set out in the Annex.

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1. This document presents, in its Annex, a Report by the Committee on Fiscal Affairs (CFA) on the implementation of the OECD Recommendation on the Determination of Transfer Pricing between Associated Enterprises [[OECD/LEGAL/0279](#)] (hereinafter, the “Recommendation”), including on the implementation of its substantive provisions, its dissemination and its continued relevance. The Report concludes on whether the Recommendation requires revision or if further actions to support its implementation and dissemination are necessary. The Report also includes a proposal to Council to abrogate the Recommendation on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[OECD/LEGAL/0424](#)].

2. The CFA approved, by written procedure on 21 October 2025, the Report and its transmission to Council to be noted and declassified, along with the proposal to abrogate the Recommendation on Base Erosion and Profit Shifting Measure Related to Transfer Pricing [[CTPA/CFA\(2025\)19](#)]. Following approval, two editorial changes were made to the Report, at the request of two Adherents. The CFA was informed of these adjustments [[CTPA/CFA\(2025\)19/FINAL](#)]. Once declassified, the Report will be included on the [online Compendium of OECD legal instruments](#).

Background

Origin and purpose of the Recommendation

3. The OECD Recommendation on the Determination of Transfer Pricing between Associated Enterprises was adopted by the Council on 13 July 1995 ([[C\(95\)126/FINAL](#)] and [[C/M\(95\)11/PROV](#)], Item 173).¹ This Recommendation reflects the commitment of Members and non-Members having adhered to it (hereafter, the “Adherents”) to uphold the standards the OECD has developed in the area of transfer pricing with the expectation that Adherents will do their best to implement these standards. In particular, the Recommendation calls on Adherents to follow the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (“TPG” or “Guidelines”) when reviewing, and if necessary adjusting transfer pricing between associated enterprises for the purposes of determining taxable income. The Guidelines address the application of the arm’s length principle for pricing cross-border transactions between associated enterprises.

4. To date, there are 38 Adherents to the Recommendation, all of which are OECD Members. Although no non-Members have adhered to the Recommendation yet, the arm’s length principle and the Guidelines continue to have a significant impact beyond the OECD membership. The arm’s length principle is enshrined in Article 9 of the OECD Model Tax Convention on Income and on Capital (“OECD MTC”) as well as in Article 9 of the United Nations Model Double Taxation Convention between Developed and Developing Countries (“UN MTC”). Most, if not all, tax treaties include an Article 9-type provision based either on the OECD MTC or UN MTC. The Guidelines are the main source of interpretation of Article 9 of the OECD MTC and play also a relevant role in interpreting Article 9 of the UN MTC. Importantly, since the adoption of the Recommendation and the Guidelines, the number of jurisdictions that have introduced domestic legislation on transfer pricing has increased significantly. As of December 2024, over 50% of the

¹ The Recommendation replaced the Recommendation on the Determination of Transfer Pricing between Associated Enterprises [[OECD/LEGAL/0174](#)], which was abrogated.

members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting² (hereafter, “Inclusive Framework”) which are non-Adherents and for which there is information available align with the Guidelines.³ Importantly, 117 Inclusive Framework members, representing 96% of world GDP, have incorporated the arm’s length principle in their legislation for transfer pricing purposes and, by 2022, 102 Inclusive Framework members covering 95% of world GDP aligned with the Guidelines.

5. In accordance with the Standard-Setting Action Plan of the CFA,⁴ the Recommendation was substantially revised in 2017 to reflect the relevance to tackle base erosion and profit shifting (“BEPS”) and the establishment of the Inclusive Framework in 2016. It also strengthened the impact and relevance of the Guidelines beyond the OECD membership by inviting non-OECD Members to adhere to the Recommendation. Moreover, the revision included a delegation by the OECD Council to the CFA of the authority to approve future amendments to the Guidelines by consensus, with such revisions being essentially of a technical nature [see [C\(2017\)37](#) and [C/M\(2017\)6](#), Item 67].

6. It is important to underline that since the adoption of the Recommendation in 1995, both the CFA and Adherents have made substantial efforts to implement in a comprehensive and efficient manner the different elements of the Recommendation. As a result, after having been in place for almost 30 years and noting the increasing relevance of transfer pricing for tax administrations and taxpayers, the Recommendation and the Guidelines have both become well-known, well-understood and widely implemented by Adherents, as well as by taxpayers and other stakeholders in Adherents’ and non-Adherents’ jurisdictions.

Developments in the field: adoption of the Recommendation on BEPS-related measures to Transfer Pricing

7. Over the years, the role of non-Adherents in shaping the Guidelines in connection with BEPS-related issues has also become more prominent, especially for those that have joined the Inclusive Framework. In 2017, the OECD Council adopted, on a proposal by the CFA, the Recommendation on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[OECD/LEGAL/0424](#)] (hereafter, “BEPS TP Recommendation”). This new legal instrument was aimed at formalising the commitment of OECD Members and non-Members with the transfer pricing-related BEPS outputs contained in the BEPS Reports for Actions 8-10 and Action 13. To date, only the 38 OECD Members⁵ have adhered to the BEPS TP Recommendation. The fact that there are no non-Members that have adhered to this instrument questions the relevance and utility of the BEPS TP

² The list of Inclusive Framework members is available at <https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>.

³ The number amounts to 62 jurisdictions out of 109 Inclusive Framework members which are non-Adherents to the Recommendation. The reference to “align with the OECD Transfer Pricing Guidelines” captures jurisdictions that: a) have a reference to the OECD TPG in their domestic transfer pricing framework or jurisprudence either as having legal binding effect or as a source of interpretation of domestic legislation or treaty provision; or, b) have indicated that their domestic legislation is aligned with the OECD TPG.

⁴ The Standard-Setting Action Plan of the CFA identified the need to update the Recommendation following the endorsement of the BEPS Package by the Council, to take into account those conforming changes [see [CTPA/CFA\(2017\)2/REV1](#)].

⁵ The relevance of the BEPS TP Recommendation for OECD Members is, in practice, limited given that the guidance in the BEPS Action 8-10 Report and the BEPS Action 13 Report was incorporated into the Guidelines in 2015.

Recommendation as a means for non-Members to formally associate themselves with the BEPS transfer pricing guidance.

Purpose and Contents of the Report

8. In line with OECD practice, the Recommendation instructs the CFA to “monitor the implementation of this Recommendation”. Under this instruction, the first implementation report to Council should have been submitted in 2022. However, this deadline was postponed to 2025 due to the prioritisation of the extensive and resource-demanding work on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Accordingly, this Report covers the implementation of the Recommendation for the period 2017 up to 2024.

9. The Report also provides the opportunity to inform Council on the updates of the Guidelines and implementation by Adherents since the delegation of authority from Council to the CFA to approve amendments to the Guidelines [[C\(2017\)37](#) and [C/M\(2017\)6](#)].

Methodology

10. The assessment contained in the Report on the implementation of the Recommendation by Adherents has been based on information collected by the Secretariat on the legislations and practices of Adherents. The Report also examines the relevance and impact of the Recommendation and the Guidelines on Inclusive Framework jurisdictions that are not Adherents to the Recommendation⁶. To this aim, the Report relies on information provided directly by jurisdictions as well as on information publicly available in specialised publications. The Secretariat has also relied on the information contained in other relevant OECD publications.

11. Furthermore, information on events and e-learning models on transfer pricing organised by the Secretariat, evidence of participation of non-Adherents in developing transfer pricing guidance through the Inclusive Framework, and evidence on co-operation between the OECD and other international organisations on transfer pricing were used in particular to assess the dissemination and use of the Guidelines and bilateral or multilateral cooperation on transfer pricing related matters.

12. Finally, the Report also reflects the comments received from business, which are one of the main users of the Guidelines and are well placed to provide input on the implementation of the Recommendation.

Process

13. The first version of the Report was submitted to Working Party No. 6 in its Inclusive Framework format for comments by written procedure by 15 July 2025

⁶ While reports on the implementation, dissemination and continued relevance focus primarily on Adherents, selected non-Adherents are covered in this Report because of the use, relevance, and impact of the Guidelines beyond OECD Members, and in line with the instructions to the CFA to “develop its dialogue with jurisdictions that have not adhered to this Recommendation with the aim of assisting them to become familiar with the Guidelines, and to adhere to the present Recommendation”.

[[CTPA/CFA/WP6/NOE2\(2025\)13](#)]. The Report was amended to integrate comments received from Working Party No. 6 and transmitted, as revised, to the CFA.

14. The CFA approved, by written procedure on 21 October 2025, the Report and its transmission to Council to be noted and declassified, along with the proposal to abrogate the Recommendation on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[CTPA/CFA\(2025\)19](#)]. Following approval, two editorial changes were made to the Report, at the request of two Adherents. The CFA was informed of these adjustments [[CTPA/CFA\(2025\)19/FINAL](#)]. Once declassified the Report will be made included on the [online Compendium of OECD legal instruments](#).

Summary of the Report

Implementation

15. The Report shows that the Recommendation is, overall, well-implemented by Adherents. In particular:

- the Report concludes that **Adherents have implemented the recommendation to follow the Guidelines**. In particular, the analysis shows that (a) Adherents have ensured that their domestic transfer pricing legislations follow the arm's length principle and are broadly consistent with the interpretation contained in the Guidelines; (b) Adherents have incorporated into their domestic legislations most of the updates and revisions to the Guidelines adopted since 2017; and, (c) Adherents generally use the Guidelines as a source of interpretation of Article 9-type provisions and play an important role in the prevention and resolution of disputes both in domestic and tax treaty contexts.
- The Report concludes that **Adherents have implemented the recommendation to encourage taxpayers to follow the Guidelines** by (a) ensuring that the Guidelines are integrated into the domestic legal framework, and followed by tax authorities or competent authorities and applied by domestic courts; (b) translating the Guidelines to national languages,⁷ which facilitates their application by taxpayers; and (c) adhering to the Recommendation to the [Declaration on International Investment and Multinational Enterprises](#) [[OECD/LEGAL/0144](#)], and observing the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("MNE Guidelines"), which encourage multinational enterprises to follow the guidance in the OECD Transfer Pricing Guidelines, as revised and supplemented, in order to ensure that their transfer prices reflect the arm's length principle.⁸
- The Report concludes that **Adherents have implemented the recommendation to develop further bilateral or multilateral co-operation in transfer pricing matters**, through (a) the establishment of and participation in the Inclusive Framework, which has effectively enhanced multilateral co-operation in the tax area; (b) the collaboration and contribution to the transfer pricing work and policy

⁷ To date, the 2022 edition of the Guidelines is available in the two OECD official languages, English and French, as well as in Czech, Estonian, German, Japanese, Korean, Spanish, Slovak, Slovenian and Turkish. With the existing available translations of the Guidelines, over half of Adherents already have access to the Guidelines in their national language

⁸ MNE Guidelines, [Commentary on Chapter XI](#), paragraph 129.

discussions taking place in other subsidiary bodies within the OECD or led by other regional and international organisations; and, (c) the increased co-operation to prevent and resolve tax disputes through bilateral and multilateral mechanisms (e.g. advance pricing agreements and mutual agreement procedures), as well as their participation in capacity-building events or implementation of exchange of information

- The Report finds that **Adherents periodically provide the CFA updates on legislative developments relevant for transfer pricing purposes**, including through the transfer pricing country profiles (available on the OECD website) and other transfer pricing-related initiatives.⁹

16. The Report finds that one aspect that could be improved is broader participation by Adherents in bilateral or multilateral co-operation in transfer pricing matters. Adherents which up until now have not played an active role or engaged in relevant initiatives could consider stepping up their efforts and further contributing with their endorsement, knowledge, and expertise to strengthen and advance co-operation in transfer pricing issues.

Dissemination

17. The Report finds that effective dissemination of the Recommendation has been achieved by both the Secretary-General and Adherents. The Secretariat has taken extensive actions to ensure broad dissemination of the Recommendation and Guidelines including through an active communication strategy or the enhanced co-operation with regional tax administration associations to pursue the dialogue on technical transfer pricing issues. Several Adherents have also disseminated the Recommendation and the Guidelines by translating them to their local language. In addition, Adherents often take an active role in the OECD's capacity building programmes to share their knowledge and experience regarding the application of the Guidelines.

18. The **Report highlights the importance to continue these efforts to further stimulate such dissemination**. In this regard, Adherents that have not yet translated the Recommendation and the Guidelines to their national languages could do so in order to facilitate their understanding by a broader number of stakeholders. In addition, the Secretary-General and Adherents could publicise the existence and content of the Report, as it aims to reflect the state of implementation and relevance of the Recommendation and the Guidelines among Adherents, as well as the benefits from aligning transfer pricing rules to the Guidelines.

Dialogue with non-Adherents, use of the Guidelines and impact of the Recommendation beyond Adherents

19. The Report concludes that the CFA has taken comprehensive actions to meet the Council's instructions, including efforts to engage and strengthen the dialogue with non-Adherents on transfer pricing issues. This has contributed to expand the adoption of the arm's length principle by non-Adherents and to broaden the use of the Guidelines.¹⁰ The

⁹ For instance, the [statistics on mutual agreement procedures](#) for transfer pricing cases, [statistics on advanced pricing agreements](#), or [country-specific information on country-by-country reporting implementation](#).

¹⁰ In particular, 79 out of the 109 Inclusive Framework members that are non-Adherents have introduced the arm's length principle in their legislation, and 63 of those use the Guidelines either to shape domestic legislation or as a source of interpretation of their domestic transfer pricing provisions. These figures reflect

establishment of the Inclusive Framework has also led to an unprecedented broad and inclusive participation of non-Adherents in shaping policies on BEPS-related transfer pricing issues, bringing significant benefits, in particular to low-capacity jurisdictions, such as knowledge-sharing and enhanced co-operation in transfer pricing matters.

20. The Report, however, also recommends that further work is necessary to incentivise non-OECD Members to adhere to the Recommendation and take account of the Guidelines. To this aim, the CFA is encouraged to:

- Pursue the dialogue with non-Adherents to understand the reasons for not requesting adherence to the Recommendation and to identify mechanisms to facilitate their request of adherence.
- Promote more actively adherence to the Recommendation, especially for those jurisdictions which are already Inclusive Framework members and currently use or rely on the Guidelines. Adherence could result in an increased buy-in and use of the Guidelines by non-OECD Members, which is likely to increase tax certainty by reducing the potential for tax disputes in transfer pricing.

Continued relevance

21. The Report shows that the Recommendation has been and continues to be of great relevance to Adherents and that they have made substantial efforts to apply and incorporate the arm's length principle and the Guidelines in their transfer pricing systems. The commitments articulated in the Recommendation have been the basis for the continued efforts made by Adherents in developing and agreeing a common interpretation of the arm's length principle embedded in Article 9 of the OECD MTC by consensus. Over time, the Guidelines have been revised and supplemented to apply them to new business models resulting from a more globalised, integrated, and digitalised economy. Given the tax revenue impact of transfer pricing, the Recommendation and the Guidelines which are covered by it remain relevant and critical to preserve a fair allocation of profits between jurisdictions. Given the cross-border impact of transfer pricing, the discussion in the previous section in relation to non-Adherents is also relevant here.

Proposal to abrogate the BEPS TP Recommendation

22. To ensure the continued relevance of the Recommendation in the area of transfer pricing and tax certainty, the Council is invited to consider the abrogation of the BEPS Transfer Pricing Recommendation [[OECD/LEGAL/0424](#)], which overlaps in substance with the scope of the Recommendation, as the guidance covered by the BEPS TP Recommendation has been incorporated into the Guidelines. Non-OECD Members adhering only to the BEPS TP Recommendation would only be committing to implement certain parts of the Guidelines, which would result in a limited and fragmented alignment with the Guidelines. This approach would create further uncertainty and is openly at odds with the Recommendation, which instructs Adherents to consider “the whole of the Guidelines and the interaction of the different chapters” when applying the Guidelines.

significant global alignment by non-Adherents in the Inclusive Framework with the OECD's policies in the area of transfer pricing.

Proposed Action

23. In light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2025\)172](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) encouraged Adherents to:
 - (i) continue implementing and disseminating the Recommendation, including through their active engagement in the work of Working Party No. 6 and any other subsidiary bodies of the CFA addressing transfer pricing issues;
 - (ii) address the challenges identified in Section 6 “Summary and conclusions” of the Report;
- c) invited the Committee on Fiscal Affairs, through Working Party No. 6, to:
 - (i) continue supporting Adherents in their efforts to implement and disseminate the Recommendation, including addressing the challenges identified in Section 6 “Summary and conclusions” of the Report;
 - (ii) engage with non-Adherents that are Inclusive Framework members to better understand their positions and work together to identify mechanisms that would allow them to commit to the application of the outcomes of the negotiations by the Inclusive Framework;
 - (iii) continue to develop its dialogue with non-Adherents with the aim of assisting them to become familiar and align with the Guidelines, and actively promote their adherence to the Recommendation, including by implementing communication strategies and dissemination activities to highlight the benefits of adhering to the Recommendation and applying the Guidelines;
 - (iv) report back to Council on the implementation, dissemination, and continued relevance of the Recommendation in 5 years.
- d) agreed to the abrogation of the Recommendation of the Council on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[OECD/LEGAL/0424](#)].

Annex. Report on the implementation of the OECD Recommendation on the Determination of Transfer Pricing between Associated Enterprises

1. Background

1.1 Purpose of the Recommendation

1. The Recommendation on the Determination of Transfer Pricing between Associated Enterprises [[OECD/LEGAL/0279](#)] (“Recommendation”) was adopted by the OECD Council on 13 July 1995.¹ It should not be conflated with the Recommendation on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[OECD/LEGAL/0424](#)] (“BEPS TP Recommendation²”).

2. The Recommendation sets out the political commitment that OECD Members and non-OECD Members adhering to the Recommendation (“Adherents”) make to the standards that the OECD has developed in the area of transfer pricing as embedded in the Recommendation, with the expectation that Adherents will do their best to implement those standards. In particular, the Recommendation calls on Adherents to follow the [OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations](#) (“TPG” or “the Guidelines”) when reviewing and, if necessary, adjusting transfer pricing between associated enterprises for the purposes of determining taxable income.

3. The Guidelines focus on the application of the arm’s length principle as embodied in Article 9 of the [OECD Model Tax Convention on Income and on Capital](#) (“OECD MTC”), which represents the international consensus on transfer pricing. In particular, the Guidelines provide extensive guidance on the interpretation and application of the arm’s length principle for purposes of determining the pricing of cross-border transactions between associated enterprises. The Guidelines were approved in their original version by the OECD Council in 1995, and since then they have been revised and updated on several occasions.

4. The arm’s length principle and the Guidelines have become more relevant over the years as the role of multinational enterprises (“MNEs”) in the global economy increases and the complexity and the number of transactions between associated enterprises has grown significantly. It is thus of utmost importance for both tax administrators and taxpayers to follow an internationally agreed standard in transfer pricing. For governments, having a consistent transfer pricing policy that is based on international standards is key to ensuring that taxable profits of MNEs are not artificially shifted out of their jurisdictions but are taxed where economic activity takes place. For taxpayers, setting the intra-group prices in accordance with the arm’s length principle limits their risk of economic double taxation where the same profits are taxed in two or more jurisdictions. Accordingly, by limiting the instances of double taxation or less than single taxation, the Recommendation contributes to remove barriers to international trade and promotes economic growth.

5. While the 38 Adherents to the Recommendation to date are OECD Members, the arm’s length principle and the Guidelines have a significant impact on non-Members.³ The arm’s length principle is enshrined in both Article 9 OECD

¹ The Recommendation replaced the Recommendation of the Council on the Determination of Transfer Pricing between Associated Enterprises [[OECD/LEGAL/0179](#)], which was abrogated.

² See Section 5 for further details on the BEPS TP Recommendation and non-Member adherence.

³ Based on information gathered by the OECD through jurisdictions’ submissions to the OECD Transfer Pricing Country Profiles, the Implementation Survey, and other information collected by the OECD Secretariat, over 50% of the IF non-OECD members for which information is available refer to or align with the Guidelines in their legislation. In relation to responses to the Implementation Survey by IF non-OECD Members, 88% indicated to apply the Guidelines in audits

MTC and Article 9 of the [United Nations Model Double Taxation Convention between Developed and Developing Countries](#) (“UN MTC”). Most, if not all, tax treaties include an Article 9-type provision based either on the OECD MTC or UN MTC. The Guidelines are the main source of interpretation of Article 9 of the OECD MTC and play a relevant role in interpreting Article 9 of the UN MTC. Importantly, since the Recommendation and the Guidelines were adopted, the number of jurisdictions that have introduced domestic legislation on transfer pricing has increased and in doing so, a significant number of non-Members have based their transfer pricing legislation on the Guidelines and/or use the Guidelines as a source of interpretation of their domestic transfer pricing legislation. Importantly, 117 Inclusive Framework (IF) jurisdictions, representing 96% of world GDP, have incorporated the arm’s length principle in their legislation for transfer pricing purposes and, by 2022, 102 IF jurisdictions covering 95% of world GDP aligned with the Guidelines. Over the years, the role of non-Members in shaping the Guidelines has also become more prominent, especially with the establishment of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting⁴ (“Inclusive Framework”) in 2016. To date, the Inclusive Framework has 147 members,⁵ all participating on an equal footing with OECD Members in all BEPS-related work [[C\(2016\)78](#)], including the development and approval of any guidance on transfer pricing that is incorporated into the Guidelines pursuant to that BEPS-related work.

1.2 Revisions to the Recommendation and the Guidelines

6. Since its adoption in 1995, the Recommendation has been revised several times to reflect the updates and revisions to the Guidelines.⁶

7. In 2017, the Recommendation was substantially revised to reflect the relevance to tackle BEPS and the establishment of the Inclusive Framework.⁷ The revision also aimed to further promote the use of the Guidelines, and to

and assessments and 81% confirmed to apply the Guidelines in mutual agreement procedures. Moreover, the impact of the Guidelines was confirmed by 82% of business respondents to the Implementation Survey, that confirmed that the Guidelines are used in virtually every transfer pricing case.

⁴ The establishment of the Inclusive Framework on Base Erosion and Profit Shifting was agreed by the Committee on Fiscal Affairs [[CTPA/CFA/NOE2\(2016\)1/REV3](#)], reported to the Council [[C/M\(2016\)3](#)], and endorsed by the G20 Finance Ministers at their 26-27 February 2016 meeting in Shanghai, People’s Republic of China. The OECD/G20 Base Erosion and Profit Shifting (“BEPS”) Project is a key priority of governments around the globe. In 2013, OECD and G20 countries, working together on an equal footing, adopted a 15-point Action Plan to address BEPS. In particular, BEPS Action Plans 4, 8-10 and 13 are relevant for transfer pricing purposes. More information on BEPS can be found on <https://www.oecd.org/tax/beps/>.

⁵ For a full list of Inclusive Framework members, please see <https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>. On 11 April 2022, the Council agreed that invitations for participation in the Committee on Fiscal Affairs’ Base Erosion and Profit Shifting (BEPS) Inclusive Framework will not be issued to Belarus and the Russian Federation until 31 December 2022 [[C/M\(2022\)8](#), Item 99] and subsequently extended this decision in 2022 [[C/M\(2022\)23](#), Item 329], in 2023 [[C/M\(2024\)1](#), Item 33] and lastly in 2024 until 31 December 2025 [[C/M\(2024\)13](#), Item 319].

⁶ The Recommendation was amended as follows: in 1996, to incorporate the report on intangible property and services in Chapters VI and VII [[C\(96\)46](#)]; in 1997, to incorporate the report on cost contribution arrangements in Chapter VIII [[C\(97\)144](#)] and the report on the guidelines for monitoring procedures on the Guidelines and the involvement of the business community in the annexes [[C\(97\)196](#)]; in 1999, to incorporate the report on the guidelines for conducting advance pricing arrangements under the mutual agreement procedure in the annexes [[C\(99\)138](#)]; in 2008, to update Chapter IV, the Foreword and the Preface [[C\(2009\)88](#)]; in 2010, to update Chapters I-III and incorporate the report on the transfer pricing aspects of business restructurings in Chapter IX [[C\(2010\)99](#)]; in 2013, to update the guidance in Section E on safe harbours in Chapter IV and add another annex to Chapter IV [[C\(2013\)69](#)]; in 2015, to revise Chapters I, II, V-VIII in accordance with the Report on BEPS Actions 8-10 “Aligning Transfer Pricing Outcomes with Value Creation” and the Report on BEPS Action 13 “Transfer Pricing Documentation and Country-by-Country Reporting” [[C\(2015\)125/ADD11](#)]; and in 2017, to revise Chapter IX and adopt the more substantial amendments to the Recommendation which are described in paragraph 7 and 8 of this Report [[C\(2017\)37](#)].

⁷ Some of the changes were aimed at aligning the Recommendation with OECD standard-setting practice, in particular in its preamble.

strengthen their impact and relevance beyond the OECD, by inviting non-OECD Members to adhere to the Recommendation. This change supports the OECD's role as a global standard-setter in the tax area and recognises the fact that the Guidelines are followed or integrated in the domestic legal systems of an increasing number of non-Members. It also acknowledges the greater role that non-Members are playing in shaping the Guidelines in the context of the Inclusive Framework on BEPS, which now brings together over 140 countries and jurisdictions to participate on an equal footing in the CFA's work on BEPS.

8. Moreover, the Recommendation was revised to include a delegation by the OECD Council to the CFA of the authority to approve by consensus future amendments to the Guidelines which are essentially of a technical nature [C(2017)37 and C/M(2017)6]. This change was aimed at ensuring that the Recommendation responds in a timely manner to the new challenges that Adherents are facing, by swiftly incorporating future changes to the Guidelines. This approach also provides greater clarity and legal certainty to governments and taxpayers on the status of future amendments and ensures their timely implementation. Under this delegation, the CFA, in its Inclusive Framework format, has adopted the following guidance which has been incorporated into the Guidelines: a) the revised guidance on the application of the transactional profit split method; b) the guidance for tax administrations on the application of the approach to hard-to-value intangibles; c) the transfer pricing guidance on financial transactions; and, d) the guidance on Amount B, which a jurisdiction may choose to apply and provides special considerations for baseline distribution activities and was adopted in 2024. This guidance, except the guidance on Amount B, was consolidated in the 2022 edition of the Guidelines. To ensure that the Council is periodically informed, it was proposed that the CFA report to Council on the updates of the Guidelines and implementation by Adherents every five years following the adoption of the revised Recommendation [C(2017)37 and C/M(2017)6].

9. Finally, the changes introduced in the Recommendation an instruction from Council to the CFA to “monitor the implementation of this Recommendation, in cooperation with tax authorities of Adherents and with the participation of the business community and other stakeholders and report to Council in light of this monitoring every five years”. This is the first Report on the implementation, dissemination, and continued relevance by the CFA under the new instruction incorporated into the Recommendation in 2017.⁸ While this first implementation report to Council should have been submitted in 2022, this deadline was postponed to 2025 due to the prioritisation of the extensive and resource-demanding work on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Accordingly, this Report covers the implementation of the Recommendation for the period 2017 up to 2024. Having said that, it is important to note that since its adoption in 1995, both the CFA and Adherents have made substantial efforts to implement in a comprehensive and efficient manner the different elements of the Recommendation. As a result, after having been in place for almost 30 years and noting the increasing relevance of transfer pricing for tax administrations and taxpayers, the Recommendation and the Guidelines have both become well-known, well-understood and widely implemented by Adherents, as well as by taxpayers and other stakeholders in Adherents' jurisdictions. This Report is also the first opportunity to inform Council on amendments to the Guidelines and implementation of the Guidelines by Adherents since the delegation of authority in line with the Recommendation [C(2017)37 and C/M(2017)6].

2. Methodology

10. The assessment contained in this Report on the implementation of the Recommendation by Adherents has been prepared based on information collected by the Secretariat on the legislation and practices of Adherents. This Report also examines the relevance and impact of the Recommendation and the Guidelines on selected non-Adherents.⁹ To this aim,

⁸ Given the prioritisation of the extensive and resource-demanding work on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, this first implementation report to Council has been delayed.

⁹ While reports on the implementation, dissemination and continued relevance should usually focus on Adherents, selected non-Adherents are covered in this Report because of the use, relevance and impact of the Guidelines beyond OECD Members, and in line with the instructions to the CFA to “develop its dialogue with jurisdictions that have not adhered to this Recommendation with the aim of assisting them to become familiar with the Guidelines, and to adhere to the present Recommendation”. The analysis contained in this Report in relation to non-Adherents is based on

the Report relies primarily on the information provided directly by jurisdictions and, only when needed, on information publicly available in specialised publications.¹⁰

11. Unless indicated otherwise, the information on legislation and administrative practices has been provided directly by jurisdictions through one of the following channels:

- Targeted surveys circulated in May 2023 to Adherents and non-Adherents for purposes of preparing this Report (“Implementation Survey”). The Secretariat received responses from 26 Adherents, and 16 responses from non-Adherents. The Implementation Survey was targeted to assessing the implementation, dissemination, and continued relevance of the Recommendation and of the Guidelines.
- [Transfer pricing profiles](#) available on the OECD website, which are available for the 38 Adherents and 38 non-Adherents. It is important to note that the information in the transfer pricing profiles were provided mostly in 2021 and 2022 and therefore the information in the Implementation Survey is more recent. Furthermore, the transfer pricing profiles do not provide information on all the questions in the Implementation Survey. Therefore, some parts of the analysis may only refer to the state of play in those jurisdictions that have responded to the Implementation Survey.
- [Hard-to-value intangibles \(“HTVI”\) implementation profiles](#) available on the OECD website, which are available for 30 Adherents and 10 non-Adherents.

12. In addition, the Secretariat has also relied on the information contained in other OECD publications, such as the Peer Reviews for Country-by-Country Reporting (“CbC reporting” or “CbCR”) (BEPS Action 13)¹¹ and the Report issued by the OECD Secretary-General to the G20 Finance Ministers and Central Bank Governors.¹²

13. Furthermore, information on events and e-learning models on transfer pricing organised by the Global Relations and Development Division, evidence of participation of non-Adherents in developing transfer pricing guidance through the Inclusive Framework, and evidence on co-operation between the OECD and other international organisations on transfer pricing (e.g. Platform for Collaboration on Tax, Tax Inspectors without Borders programme) were used in particular to assess the dissemination and use of the Guidelines and bilateral or multilateral cooperation on transfer pricing related matters.

14. Given that the Recommendation requires that the report to Council on the implementation of the Recommendation should be carried out “with the participation of the business community”, the Report also reflects the comments received from business. A total of 34 business organisations submitted responses to a targeted survey circulated in May 2023. For purposes of this Recommendation, the feedback from business is particularly relevant given that the Guidelines are addressed not only to tax administrations, but also to multinational enterprises. Business is, thus, one of the main users of the Guidelines and are well placed to provide input on the implementation of the Recommendation.

information from a selected number of jurisdictions, given that not all 107 non-OECD Inclusive Framework members have responded to the Implementation Survey or have submitted a transfer pricing profile. Information on non-Adherents refer to those jurisdictions that have either: a) have responded to the implementation survey (16 jurisdictions), or b) have submitted a transfer pricing profile (38 jurisdictions).

¹⁰ IBFD database.

¹¹ OECD (2024), Country-by-Country Reporting – Compilation of 2024 Peer Review Reports: Inclusive Framework on BEPS: Action 13, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, , <https://doi.org/10.1787/f3d3f36f-en>.

¹² The 2024 OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors (G20 Brazil, October 2024), OECD Publishing, Paris, is available at [OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors \(G20 Brazil, October 2024\) \(EN\)](#)

3. Implementation of the Recommendation and use of the Guidelines by Adherents

15. This Section assesses the implementation of the following recommendations addressed to Adherents only:
- i. Follow, when reviewing, and if necessary, adjusting transfer pricing between associated enterprises for the purposes of determining taxable income, the Guidelines – considering the whole of the Guidelines and the interaction of the different chapters, – for arriving at arm’s length pricing for transactions between associated enterprises;
 - ii. Encourage taxpayers to follow the Guidelines; to that effect Adherents should give the Guidelines publicity and have them translated, where necessary, into their national language(s);
 - iii. Develop further co-operation, on a bilateral or multilateral basis, in matters pertaining to transfer pricing.
16. In addition, the Council “invites Adherents to notify the Committee on Fiscal Affairs on any modifications to the text of any laws or regulations that are relevant to the determination of transfer pricing or of the introduction of new laws or regulations.”
17. Therefore, the assessment in this section only refers to the implementation of the Recommendation and use of the Guidelines by Adherents.

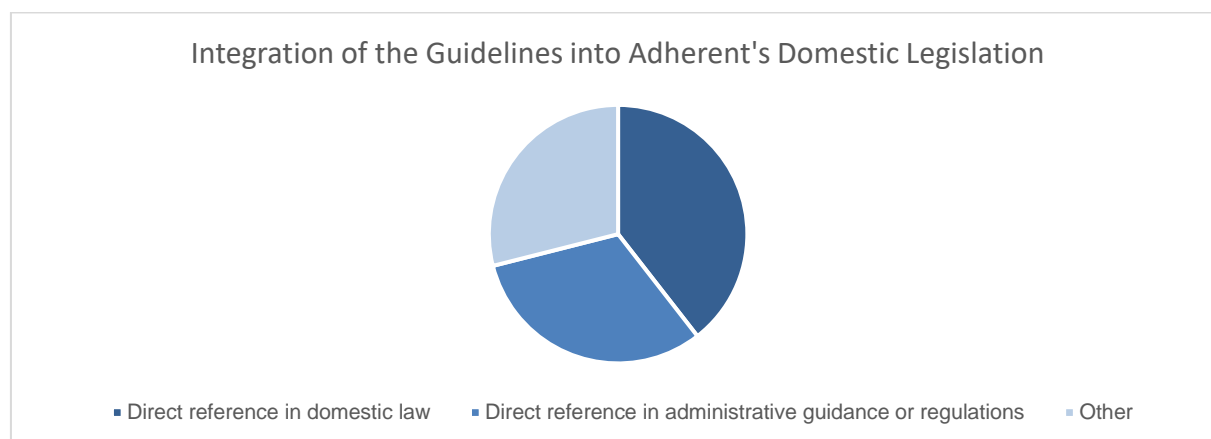
3.1 Follow the OECD Transfer Pricing Guidelines

18. For purposes of assessing the implementation of this recommendation, this Report examines i) the relevance and implementation of the OECD Transfer Pricing Guidelines, and, ii) the use of the Guidelines in dispute avoidance and resolution.

3.1.1 Relevance and implementation of the OECD Transfer Pricing Guidelines

19. According to the information provided by Adherents, 15 Adherents have a direct reference to the Guidelines in the primary law of their jurisdictions and another 12 Adherents include a reference to the Guidelines in their administrative guidance or regulations. The remaining 11 Adherents have not included a reference to the Guidelines in their primary or secondary law. These remaining 11 have indicated, however, that their domestic legislation is based on (or otherwise consistent with) the Guidelines, or that the Guidelines are a source of interpretation of domestic law or are used as a practical tool to apply the arm’s length principle.
20. The graph below illustrates a beak-down of how the Guidelines are integrated into Adherent’s domestic law.

Figure 1. Integration of the Guidelines into Adherents’ Domestic Legislation



21. From this state of play, it can be concluded that the Guidelines have a significant relevance for Adherents. This is supported by the input provided by Adherents that have responded to the Implementation Survey, as all of them consider that the Guidelines are very or somewhat relevant in their jurisdiction. This is also consistent with the input received from business that have responded to the Implementation Survey (“business respondents”), who have indicated that in most cases, the Guidelines are used as a source of interpretation of the domestic legislation.

22. In a treaty context, the Guidelines represent internationally agreed principles and provide guidance for the application of the arm’s length principle as embedded in Article 9 MTC.

23. Although there is no procedure in place to assess the implementation of the Guidelines by Adherents (except for the minimum standard for country-by-country reporting under BEPS Action 13), the CFA carries out regular monitoring activities aimed at gaining a broad understanding of whether Inclusive Framework members apply the transfer pricing guidance adopted by the Inclusive Framework. The outcome of such monitoring materialises in the transfer pricing profiles and the questionnaire on the implementation of HTVI. The analysis of that information together with the responses of certain Adherents to the Implementation Survey shows that the Guidelines are broadly applicable in Adherents’ jurisdictions either because the primary or secondary legislation includes a reference to the Guidelines¹³ or because Adherents have taken action to incorporate the updates and revisions to the Guidelines, in particular those resulting from the work under BEPS Actions 8-10. A few Adherents have indicated that, even though their legislation does not contain any reference to the Guidelines, their legal system would not restrict their application.

24. A small number of Adherents have indicated that certain approaches in the Guidelines would not be applicable as they have not been specifically incorporated into their domestic transfer pricing rules. This would be the case of the hard-to-value intangibles approach or the simplified approach for low value-adding services.

25. In the case of the amendments introduced by BEPS Action 13, the [2024 peer review report](#)¹⁴ shows that all Adherents have implemented country-by-country reporting in accordance with the conditions set forth in the Guidelines.¹⁵ Furthermore, the combined analysis of the data obtained from the Implementation Survey and the transfer pricing profiles shows that 30 Adherents have implemented the master file and 29 Adherents have implemented the local file as described in Chapter V of the Guidelines.¹⁶ In this regard, important to note that while some Adherents may not have local file requirements within the meaning of BEPS Action 13, they may have local transfer pricing documentation, e.g. transfer pricing reporting forms.

26. In line with this, 25 Adherents that answered the Implementation Survey confirmed the use of the Guidelines in transfer pricing audits and assessments of taxpayers. This feedback is broadly aligned with the input from business representatives, as two thirds of business respondents have indicated that the Guidelines, including the latest updates and revisions under the BEPS Project, are applied by tax administrations. This means that, even if there is no direct reference to the Guidelines in the legislation or regulations, the Guidelines play a critical role in jurisdictions’ audit practices.

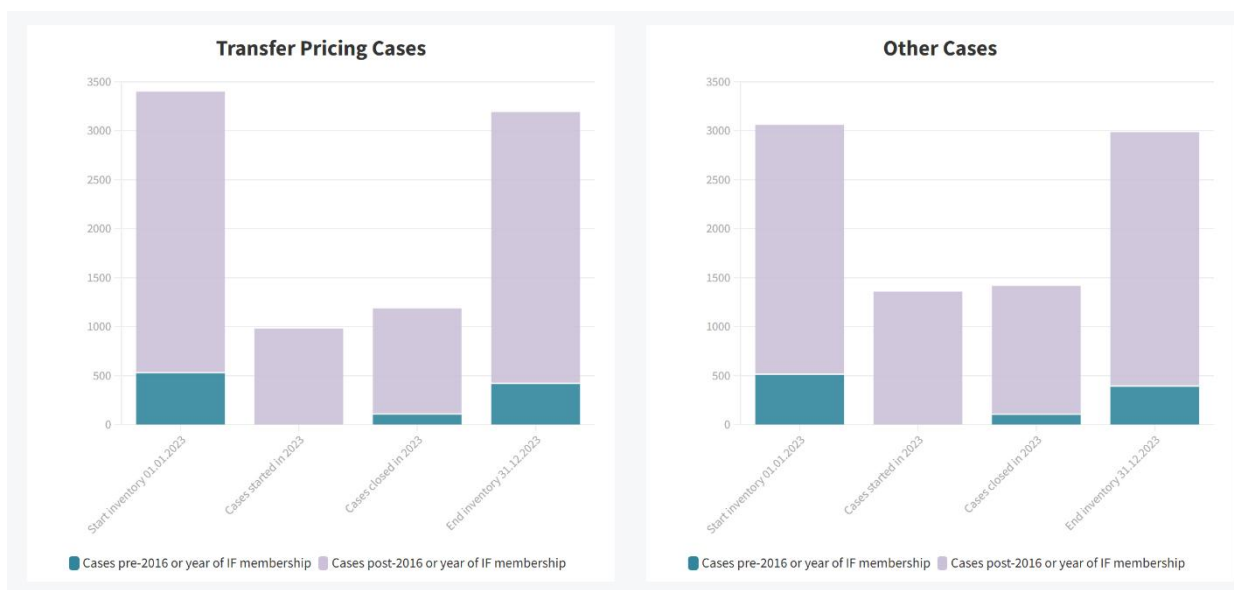
¹³ It is important to explain that where the reference in the primary or secondary legislation is to a specific edition of the Guidelines, the jurisdiction may need to amend the legal provision to update the reference to the latest edition of the Guidelines (i.e. 2022 edition) for the latest updates to be applicable. Having said that, most respondents to the Implementation Survey have indicated that the legislation contains a general reference to the Guidelines as amended, to avoid this challenge.

¹⁴ OECD (2024), Country-by-Country Reporting – Compilation of 2024 Peer Review Reports: Inclusive Framework on BEPS: Action 13, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/f3d3f36f-en>.

¹⁵ <https://www.oecd.org/tax/beps/country-by-country-reporting-compilation-of-2022-peer-review-reports-5ea2ba65-en.htm>

¹⁶ Please note that that some Adherents that have indicated that they have not introduced the local file have, however, similar reporting requirements for related party transaction involving their taxpayers (e.g. United States).

3.1.2 Use of the OECD Transfer Pricing Guidelines in dispute avoidance and resolution¹⁷



27. The relevance of the Guidelines for dispute avoidance and resolution is reflected in the Preface to the Guidelines, which indicates that “these Guidelines are ... intended primarily to govern the resolution of transfer pricing cases in mutual agreement proceedings between OECD Member countries and, where appropriate, arbitration proceedings”. Accordingly, the Guidelines provide a common ground of interpretation of the arm’s length principle in Article 9 OECD MTC.

28. Figure 2 shows that a very significant portion of the mutual agreement procedure inventory for 2024 is related to transfer pricing cases.¹⁸

Figure 2. 2024 OECD MAP statistics on caseload on transfer pricing and all other cases¹⁹

Transfer pricing cases*		Start inventory	Cases started	Cases closed	End inventory
Cases received prior to 1 January 2016 or of the year of joining the BEPS Inclusive Framework		529	0	107	420
Cases received on or after 1 January 2016 or of the year of joining the BEPS Inclusive Framework		2869	979	1078	2770
Other cases*		Start inventory	Cases started	Cases closed	End inventory
Cases received prior to 1 January 2016 or of the year of joining the BEPS Inclusive Framework		513	0	106	393
Cases received on or after 1 January 2016 or of the year of joining the BEPS Inclusive Framework		2545	1357	1310	2592

¹⁷ The analysis in this section is based on the input from Adherents and business representatives that have responded to the Implementation Survey.

¹⁸ The 2024 OECD Mutual Agreement Procedure Statistics can be accessed on the OECD Website: [2023 Mutual Agreement Procedure Statistics | OECD](#)

¹⁹ (*) New cases (cases received on or after 1 January 2016 or 1 January of the year of joining the BEPS Inclusive Framework) are counted using an [agreed methodology](#) that uses a common start date and allows for reconciliation of all MAP cases between members of the Inclusive Framework thus eliminating double counting. Old cases (cases received prior to 1 January 2016 or 1 January of the year of joining the BEPS Inclusive Framework) are counted based on each reporting jurisdictions' own methodology without a jurisdiction by jurisdiction breakdown and the possibility

29. A positive finding from the answers provided by Adherents to the Implementation Survey is that, in resolving those disputes that reach a mutual agreement procedure, all of them use of the Guidelines. Furthermore, they have also indicated that the Guidelines are used in negotiating advance pricing agreements (“APAs”) (either unilateral, bilateral, or multilateral agreements). This confirms the relevance of the Guidelines in a treaty context, as the basis to discuss and resolve any disputes. This input is broadly supported by business respondents.

30. Moreover, 19 Adherents affirmed that the Guidelines are used by their national courts in resolving disputes as a source of interpretation of their transfer pricing domestic legislation, even in instances where the Guidelines are not incorporated in their domestic law. In addition, 2 Adherents noted that national courts use the Guidelines as a binding instrument in resolving disputes. Other respondents indicated that there were no transfer pricing cases taken to their national courts yet or that the national courts refer to the domestic legislation when resolving transfer pricing cases, but such domestic legislation is consistent with the Guidelines. The input from Adherents to the Implementation Survey is consistent with the views provided by business representatives through the Business Implementation Survey.

31. Furthermore, the Implementation Survey also sought to understand the binding nature of national court decisions in future judicial proceedings. In that regard, 6 respondents affirmed that court decisions constitute a precedent in their jurisdictions, and 11 respondents indicated that court decisions are binding under certain circumstances, e.g. the decision is issued by the highest domestic court (e.g. supreme administrative or judicial court), and/or for similar cases with similar facts and circumstances. Finally, 4 respondents indicated that court decisions are not binding for future cases in their jurisdictions.

3.1.3 Conclusion

32. Based on the information gathered from Adherents and business representatives, this Report concludes that, overall Adherents have implemented the recommendation to follow the Guidelines for arriving at arm’s length pricing for transactions between associated enterprises.

3.2 Encourage taxpayers to follow the OECD Transfer Pricing Guidelines

3.2.1 Specific actions to encourage taxpayers to follow the Guidelines

33. One of the factors that can impact the application of the Guidelines by taxpayers is the extent to which the Guidelines are integrated into the domestic legal system, followed by tax authorities or competent authorities and/or applied by national courts.

34. Along with this, some Adherents that have responded to the Implementation Survey have put in place additional initiatives to further encourage taxpayers to follow the Guidelines such as:

- Issuing specific guidance on the application of the Guidelines to small and medium-sized enterprises;
- Incorporating excerpts of the Guidelines into domestic secondary legislation or administrative practice;
- Publishing a condensed translation of the Guidelines in national language;
- Providing a link to the Guidelines in the tax administration website;
- Encouraging the use of the Guidelines by taxpayers or in audit procedures by tax administrations.

35. Furthermore, it is worth noting that all Adherents to the Recommendation are also Adherents to the [Declaration on International Investment and Multinational Enterprises \[OECD/LEGAL/0144\]](#), in which they jointly “recommend to multinational enterprises operating in or from their territories the observance of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (“MNE Guidelines”)”. Chapter XI of the MNE Guidelines provides that “Tax compliance includes such measures as providing to the relevant authorities timely information that is relevant or

of reconciliation. Aggregate reporting for old cases therefore included double counting of cases reported by two reporting jurisdictions in their respective inventory.

required by law for purposes of the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle”.

3.2.2 *Translation of the Guidelines into national language (when necessary)*

36. As of April 2025, the 2022 version of the Guidelines is available in the OECD website in English, French, German and Spanish. In addition, according to the information provided by Adherents, Czechia, Estonia, Japan, Korea, Spain, Slovak Republic, Slovenia and Türkiye have indicated that the Guidelines have been translated into their national language. Sweden has produced a condensed version of the Guidelines in Swedish, which is publicly available. Considering the existing available translations of the Guidelines, over half of Adherents already have access to the Guidelines in their national language as shown in the table below:

Table 2. Translation of the Guidelines into domestic languages of Adherents

	Adherents for which version/translation is in an official language
Czech	Czechia
English	Australia, Canada, Ireland, United States
French	Belgium, France, Luxembourg, Switzerland
German	Austria, Belgium, Germany, Luxembourg, Switzerland
Spanish	Chile, Colombia, Costa Rica, Mexico, Spain
Estonia	Estonia
Japanese	Japan
Korean	Korea
Slovak	Slovak Republic
Slovenian	Slovenia
Swedish	Sweden
Turkish	Türkiye

37. Moreover, Greece and Hungary have expressed their interest in producing a translation of the 2022 edition of the Guidelines into Greek and Hungarian, respectively.

38. Some Adherents with official languages in which the Guidelines are not available have indicated that translation is not necessary, for instance, because taxpayers are fluent in one of the languages in which the Guidelines are already available.

39. It is worth noting that the previous edition of the Guidelines published in 2017 were available in Chinese, Czech, German, Hungarian, Italian, Slovenian, Spanish, Turkish and Ukrainian.

3.2.3 *Conclusion*

40. Based on the information above, this Report concludes that Adherents have implemented the recommendation to encourage taxpayers to follow the Guidelines. Adherents that have not yet translated the Recommendation and the Guidelines to their national languages are encouraged to do so, in order to facilitate their understanding by a broader number of stakeholders.

3.3 *Develop further co-operation, on a bilateral or multilateral basis, in matters pertaining to transfer pricing*

41. The most significant development for purposes of assessing implementation of this provision of the Recommendation is the establishment and continuous expansion of the Inclusive Framework on BEPS. Since 2016, the

size and relevance of the Inclusive Framework have increased over time and it currently gathers 147 members,²⁰ consisting of 38 OECD Members and 109 non-OECD Members. Through the Inclusive Framework's involvement in BEPS-related transfer pricing work, the CFA has effectively enhanced multilateral co-operation in the transfer pricing area, ensuring that new policies and guidance reflect the consideration of the perspectives, experience, and input of all Inclusive Framework members.

42. Since 2017, the CFA in its Inclusive Framework format has adopted the following transfer pricing guidance:

- **Additional guidance on the attribution of profits to permanent establishments under BEPS Action 7**, published on 22 March 2018 on the OECD website. This guidance resulted from the changes in the Report on BEPS Action 7 to Article 5 of the OECD MTC.
- **Revised Guidance on the Application of the Transactional Profit Split Method**, published on 21 June 2018 responding to the mandate in BEPS Action 10. This guidance was incorporated into the OECD Transfer Pricing Guidelines in 2022, replacing the previous text on the transactional profit split method in Chapter II and in Annex II to Chapter II: Examples to illustrate the guidance on the transactional profit split method.
- **Guidance for Tax Administrations on the Application of the Approach to Hard-to-Value Intangibles**, published on 21 June 2018 responding to the mandate in BEPS Action 8. The HTVI approach was adopted as part of the Actions 8-10 Report in 2015 and it was subsequently incorporated in Chapter VI of the OECD Transfer Pricing Guidelines in 2017. The 2018 Guidance for Tax Administrations on the Application of the Approach to Hard-to-Value was incorporated in the OECD Transfer Pricing Guidelines in 2022 as Annex II to Chapter VI.
- **Guidance on the transfer pricing implications of the COVID-19 pandemic**, published in December 2020, and contained in a stand-alone report. This guidance clarifies and illustrates the practical application of the arm's length principle as articulated in the Guidelines to the fact patterns and specific challenges that arose from the COVID-19 pandemic.
- **Transfer Pricing Guidance on Financial Transactions**, published on 11 February 2020 responding to the mandate in BEPS Actions 4 and 8-10. This report contains transfer pricing guidance on financial transactions, including a number of examples to illustrate the principles discussed in this report. Sections A to E of this report are included in the Guidelines in 2022 as Chapter X and Section F was incorporated into Section D.1.2.1 in Chapter I of the Guidelines in 2022.
- **Pillar One – Amount B**, published on 19 February 2024, under the Two Pillar Solution to Address the Tax Challenges from the Digitalisation of the Economy. Amount B introduces an optional simplified and streamlined approach for applying the arm's length principle to in-country baseline marketing and distribution activities, focusing on the needs of low-capacity jurisdiction, and it was incorporated as an annex to Chapter IV of the Guidelines in 2024.

43. This additional guidance adopted and published by the Inclusive Framework not only reflects the efforts of Adherents in fostering cooperation in transfer pricing matters, but it also fulfils the instruction by Council to CFA to pursue work on issues pertinent to transfer pricing and modify the Guidelines as necessary.

44. Adherents also co-operate on transfer pricing matters through other fora. Under the Forum on Tax Administration ("FTA"), Adherents have collaborated with other FTA members to establish and run the International Compliance Assurance Programme (ICAP),²¹ develop and publish the Manual on the Handling of Multilateral Mutual

²⁰ For a full list of Inclusive Framework members, please see <https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>. On 11 April 2022, the Council agreed that invitations for participation in the Committee on Fiscal Affairs' Base Erosion and Profit Shifting (BEPS) Inclusive Framework will not be issued to Belarus and the Russian Federation until 31 December 2022 [C/M(2022)8, Item 99]. On 12 December 2022, the Council further extended this decision until 31 December 2023 [C/M(2022)23, Item 329].

²¹ There are 23 Adherent jurisdictions participate in ICAP.

Agreement Procedures and Advance Pricing Arrangements,²² or undertake the project on Comparative Risk Assessment (CoRA). Furthermore, Working Party No. 10, together with WP6, is responsible for developing implementation guidance on country-by-country reporting and performing peer reviews for BEPS Action 13.

45. In addition, Adherents and business respondents to the Implementation Survey have highlighted the relevance of the following collaborative approaches and mechanisms used by Adherents:

- Collaboration through the negotiation and agreement of bilateral and multilateral advance pricing agreements;
- Collaboration through the resolution of tax disputes through the mutual agreement procedure, including multilateral mutual agreement procedures;
- Collaboration through joint or simultaneous tax audits;
- Bilateral or multilateral technical meetings;
- Cooperation to effectively implement the necessary exchange of information for transfer pricing matters, which is another testament to the strong multilateral co-operation in this area.

46. Business respondents, in particular, consider that greater cooperation between jurisdictions has actually led to a broader use of joint audits, increased negotiation of bilateral and multilateral APAs, more resolution of disputes through MAPs, better communication, and ultimately, increased tax certainty and more efficient administrative procedures.

47. In addition, Adherents regularly send experts to capacity-building events to share their knowledge and experience with tax officials from other jurisdictions. It is worth noting, however, that the feedback provided by the Global Relations Division of the OECD's Centre for Tax Policy and Administration is that only a small number of Adherents regularly contribute to such events. Going forward, it would be beneficial to secure the participation of other Adherents to these events so that attendees can benefit from accessing a broader and more diverse views and experiences. This would also be conducive to building networks and cooperation among tax officials from different jurisdictions.

48. Finally, Adherents are also active contributors to the transfer pricing work and policy discussions led by other regional and international organisation, such as United Nations, the European Union Joint Transfer Pricing Forum, African Tax Administration Forum ("ATAF"), Study Group on Asia-Pacific Tax Administration Research or Inter-American Centre of Tax Administrations ("CIAT") and support key initiatives, such as the OECD/UNDP programme Tax Inspectors Without Borders.

3.3.1 Conclusion

49. This Report concludes that, overall, Adherents have implemented this provision of the Recommendation. One aspect that could be improved in terms of Adherents' implementation of this specific provision is encouraging broader participation by Adherents in the further improvement of bilateral or multilateral cooperation in transfer pricing matters. While it is recognised that Adherents may have different resource capacities, it is observed that some Adherents are generally more active and commit more resources to the wide range of activities aimed at strengthening cooperation than other Adherents that are generally less involved and make a more limited contribution. Adherents which up until now have not played an active role or engaged in relevant initiatives should step up their efforts and contribute with their endorsement, knowledge, and expertise to strengthen and advance cooperation in transfer pricing issues.

3.4 Notify the CFA on modifications to transfer pricing laws or regulations

50. In the Recommendation, the Council also "invites Adherents to notify the Committee on Fiscal Affairs on any modifications to the text of any laws or regulations that are relevant to the determination of transfer pricing or of the introduction of new laws or regulations."

²²See OECD (2023), Manual on the Handling of Multilateral Mutual Agreement Procedures and Advance Pricing Arrangements: Enhancing Tax Certainty, OECD Publishing, Paris, <https://doi.org/10.1787/f0cad7f3-en>

51. During the period 2017-2024, the Secretariat has continued to regularly invite Inclusive Framework members (Adherents and non-Adherents to the Recommendation) to submit, update or revise (as appropriate) the [transfer pricing country profiles](#), which are available on the OECD website. As of December 2024, there were 76 transfer pricing profiles available which provide detailed information on the transfer pricing legislation and practices in the 38 OECD Members and 38 non-OECD Members.²³

52. In addition, the OECD website also includes information on the [status of implementation of the HTVI](#) approach by Inclusive Framework members. This information, which is also updated periodically, is collected as part of the monitoring process for the application of the HTVI approach. As of December 2024, there was information on 40 Inclusive Framework members.

53. Finally, Adherents provide the CFA with other transfer pricing-related information, such as [statistics on mutual agreement procedures](#) for transfer pricing cases, [statistics on advanced pricing agreements](#),²⁴ and [country-specific information on country-by-country reporting implementation](#).

3.4.1 Conclusion

54. Given the extensive information made available periodically by Adherents through their transfer pricing profiles, this Report concludes that, overall, Adherents have implemented this recommendation.

4. Dissemination

55. The Recommendation “invites Adherents and the Secretary-General to disseminate this Recommendation and the Guidelines”. In this regard, significant efforts have been made to disseminate the Recommendation and the Guidelines by the Secretary-General, through the Secretariat, and Adherents in order to raise awareness of the latest updates and revisions to the Guidelines and their relevance for tax administrations and taxpayers.

56. In particular, the Secretariat has undertaken the following actions:

- Public and open access to the Recommendation and Guidelines on the OECD website. The Recommendation can be accessed at [online Compendium of OECD Legal Instruments](#). In addition, the Guidelines can be read online and downloaded from the OECD website. In this regard, it is important to underline that the Guidelines are the second most downloaded output published by the CFA.
- News releases informing stakeholders about the updates and revisions to the Guidelines. Between 2017-2024, the OECD has published on the OECD website several news releases regarding publication of a new consolidated edition of the Guidelines (e.g. the 2017²⁵ and 2022²⁶ editions), the adoption of new guidance (e.g. the transfer pricing guidance on financial transactions²⁷ and the guidance on Amount B), the revision of existing guidance (e.g. the revised guidance on the application of the transactional profit

²³ In 2025, the Secretariat together with IF members have launched a process to update the existing transfer pricing country profiles on the basis of a new revised template, and adding new transfer pricing country profiles for those jurisdictions that have never submitted theirs. The new and the updated transfer pricing country profiles will be published on the OECD website in the course of 2025.

²⁴ The [2023 Advanced Pricing Agreement Statistics](#) are the first set published and include data from all relevant jurisdictions that joined the Inclusive Framework prior to 2024.

²⁵<https://www.oecd.org/ctp/transfer-pricing/oecd-releases-latest-updates-to-the-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations.htm>

²⁶<https://www.oecd.org/tax/transfer-pricing/oecd-releases-latest-edition-of-the-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations.htm>

²⁷<https://www.oecd.org/tax/beps/oecd-releases-transfer-pricing-guidance-on-financial-transactions.htm>

split method²⁸), the launching of new projects aimed at revising existing guidance (e.g. ongoing projects for the revision of Chapters IV and VII TPG²⁹) and the adoption of implementation guidance (e.g. the implementation guidance on hard-to-value intangibles and the country-by-country reporting implementation guidance).³⁰

- Dedicated OECD website on transfer pricing issues. The relevance of this initiative is reflected in the fact that, the transfer pricing section of the OECD website is one of the websites that attract most visitors, especially following the release of new guidance (e.g. the transfer pricing guidance on financial transactions, guidance on the transfer pricing implications of the COVID-19 pandemic, new development in relation to the BEPS Action 13 on country-by-country reporting and more recently the guidance on Amount B), the publication of a new edition of the Guidelines or the update of the transfer pricing country profiles.³¹
- Webinars and capacity-building events focused on the latest guidance incorporated to the Guidelines. In particular, transfer pricing training is provided through in-person or online courses and through targeted events for tax administrations. As an example, in the period 2021-2023, the OECD has organised virtual or in-person workshops on transfer pricing for China (People’s Republic of), India, Indonesia, Japan, Korea, Mexico, South Africa, and United Arab Emirates. Also, in 2023, the OECD completed a 22-months project with the Polish Ministry of Finance, funded by the European Union, which included five targeted capacity building workshops on cutting-edge transfer pricing issues.
 - The OECD Secretariat has organised around 12 transfer pricing events in 2017 and 9 during the period of January and June 2018. These events have been delivered in Burkina Faso, Mexico, Singapore, Colombia, China (People’s Republic of), Austria, and South Africa. In September 2018, a workshop was organised jointly by the OECD and the Chinese State Taxation Administration (“STA”) to share experiences from the first year of CbC reporting and to explore how information can be used most effectively in the tax risk assessment of MNE groups. Some of these events were organised in cooperation with international organisations, such as the one in Burkina Faso organised in cooperation with the World Customs Organisation (“WCO”) in 2017, a workshop organised in cooperation with ATAF in 2018 on transfer pricing risk assessment, and another event in cooperation with the World Bank Group (“WBG”) on the Toolkit on Addressing Comparable Data for Transfer Pricing and Mineral Pricing in November 2018.
 - The work on events continued in 2019, delivering over 10 events on transfer pricing in China (People’s Republic of), Malaysia, Korea, Slovenia, Costa Rica, Hungary, Colombia, Mexico, and India. Some of these events also counted with the cooperation of other international organisations (e.g. WCO) and tax administrations (e.g. Intra-European Organisation of Tax Administrations (“IOTA”) and CIAT).
 - In 2020, an advanced transfer pricing training programme on financial transactions was delivered early February in Zambia. After that, trainings were provided online due to the lockdowns and health measures imposed by the government responses to the COVID-19 pandemic. For example, two online trainings were provided for tax authorities in Latin American countries in Spanish: Virtual training on Transfer Pricing for Latin America Part I (11, 13 and 15 May 2020) and Virtual training on Transfer Pricing for Latin America Part II (22 - 24 June 2020).
 - In 2021-2022, virtual trainings picked up and online events were delivered to a number of jurisdictions, including China (People’s Republic of), India, Indonesia, Mexico, and South Africa.

²⁸<https://www.oecd.org/tax/beps/oecd-releases-new-guidance-on-the-application-of-the-approach-to-hard-to-value-intangibles-and-the-transactional-profit-split-method-under-beps-actions-8-10.htm>

²⁹[oecd.org/tax/transfer-pricing/oecd-invites-public-comments-on-the-scope-of-future-revision-of-chapter-iv-and-chapter-vii-of-transfer-pricing-guidelines.htm](https://www.oecd.org/tax/transfer-pricing/oecd-invites-public-comments-on-the-scope-of-future-revision-of-chapter-iv-and-chapter-vii-of-transfer-pricing-guidelines.htm)

³⁰<https://www.oecd.org/tax/beps/oecd-releases-new-guidance-on-the-application-of-the-approach-to-hard-to-value-intangibles-and-the-transactional-profit-split-method-under-beps-actions-8-10.htm>

³¹ Final Report on the In-Depth Evaluation of the Committee on Fiscal Affairs [C(2024)1].

Events were also organised in cooperation with ATAF on transfer pricing risk assessment and with WCO on transfer pricing and customs.

- In 2023, the number of trainings delivered in person increased. Together with those delivered online, the OECD Secretariat delivered 14 trainings, which covered a wide range of topics, including country-by-country reporting, transfer pricing risk assessment, and advanced transfer pricing issues. Overall, over 1200 tax officials participated in these events. This trend continued in 2024, with 17 transfer pricing trainings, and over 2100 participating tax officials. In 2024, in addition to the regular transfer pricing topics, these events also included sectorial trainings on the extractive industries, as well as trainings on the more recent guidance on Amount B.
- During the reporting period, a series of recorded webinars in transfer pricing were made available in English and Spanish to further strengthen capacity-building, which cover a broad range of issues. Moreover, three online courses in transfer pricing were introduced in 2019: (i) toolkit on comparables (training over 2 000 representatives from tax administrations); (ii) introduction to transfer pricing (training over 4 800 representatives from tax administrations); and (iii) basic concepts on transfer pricing (training over 4 900 representatives from tax administrations).
- Bilateral country capacity building programmes on BEPS and transfer pricing have been delivered in recent years; by the end 2024, more than 50 countries have received in-depth support on transfer pricing and BEPS issues. Of these: 42 now have transfer pricing legislation in place, aligned with the most recent international standards, or are in the process of drafting such legislation; 30 have introduced secondary transfer pricing legislation, which contributes to improving taxpayer certainty, or are in the process of drafting it; and 43 have built dedicated transfer pricing technical capacities or are in the process of doing so. In many countries support has been provided over several years, evolving over time from general principles of transfer pricing to increasingly complex issues, including sector-specific issues and Advance Pricing Agreements (APAs). This evolution often reflects the fact that countries have successfully completed earlier phases, developing both the regulatory environment and human resources needed to undertake more complex work. It is important to note that during the COVID-19 pandemic, while in-person missions were mostly suspended, the OECD Secretariat continued to deliver this work virtually.³² Examples of this bilateral programmes are the project for implementing transfer pricing legislation in Mongolia, the project for developing domestic guidance in Egypt or the project with Brazil aimed at identifying gaps between their current transfer pricing rules and the OECD Transfer Pricing Guidelines and assist the country in introducing changes to achieve greater alignment with transfer pricing international standards and practices.
- Enhanced co-operation with regional tax administration associations (e.g. ATAF, CIAT or CREDAF) and international organisations (e.g. UN Transfer Pricing Subcommittee, OECD/UNDP Tax Inspectors Without Borders, Platform for Collaboration on Tax),³³ to pursue the dialogue on technical transfer pricing issues and contribute to their work ensuring the consideration of the Guidelines.
- Participation in conference organised and attended by academia and business. For example, the OECD Secretariat speaks regularly at the specialised events organised by, for instance, the Vienna University of Economics and Business (WU). Also, the OECD Secretariat promotes and raises awareness about the OECD's transfer pricing work among business organisations and taxpayers by participating in relevant conferences such as those organised by BIAC, USCIB, Keidanren, NABE, TP Minds, etc.).

57. Another mechanism to ensure dissemination of the Guidelines is by enhancing their role within the domestic system, which Adherents have done as discussed in Section 3.1.1 of this Report. Furthermore, several Adherents have disseminated the Recommendations and the Guidelines by translating them to their local language (see section 3.2.2 of

³² OECD (2024), Tax and Development at the OECD – A retrospective 2009-2024, at page 29. Available at [9db734bc-en.pdf](#) Available at [9db734bc-en.pdf](#)

³³ Relevant guidance on transfer pricing produced by the PCT include the Toolkit on Transfer Pricing Documentation, and the Toolkit for addressing difficulties in accessing comparables data for transfer pricing analyses. Both guidance can be found on the PCT website: [Toolkits and Guidance | Platform for Collaboration on Tax \(tax-platform.org\)](#)

this Report) or publishing in the government’s official website a summary of the main provisions in their local language. Finally, Adherents take an active role in the OECD’s capacity building programmes, committing resources to deliver the technical content regarding the application of the Guidelines.

4.1 Conclusion

58. While effective dissemination of the Recommendation has been achieved by both the Secretary-General and Adherents, it is important to continue these efforts to further stimulate such dissemination. In this regard, two specific actions could be pursued. First, Adherents that have not yet translated the Recommendation and the Guidelines to their national languages could do so in order to facilitate their understanding by a broader number of stakeholders. Second, the Secretary-General and Adherents could publicise the existence and content of the Report (once it has been noted and declassified by Council), as it explains the state of implementation and relevance of the Recommendation and the Guidelines among Adherents, as well as the benefits from aligning transfer pricing rules to the Guidelines.

5. Dialogue with non-Adherents, use of the Guidelines and impact of the Recommendation

59. In the Recommendation, the Council “invites non-Adherents to take due account of and adhere to this Recommendation” and “instructs the Committee on Fiscal Affairs to develop its dialogue with jurisdictions that have not adhered to this Recommendation with the aim of assisting them to become familiar with the Guidelines, and to adhere to the present Recommendation”. This section describes the main actions and initiatives undertaken by the CFA to fulfil the instruction given by Council, the outcomes and challenges encountered as well as further possible actions that could be taken. The analysis contained in this section is based mainly on information provided by non-Adherents through the Implementation Survey and the transfer pricing country profiles, as well as on the OECD Secretariat’s experience in bilateral and multilateral dialogue with Inclusive Framework delegates. The Secretariat has also consulted the transfer pricing tables of the International Bureau of Fiscal Documentation (IBFD).³⁴

5.1. Impact of the arm’s length principle and the Guidelines on non-Adherents

60. High-level research by the Secretariat of Inclusive Framework members that are not OECD Members shows that 79 out of 109 have incorporated the arm’s length principle in their domestic legislation for transfer pricing purposes. Furthermore, 63 of these jurisdictions have a reference to the Guidelines in their primary or secondary legislation or administrative guidance and align with the Guidelines, either when developing their domestic legislation or for purposes of interpreting their domestic transfer pricing rules (to the extent there is no conflict). Furthermore, non-Adherents that responded to the Implementation Survey indicated that transfer pricing is either very relevant or somehow relevant in their jurisdictions.

61. The above shows that the arm’s length principle and the Guidelines have a worldwide impact and are relevant in the transfer pricing practice of tax authorities and taxpayers of non-Adherents. It also reveals that there is significant global alignment by non-Adherents in the Inclusive Framework with the OECD’s policies in the area of transfer pricing. In this regard, the CFA has been instrumental in assisting non-OECD members to understanding of the Guidelines and build knowledge and experience through a broad range of initiatives, such as the Global Relations Programme, the capacity building programme or initiatives such as Tax Inspectors Without Borders or the Task Force on Tax and Development.

62. While in substance, a very large number of non-Adherents have domestic legislation which aligns with the Guidelines, to date there is not any non-OECD jurisdiction that has adhered to the Recommendation. Having said that, from the 16 non-Adherents that have responded to the Implementation Survey, 10 reported that they are considering requesting adherence to the Recommendation. One of these ten jurisdictions indicated having a proposal in place to do

³⁴ Available upon subscription at <https://www.ibfd.org/>.

so. For five of these jurisdictions, the OECD opened accession discussions in 2022, and therefore they will adhere to the Recommendation at the time of becoming Members.

63. It is important to note that a number of non-Adherents also consider other interpretative materials, such as the reports published by the EU Joint Transfer Pricing Forum or the UN Practical Manual on Transfer Pricing for Developing Countries (“UN Manual”) as part of transfer pricing audits, advance pricing agreements and mutual agreement procedures.

64. Convergence in the area of transfer pricing is important because multiple and differing interpretations of the arm’s length principle as well as novel domestic interpretations have the potential to lead to uncertainty in practice and an increased likelihood of economic double taxation. Differences in interpretation can give rise to prolonged disputes in a bilateral setting (e.g. advance pricing agreement and mutual agreement procedure cases) where one of the parties to the dispute is not bound to apply the arm’s length principle in a manner consistent with the Guidelines.

5.2. OECD efforts to increase the influence and role of non-Adherents in shaping transfer pricing policies

65. In 2013, the CFA launched the BEPS Project, which offered the opportunity for OECD and G20 countries to work together on an equal footing on the range of issues covered by the Project, which included transfer pricing matters. The OECD/G20 BEPS Project crystallized the CFA’s efforts in bringing non-Members to the table as equal players in the development of global tax policies. This Project also further strengthened the dialogue and working relation with non-Members, which is in line with the Council’s instruction to the CFA.

66. The experience gained during the BEPS Project encouraged the CFA to seek additional mechanisms that would allow more jurisdictions to be associated with the BEPS transfer pricing outcomes and participate directly in the BEPS related work. This led to the adoption of a new legal instrument in the area of transfer pricing, the BEPS TP Recommendation,³⁵ which was aimed at formalising the commitment of OECD Members and non-Members with the transfer pricing-related BEPS outputs contained in the BEPS Reports for Actions 8-10 and Action 13. Yet, to date, only the 38 OECD Members³⁶ have adhered to the BEPS TP Recommendation, while there are no non-Member Adherents. The fact that there are no non-OECD Member Adherents may question the relevance of the BEPS TP Recommendation as a means for non-Members to formally associate themselves with the guidance developed in the context of the BEPS project.

67. In addition, in 2016 the CFA established the Inclusive Framework on BEPS to monitor the implementation of the BEPS actions and to continue the work on BEPS. In setting up the Inclusive Framework, the CFA agreed to propose to the Council to open up the BEPS Project and invite non-OECD and non-G20 jurisdictions to participate in it as Associates, on an equal footing with OECD Members on the basis of the same commitments as OECD Members and existing Associates with regard to the BEPS Project [[C\(2016\)78](#) and [C/M\(2016\)9](#), Item 124].

68. The active and inclusive participation of non-Members in the development of transfer pricing guidance pursuant to the BEPS-related work since 2016 has brought significant benefits. For instance, it has provided an inclusive platform for delegates from different jurisdictions, both developed and developing countries, to share their unique experiences and knowledge. This has facilitated the development of the Guidelines in a manner that best caters to the complex, integrated and digitalised environment in which MNEs operate globally (not just in OECD Members) and its challenges. Finally, it has strengthened the cooperation and understanding among jurisdictions in relation to BEPS-related transfer pricing issues.

³⁵ Recommendation of the Council on Base Erosion and Profit Shifting Measures Related to Transfer Pricing [[OECD/LEGAL/0424](#)] can be found on: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0424>

³⁶ The relevance of the BEPS TP Recommendation for OECD Members is, in practice, limited given that the guidance in the BEPS Action 8-10 Report and the BEPS Action 13 Report was incorporated into the Guidelines in 2015.

69. At the same time, the larger setting in which updates and revisions to the Guidelines are discussed and approved in meetings of the CFA, in its Inclusive Framework format, has required greater efforts and taken more time at the level of WP6 and the Inclusive Framework to find acceptable compromises on political and technical matters to build consensus without undermining the arm's length principle. While there are non-OECD Inclusive Framework members that have opted to refer to the Guidelines in their domestic regulatory frameworks, or to adopt frameworks that are consistent with the Guidelines (see paragraph 60 above), non-OECD Inclusive Framework members have neither adhered to the Recommendation nor made a political commitment to interpret and apply the arm's length principle in a manner which achieves consistency with the Guidelines. The presence (including the nature thereof) or absence of such political commitments is keenly relevant to individual case discussions on transfer pricing matters (e.g. audits, advance pricing agreements, mutual agreement procedures), as well as technical WP6 discussions where the development of the Guidelines are considered, and to governance questions more generally.

70. In the long-term, there is a question as to whether the relevance of the Guidelines could be undermined where there are Inclusive Framework members that may not agree to an interpretation and application of the arm's length principle that achieves consistency with the Guidelines. Furthermore, there could be a risk that growing reluctance to compromise on political and technical matters results in delays or even prevents the adoption of necessary revisions and updates to the Guidelines. In addition, it should be noted that, under current CFA governance rules, the ultimate determination of the content of the TPG resides with those jurisdictions that are bound by their OECD membership and are Adherents to the Recommendation and that are expected to interpret and apply the arm's length principle consistently with the Guidelines. Ultimately, this situation could increase uncertainty for taxpayers and counterparty tax administrations and an increased risk of double taxation or profit shifting to jurisdictions with more favourable transfer pricing rules.

6.3. *Proposals to further incentivise non-Adherents to align with the Recommendation and take account of the Guidelines and other transfer pricing work*

71. There has been significant uptake of the Guidelines by non-Adherents in practice. The efforts made by the CFA to and strengthen the dialogue with non-Adherents on transfer pricing issues has played a pivotal role in the broad adoption of the arm's length principle and the use of the Guidelines by non-Adherents. Furthermore, through the creation of the Inclusive Framework, the CFA has secured a seat at the table for non-Members so they can take an active role in, among other areas, the development of transfer pricing policies in connection with BEPS-related issues. While these are positive achievements, there is room for improvement, especially given that this deeper involvement by non-Adherents has not translated into adherence to the Recommendation.

72. To sustain ongoing progress, the following initiatives could be explored. First, to preserve the integrity and usefulness of the Inclusive Framework, the CFA could engage with those jurisdictions that are not yet Adherents to the Recommendation to better understand their positions and work with them to identify mechanisms that would enable those jurisdictions to commit to the application of the outcomes of negotiations as ultimately embodied in the Guidelines. Second, the CFA could continue to raise awareness amongst non-Adherents on the existence of the Recommendation and actively promote adherence to the Recommendation, especially for those jurisdictions which are already Inclusive Framework members. In practice, this could take the form of communication strategies and dissemination activities to highlight the benefits of adhering to the Recommendation and applying the Guidelines. Adherence could result in an increased buy-in and use of the Guidelines by non-Members, which is likely to increase tax certainty by reducing the potential for tax disputes in transfer pricing. Furthermore, it would also acknowledge the practical reality that the Guidelines are the internationally agreed interpretation of the arm's length principle and the impact of the OECD work in the transfer pricing area.

73. Finally, to maximise the outcome of these efforts, it is proposed to consider proposing to Council the abrogation of the BEPS TP Recommendation [[OECD/LEGAL/0424](#)]. Jurisdictions adhering only to the BEPS TP Recommendation would only be committing to implement certain parts of the Guidelines (i.e. the guidance included in the BEPS Action 8-10 Report and the BEPS Action 13 Report), which would result in a limited and fragmented alignment with the Guidelines. This approach would create further uncertainty and is openly at odds with the Recommendation, which

instructs Adherents to consider “the whole of the Guidelines and the interaction of the different chapters” when applying the Guidelines.

6. Summary and conclusions

6.1 Implementation

74. This Report concludes that Adherents have implemented the different recommendations contained in the Recommendation. In particular, it describes the substantial and continued efforts by Adherents to incorporate the arm’s length principle and the Guidelines in their transfer pricing system to ensure that tax administrations and taxpayers follow the Guidelines. Furthermore, the Report provides an overview of the comprehensive actions and approaches adopted by Adherents to develop further bilateral or multilateral cooperation in transfer pricing matters. These range from working in a global and inclusive forum when developing new tax policies at the OECD level (e.g. Inclusive Framework), to actively contributing to events and initiatives aimed at facilitating knowledge-sharing on transfer pricing matters with other Adherents and non-Adherents.

75. Based on the findings of this Report, one aspect that could be improved in terms of Adherents’ implementation of the Recommendation is encouraging broader participation by Adherents in the further improvement of bilateral or multilateral cooperation in transfer pricing matters. While it is recognised that Adherents may have different resource capacities, it is observed that some Adherents are generally more active and commit more resources to the wide range of activities aimed at strengthening cooperation than other Adherents that are generally less involved and make a more limited contribution. Adherents which up until now have not played an active role or engaged in relevant initiatives should step up their efforts and contribute with their endorsement, knowledge, and expertise to strengthen and advance cooperation in transfer pricing issues.

6.2 Dissemination

76. The Report also concludes that the Secretary-General and Adherents have achieved an effective dissemination of the Recommendation and outlines the comprehensive efforts made to this end. The Report highlights the importance of continuing these efforts to further stimulate such dissemination. In this regards, two specific actions could be pursued. First, Adherents that have not yet translated the Recommendation and the Guidelines to their national languages could do so in order to facilitate their understanding by a broader number of stakeholders. Second, the Secretary-General and Adherents could publicise the existence and content of the Report, as it explains the state of implementation and relevance of the Recommendation and the Guidelines among Adherents, as well as the benefits from aligning transfer pricing rules to the Guidelines.

6.3 Dialogue with non-Adherents

77. The Report shows that the CFA has made significant efforts to either engage or strengthen the dialogue with non-Adherents on transfer pricing issues. This has contributed to expand the adoption of the arm’s length principle by non-Adherents (i.e. non-OECD Members) and a broad use of the Guidelines, either to shape domestic transfer pricing legislation or as a source of interpretation of domestic transfer pricing provisions. Furthermore, through the creation of the Inclusive Framework, the CFA has provided a forum where non-Members can play an active role in the development of transfer pricing policies on an equal footing with OECD Members for BEPS-related issues.

78. The Report encourages the CFA to pursue the dialogue with non-Adherents to understand the reasons for not having requested adherence to the Recommendation and identify mechanisms that allow these jurisdictions to commit to the application of the Guidelines. Furthermore, in addition to continuing to raise awareness amongst non-Adherents on the existence of the Recommendation, the CFA could more actively promote adherence to the Recommendation, especially for those jurisdictions which are already Inclusive Framework members. Adherence could result in an increased buy-in and use of the Guidelines by non-Members, which is likely to increase tax certainty by reducing the

potential for tax disputes in transfer pricing. Furthermore, it would also formally acknowledge the practical reality that the Guidelines are the internationally agreed interpretation of the arm's length principle and the impact of the OECD work in the transfer pricing area.

6.4 Continued relevance

79. The Report shows that the Recommendation has been and continues to be of great relevance to Adherents. The Recommendation, which reflects the political commitment of Adherents to the standards that the OECD has developed in the area of transfer pricing as embedded in the Recommendation, has been the basis for the continued efforts made by Adherents in developing and agreeing by consensus a common interpretation of the arm's length principle embedded in Article 9 of the OECD MTC. Over time, the Recommendation has provided the relevant framework for Adherents to revise and supplement the Guidelines to respond in a timely manner to the tax challenges arising from globalisation, greater integration and digitalisation, which have resulted in new business models. Given the tax revenue impact of transfer pricing, the Recommendation and the Guidelines remain relevant and critical to preserve a fair allocation of profits between jurisdictions.

7. Next steps

80. Implementation and dissemination efforts as well as challenges will continue to be regularly assessed and reported to Council, as well as opinions on the continued relevance of the Recommendation.

81. The CFA will continue support Adherents in their implementation and dissemination efforts. It will also continue to foster the dialogue with non-Adherents, both with non-Adherents that are Inclusive Framework members and that have not adhered to the Recommendation to better understand their positions as well as with other non-Adherents with the aim of assisting them to become familiar and align with the Guidelines, and actively promote their adherence to the Recommendation and assist them to become familiar with the Guidelines. In practice, this could take the form of communication strategies and dissemination activities to highlight the benefits of adhering to the Recommendation and applying the Guidelines. Furthermore, to maximise the outcome of these efforts, the abrogation of the BEPS TP Recommendation [[OECD/LEGAL/0424](#)] could be proposed to Council by the CFA.