



RECENT OECD TRANSFER PRICING DEVELOPMENT

**Regional Outreach Meeting on International Tax Developments
for**

Europe and Central Asia

13 – 15 October 2026

OECD Multilateral Tax Centre (MTC), Vienna, Austria

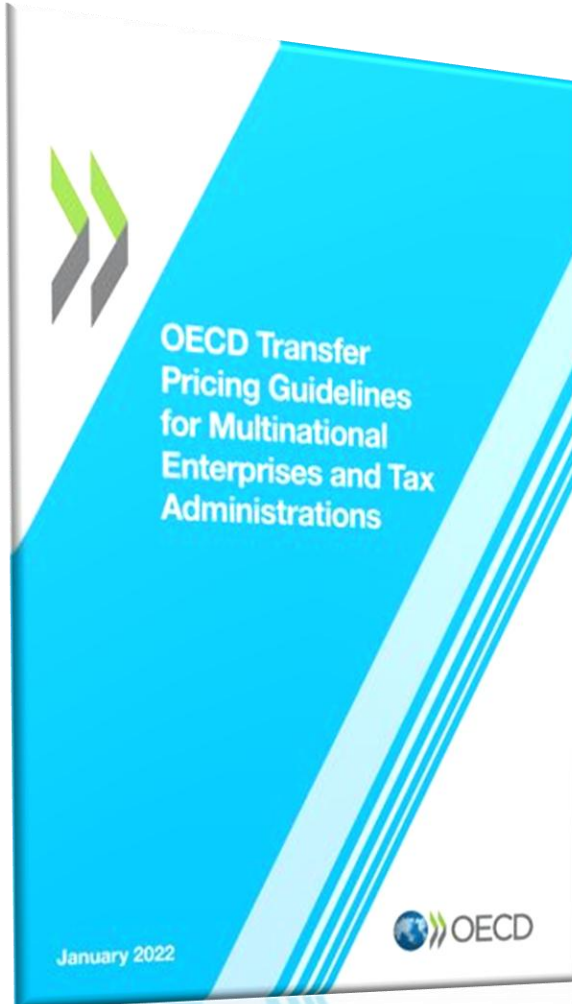
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TPG REVIEW



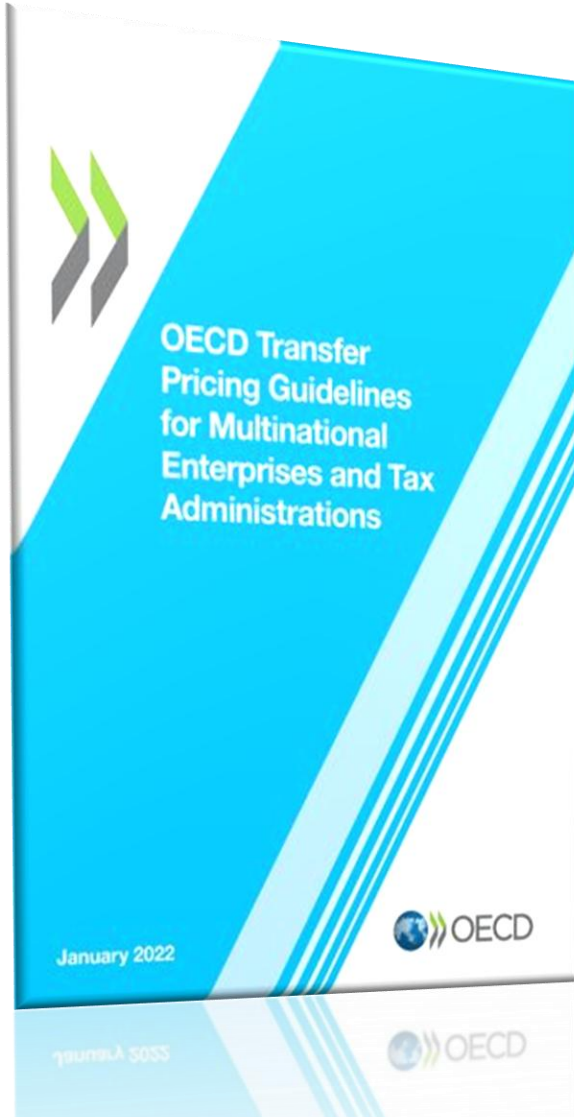
OECD Transfer Pricing Guidelines



- They include consensus-based **practical guidance** on the application of the ALP
- They are **updated periodically** to:
 - Clarify how the ALP should be applied
 - Address new issues and concerns in the transfer pricing area
- Considered **most influential** source of international guidance
- Their relevance and legal status **varies across countries**, e.g. countries can reproduce them in the domestic law, make reference to them, use them as interpretative guidance, or other



The OECD Transfer Pricing Guidelines



- Chapter **I** - Guidance for applying the ALP
- Chapter **II** - Transfer Pricing Methods
- Chapter **III** - Comparability Analysis
- Chapter **IV** - Administrative approaches to avoiding & resolving TP disputes (MAP, APAs, etc.)
- Chapter **V** – Documentation
- Chapter **VI** – Intangibles
- **Chapter VII - Intra-Group Services**
- Chapter **VIII** - Cost Contribution Arrangements
- Chapter **IX** - Business Restructurings
- Chapter **X** – Financial Transactions (2020)



Purpose of TPG Review

Background

- The OECD Transfer Pricing Guidelines (TPG) provide the internationally agreed framework for applying the arm's length principle.
- Ongoing practical challenges and differing interpretations continue to arise in a number of areas.
- TPG Reviews were launched to facilitate focused discussions on selected technical issues where additional clarification and experience-sharing may be beneficial.

Objective

- Promote a common understanding of existing TPG principles.
- Identify practical challenges encountered by jurisdictions and taxpayers.
- Explore whether further clarification, examples or guidance may be warranted.
- Support consistency in transfer pricing outcomes across jurisdictions.



Topics covered by TPG Review

- OECD invited delegates to identify transfer pricing topics of particular interest or concern. Topics receiving the greatest level of interest were selected for focused review and discussion.

Recent topics

- **Arm's Length Range**
Review of the application and interpretation of arm's length ranges, including statistical tools and outcomes within the range.
- **Comparability and Comparability Adjustments**
Discussion of comparability factors, the selection of comparables, and the circumstances in which comparability adjustments may be appropriate.
- **Royalty Payments and Characterisation**
Discussion of the transfer pricing treatment and characterisation of royalty payments, including distinction from other types of payments.
- **Transactional vs. Combined Approach under the TNMM**
Consideration of when transactions should be analysed separately versus on an aggregated basis under the Transactional Net Margin Method (TNMM).
- **Financing and Commodities and Transaction matrix**



AMOUNT B



INTRODUCTION



AMOUNT B – Goals and intended benefits

- **Distribution arrangements constitute an area of concern** for Tax Admins and Taxpayers alike and are a frequent focus of domestic transfer pricing controversy and are often the subject of dispute and require settlement under the MAP.
- Many governments and businesses view improvements in this area as a **key deliverable of Pillar One**.
- Amount B aims to **standardise the remuneration of related party distributors** that perform baseline distribution activities in a manner that is aligned with the arm's length principle;
- Amount B is being designed to:
 - **simplify the administration** of transfer pricing rules for Tax Admins and reduce compliance costs for Taxpayers;
 - **enhance tax certainty** and reduce controversy between Tax admins and Taxpayers;
 - **assist low-capacity jurisdictions** that often face difficulties given a lack of local market comparables.



AMOUNT B – IF mandate

Inclusive Framework Mandate

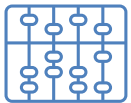
“The application of the arm’s length principle to in-country baseline marketing and distribution activities will be simplified and streamlined, with a particular focus on the needs of low-capacity countries.”



Overview of Amount B



Amount B guidance was **approved and published** by the Inclusive Framework (140+ members) on February 19th and **incorporated into the OECD Transfer Pricing Guidelines**



A pricing matrix is established to price in-scope baseline distribution transactions **with adjustments in specific cases**.



Available to jurisdictions as an **optional framework** from January 2025, coupled with binding IF political commitment for covered jurisdictions.



Overview of Amount B

Scope applies to wholesale distributors

- Including buy/sell entities, commissionaires, sales agents
- Should not own unique and valuable intangibles nor assume economically significant risks
- Segmentation and de minimis retail sales permitted
- Excludes distribution of services, commodities & digital goods
- OPEX/sales quantitative filter

Priced using a pricing matrix

- Takes account of industry, operating asset intensity (OAS) and operating expense intensity (OES)
- Pricing is adjusted in cases of very low & high functionality
- Includes a geographic adjustment mechanism to address specific country risk differences

Implementation

- Amount B is now incorporated into OECD TPG as an optional approach
- Adopting jurisdictions can choose to apply Amount B as a rule or taxpayer safe harbour
- While non-binding on counter-party jurisdictions, specific measures & guidance to provide tax certainty



SCOPE



AMOUNT B – Scope overview



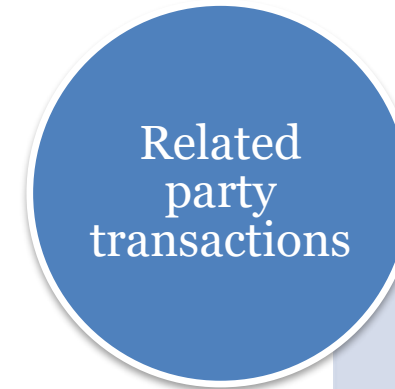
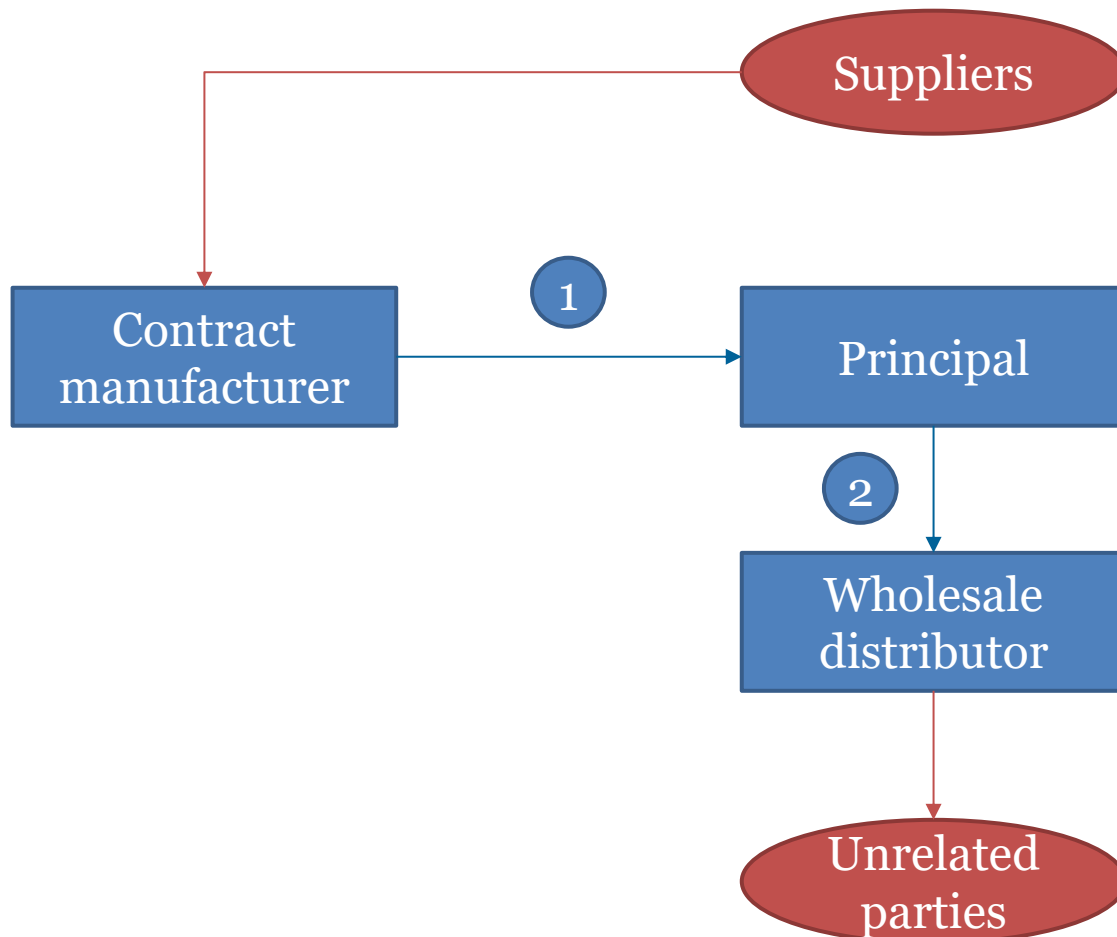
KEY FEATURES

Applies to wholesale distributors including, buy/sell, commissionaires and sales agents

- No unique and valuable intangibles
- No assumption of economically significant risks
- No distribution of commodities or services or digital goods
- No retail above de minimis (20%)
- No non-distribution activities unless segmentable
- No below-baseline or above-baseline entities, measured quantitatively using operating expense to sales test.



AMOUNT B – Qualifying Transaction (example 1)

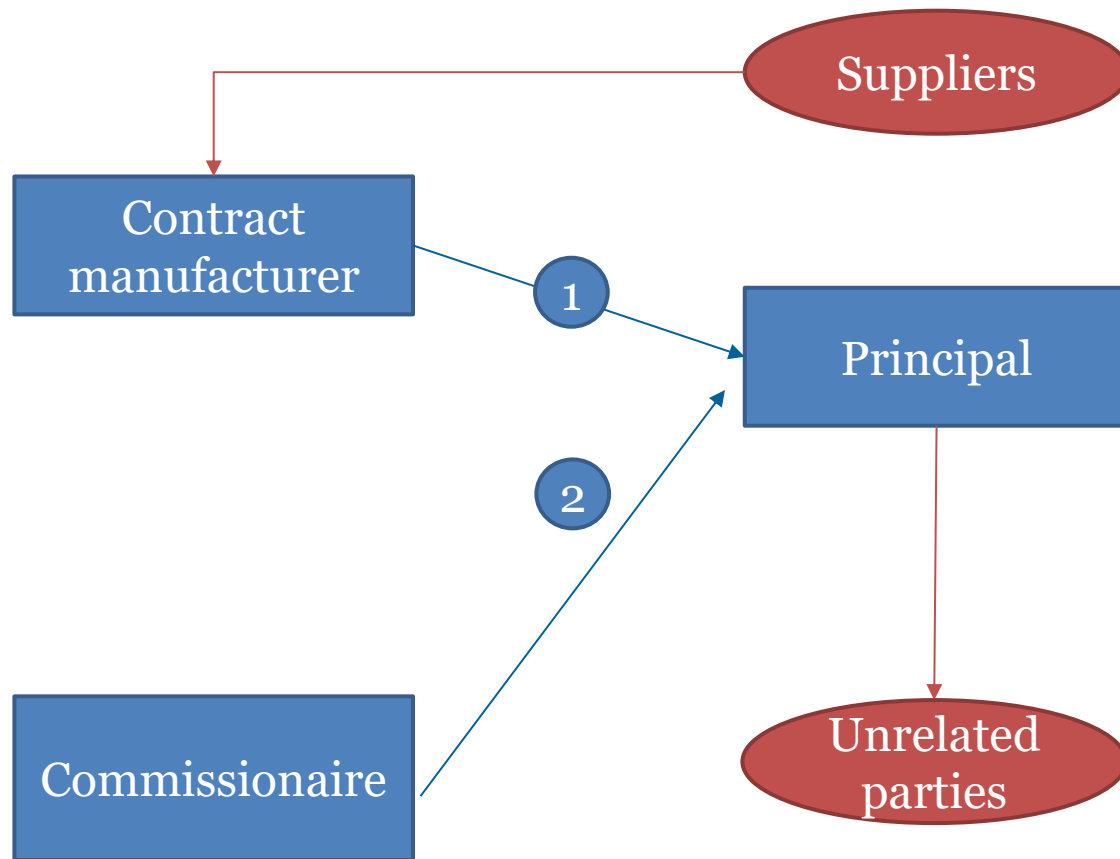


1:
Manufacturing arrangement - Contract manufacturer sells finished products to Principal.

2:
Distribution arrangement – Principal sells finished goods to Distributor – who on-sells to customers.



AMOUNT B – Qualifying Transaction (example 2)



Related party transactions

1:

Manufacturing arrangement - Contract manufacturer sells finished products to Principal.

2:

Commissionaire arrangement – Commissionaire performs local sales activities but for the account of the Principal – doesn't take title or record sales locally.



AMOUNT B – Scope

Excluded transactions

- Distributors involved in the **distribution of services** excluded
- Distributors involved in the **distribution of commodities** excluded
- Distributors involved in the **distribution of digital goods** excluded
- Distributors involved in **retail sales above *de minimis*** threshold excluded (*>20% of total annual net sales*)
- Distributors involved in **non-distribution activities** excluded unless segmentable (e.g. manufacturing, R&D, procurement, financing)



AMOUNT B – Scope

Interaction with other OECD TP methods

- The selection of a transfer pricing method always aims at finding the most appropriate method for a particular case.
- Amount B (as a TNMM based approach) **will be considered the most appropriate method** for all in-scope transactions.
- The guidance provides **one exception** that enables the taxpayer or tax administration to assert that internal comparables (i.e. the internal CUP method) can be used instead of the Amount B where applicable.



PRICING FRAMEWORK



AMOUNT B – Pricing overview



KEY FEATURES

Simplified and streamlined approach to pricing

- Application of common benchmarking search criteria and use of global data to inform the determination of arm's length ranges
- Designed as a pricing matrix which takes account of operating assets, operating expenses and industry as relevant profit driving factors
- Use of return on sales as the applicable net profit indicator
- Includes adjustments to address: (i) distortive returns on OPEX, (ii) country risk in higher risk markets
- Subject to periodic updates



AMOUNT B – Pricing framework

Producing the global dataset and pricing matrix

- The pricing matrix was constructed following a centralised benchmarking search of publicly available financial company data,
- leading to the selection of a global dataset of approximately 6,000 independent comparables,
- The global dataset served two critical analytical purposes:
 - **Facilitate regression analysis** to identify economically relevant characteristics where we observe a statistically significant relationship to profitability; and
 - **the calculation of arm's length ROS ranges** using financial data derived from that dataset.
- The analysis was relied upon to construct the pricing matrix using identified profit driving factors: (i) industry grouping, (ii) operating asset intensity, and (iii) operating expense intensity.



AMOUNT B – Pricing framework

Industry Grouping 1

- perishable foods, grocery,
- household consumables,
- construction materials and supplies,
- plumbing supplies and metal.

Industry Grouping 2

- IT hardware and components, electrical components and consumables,
- animal feeds, agricultural supplies, alcohol and tobacco, pet foods,
- clothing footwear and other apparel,
- plastics and chemicals, lubricants, dyes,
- pharmaceuticals, cosmetics, health and wellbeing products,
- home appliances, consumer electronics, furniture, home and office supplies, printed matter, paper and packaging,
- jewellery, textiles hides and furs, new and used domestic vehicles, vehicle parts and supplies,
- mixed products and products and components not listed in group 1 or 3.

Industry Grouping 3

- medical machinery,
- industrial machinery including industrial and agricultural vehicles,
- industrial tools,
- industrial components miscellaneous supplies.



AMOUNT B – Pricing framework - example

- Commissionaire / sales agent meets Amount B scoping criteria;
- Distributes construction materials (**Industry Group 1**);
- Operating asset intensity: **10% OAS (<15% OAS)**;
- Operating expense intensity: **5% OES (<10% OES)**.

Industry Group	Industry Group 1	Industry Group 2	Industry Group 3
Factor intensity			
(A) OAS 45% or more, any level of OES	3.50%	5.00%	5.50%
(B) OAS 30% to 44.99%, any level of OES	3.00%	3.75%	4.50%
(C) OAS 15% to 29.99%, any level of OES	2.50%	3.00%	4.50%
(D) OAS less than 15%, OES 10% or more	1.75%	2.00%	3.00%
(E) OAS less than 15% OES less than 10%	1.50%	1.75%	2.25%

Amount B result:
1.5% return on sales
(+/- 0.5%)



AMOUNT B – Pricing framework

Adjustment Features

- Comparability adjustments should only be considered if they are expected to increase the reliability of the results;
- It would have been desirable to produce a universal and globally consistent Amount B pricing matrix based on the global dataset– without the need for further adjustments;
- However, IF Mandate has been to appropriately **balance simplification and reliability**, and ultimately to adhere to the arm's length principle;
- We relied upon a **data driven analysis** grounded in economic theory and econometrics, and that supported application of adjustments in certain cases.



AMOUNT B – Pricing framework

Adjustment Features

1. Operating Expense Cross-Check (cap-and-collar) – *Section 5.2*

A corroborative check is performed by assessing the return derived from the matrix by reference to the operating expense level of the tested party. In exceptional cases, the Amount B return derived from the pricing matrix can be adjusted to mitigate the risk of over / under remuneration using this secondary net profit indicator.

2. Data availability mechanism (Country risk adjustment) – *Section 5.3*

For jurisdictions with no comparable data available (especially relevant to covered jurisdictions), a specific framework attributes a country risk premium to distributors operating in higher risk qualifying jurisdictions. The country risk premium is added to the return otherwise derived from the pricing matrix.



IMPLEMENTATION & TAX CERTAINTY



AMOUNT B – Implementation



Incorporated into OECD TP Guidelines as an optional framework. Jurisdictions can choose to adopt Amount B from January 2025.



Adopting jurisdictions can apply Amount B domestically as a rule or as a taxpayer safe harbour.



Non-binding on counter-party jurisdictions, except in case of covered jurisdictions. IF political commitment to respect Amount B when applied by a covered jurisdiction.



Amount B can also be used to resolve MAP disputes where both Competent Authorities agree to do so.



AMOUNT B – Implementation

IF Political Commitment applicable to Covered Jurisdictions

- The purpose of the political commitment is to deliver tax certainty for both Business and Tax Administrations;
- Amount B becomes binding in the counter-party (supplier) jurisdiction when applied to distributors operating in Covered Jurisdictions;
- The current list of 66 Covered Jurisdictions is published on the OECD website and is composed primarily of Low and Middle-Income jurisdictions;
- The list of covered jurisdictions will be reviewed every 5 years.
- [Model Competent Authority Agreement](#) to facilitate implementation

<https://www.oecd.org/en/topics/sub-issues/transfer-pricing/pillar-one-amount-b.html>



AMOUNT B – Implementation

- Where Amount B does apply, the jurisdiction may adopt it as a **RULE** or as a **SAFE HARBOUR**

	RULE	SAFE HARBOUR
Who applies Amount B?	Taxpayer and Tax administration	Taxpayer, upon election to apply Amount B
Can the tax administration of the tested party verify scoping criteria?	YES	YES
Can the tax administration of the tested party assert Amount B on taxpayers?	YES	NO
Counter-party position	Non-binding (<i>except where tested party is in a covered jurisdiction</i>)	Non-binding (<i>except where tested party is in a covered jurisdiction</i>)



AMOUNT B – TAX CERTAINTY

Covered Jurisdiction applies Amount B to distributor in its jurisdiction

- Both the distributor and supplier jurisdiction are IF members.
- IF Political Commitment applies.
- The outcome of the application of Amount B by a Covered Jurisdiction to tested parties in its jurisdiction will be respected by the counter-party jurisdiction.

TP dispute between two jurisdictions that have both adopted Amount B

- Counter-party jurisdiction would be expected to respect the application of Amount B by the other jurisdiction.
- Reciprocal corresponding adjustments or MAP resolution based on Amount B in the event of audit adjustment / dispute.

TP dispute where one or more jurisdiction(s) have not adopted Amount B

- In a MAP or resulting arbitration procedure, the competent authorities of both jurisdictions must justify their positions based on the remainder of the OECD TPG.
- However, Amount B may be relied upon to resolve the dispute, if there is a competent authority agreement that allows for Amount B approach, or if the two jurisdictions otherwise agree to apply Amount B to resolve that specific case.



TPCP



Transfer Pricing Country Profile

- **Transfer Pricing Country Profile (TPCP)**
- TPCP serves as a platform to communicate jurisdictions' transfer pricing positions to a wider audience and constitute a valuable source of information.
 - Standardised and high-level information of jurisdictions' transfer pricing framework
 - Valuable source for stakeholders (including business and academics)
 - Information in TPCPs is provided by jurisdictions themselves (as opposed to country guides published by consulting firms or law firms)
 - Transfer pricing country profiles receive almost 70% of the total hits targeted to country specific information on OECD tax website.
- Executed three updates in 2025 (April, June, September) to refresh and expand to 83 country profiles ([link](#))



THANK YOU!