



Transfer pricing services

Providing a safe
pair of hands for your
cross-border compliance
requirements

Buzzacott

Why is transfer pricing important?

Transfer pricing rules are under increasing scrutiny from various jurisdictions, driven by the need to protect tax bases and a heightened focus on domestic tax revenues.

This focus is reinforced by multinational efforts led by the OECD, particularly through initiatives like the Base Erosion and Profit Shifting (BEPS) project.

The requirements focus on how multinationals should price transactions between their group entities, and the UK's transfer pricing legislation details how transactions between connected parties are handled and, in common with many other countries, it is based on the internationally recognised arm's length principle.

What is needed?

To ensure compliance with local tax laws, and to demonstrate that profits are taxed appropriately across jurisdictions, transfer pricing documentation is essential.

Typically, companies will undertake high-level reviews annually with a renewal of the transfer pricing documentation every three years or where there are material changes to the business.

The UK exemption for small or medium sized enterprises (SMEs)

An exemption from preparing formal documentation is available in the UK where the group (which includes any linked enterprises) falls below the SME limits.

	Small	Medium
Total Employees	<50	<250
And either:		
Annual turnover	<€10m	<€50m
Total assets	<€10m	<€43m

Figure 1.

However, other jurisdictions do not have a similar exemption, and so international groups will still need to produce documentation. Worldwide, smaller enterprises are typically subject to less onerous scrutiny than larger multinational groups.

Large groups

Large groups must keep records which are sufficient to enable the taxpayer to deliver a correct, accurate and complete corporate tax return.

Multinational enterprises

UK members of multinational groups with at least €750 million in revenues for the relevant period must prepare transfer pricing documentation according to a prescribed format.

This article further outlines these changes.

Our approach

We know that cross-border taxes and reporting requirements can be complex. That's why we work alongside you to bring simplicity and clarity.

We take a tailored approach, investing time to understand your business and its inter-company relationships.

Our focus is on building strong relationships with your team while delivering accurate and commercially practical transfer pricing solutions.

We provide support in identifying the correct and commercially practical transfer pricing methodology.

We prepare your documentation in accordance with UK requirements:

- Setting out the current intercompany transactions between the group entities;
- Performing a functional analysis of the intercompany transactions;
- Undertaking a benchmarking exercise;
- Making recommendations to allow management to select an appropriate methodology for pricing intercompany transactions that appropriately reflects the economic reality of the UK activity; and
- Suggesting an appropriate range for the transfer pricing to be set at.

We're not just transactional. We're a safe pair of hands for your long-term transfer pricing strategy, building a trusted relationship to deliver your needs with continuity and care.

Our transfer pricing team

Get in touch with our specialist team if you require further support.



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