

## Elizabeth Stevens Weighs in on OECD Plan to Simplify Transfer Pricing Disputes in Bloomberg Tax

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*Bloomberg Tax*

OECD officials leading negotiations on the global tax deal will soon propose a plan for ending some lengthy, expensive transfer pricing disputes under a part of the deal known as Amount B.

...

“Transfer pricing adjustments to foreign distribution subsidiaries are a persistent problem for companies—like a low-level headache that never goes away and occasionally becomes a migraine. They produce uncertainty with regard to tax provision, create distraction locally, and consume resources,” Elizabeth Stevens, a Member at Caplin and Drysdale wrote in an email. “Amount B is intended as an NSAID.”

...

Practitioners also said they’d be looking at how the framework sets out a definition of “baseline” marketing and distribution—the activities that will be in-scope of the measure.

One of Amount B’s greatest technical challenges will be “drafting the description of what constitutes a ‘baseline marketing and distribution function’ sufficiently crisply and concretely to limit disputes,” Stevens said.

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If it’s bound to the rest of the global deal’s profit reallocation rules, Amount B could be the carrot to Amount A’s stick, Stevens said—an offering for businesses that have been skeptical about Amount A. But global agreement among countries on Amount B might be difficult.

For the full article, please visit Bloomberg Tax’s website (subscription required).

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