

Peter Barnes Weighs in on Using AI for Transfer Pricing Research in Law360

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Some transfer pricing consulting companies are exploring generative AI technologies like ChatGPT as part of finding or studying businesses comparable to those they're testing, and the growing technology may have promise in that area.

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Identifying comparable businesses is hard — financial data in databases needs to be reviewed to find companies that do similar work, in similar geographic areas, and with similar risks, said Peter Barnes of Caplin & Drysdale.

AI can help narrow an initial set of thousands of companies to a more manageable group of, say, 100 companies, Barnes said. But human judgment takes on greater importance from there, he said.

"The real nut of transfer pricing is going from 100 potential comparables to 10 or 15," he said. "As you begin to narrow from 100 to 15, you have to apply a lot of judgment."

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