

OECD Guidance on Transfer Pricing implications of Covid-19 pandemic

Mazars' key takeaways

Document impact of Covid-19

- MNE groups should compare budgeted financial results to the actual results for each legal entity in the group
- Thoroughly document impact of Covid-19 and any other differences



Review and modify intercompany agreements

- Address any changes to the facts and circumstances due to the Covid-19 crisis
- Document any government aid received and determine its treatment for transfer pricing purposes

Review and update documentation

- MNE groups should review the functional analysis section in their annual Transfer Pricing documentation
- Update it to address the effects of Covid-19, including which affiliate made decisions concerning Covid-19 risk management

Document reasons for allocation of losses

- Limited risk entities in a stable market environment may not be regarded as the same in a Covid-19 environment
- Proper reasons for allocation of any losses should also be well-analysed



Transfer pricing adjustments

- Assess the need for transfer pricing adjustments to financial statements due to the Covid-19 crisis
- Further adjustments may be considered in 2021, once reliable comparable data becomes available

