



# Transfer Pricing Q1 Briefing-2026

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# Welcome

PwC's quarterly transfer pricing briefing helps multinational organizations keep up with the continuous flow of relevant tax and transfer pricing developments. Included in this quarterly briefing is a summary of Tax Insights and News Alerts published by individual members of the PwC network\* covering January 1 through March 31, 2026.

## TP Talks podcast

### [The great services debate: pricing, people, and profit allocation](#)

In this episode of TP Talks, hosts Kristina Novak and John Cianfrone are joined by Ian Dykes, PwC's Global Transfer Pricing Leader, to discuss the OECD's broader work on Chapter VII on global mobility, Pillar One and digital services taxes, and recent UK transfer pricing developments.

### [Transfer pricing controversy: Planning for the long term](#)

TP Talks hosts Kristina Novak and John Cianfrone speak with Mark Thomas and David Ernick, both Principals in PwC's US Washington National Tax Services Transfer Pricing practice, about the evolving transfer pricing audit and controversy landscape. They discuss expanding IRS fact-finding and IDRs, the importance of robust and consistent documentation for dispute defense, and emerging 2026 risks including realistic alternatives, economic substance, commensurate-with-income issues, and increased foreign-initiated adjustments.

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# Americas

## Canada

### Bill C-15 implements SR&ED, capital cost allowance and transfer pricing changes and more

On March 26, 2026, Bill C-15, an Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025, received royal assent. The royal assent version (from a tax perspective) is generally the same as the version tabled on November 18, 2025. Bill C-15 includes legislation to implement many key tax measures, including those relating to:

- the scientific research and experimental development (SR&ED) tax incentive program, certain accelerated capital cost allowance measures and various refundable clean economy investment tax credits
- waivers with respect to Regulation 105 withholdings for non-resident service providers
- transfer pricing rules
- filing requirements for trusts and bare trusts

For more details, read the PwC [Tax Insight](#).

See also: PwC's Tax Insight: [Bill C-15 - Significant changes proposed to Canada's transfer pricing rules](#)

Taxpayers should consider whether the updated legislation affects their TP analysis, documentation and policies and procedures in the context of the legislative changes, and the extent to which any remediation measures are required.



# Americas

## Mexico

### Data analytics, transfer pricing and the dawn of "data readiness" in Mexico

Mexico has developed one of the world's most digitized tax ecosystems, generating large volumes of structured data through extensive reporting obligations. This environment enables tax authorities to apply advanced analytics and data mining techniques to identify patterns, detect inconsistencies, and target transfer pricing audits with precision.

The concept of "data readiness" in transfer pricing emphasizes a proactive approach in which organizations assess how their financial and operational data would withstand such analytical scrutiny. This extends beyond traditional documentation, requiring taxpayers to evaluate consistency across all data layers shared with tax authorities globally.

Bilateral advance pricing agreements (BAPAs) complement data readiness by providing a strategic path to tax certainty, allowing taxpayers to establish methodologies and parameters for key transactions before tax authorities draw conclusions from available data.

For more details, read the [PwC article](#).

Multinational groups with operations in Mexico should consider adopting a data readiness mindset, combining ongoing monitoring of their financial indicators with the strategic use of BAPAs for their high-exposure transactions. As tax administrations continue to sharpen their analytical capabilities, the ability to proactively identify and address inconsistencies across multiple reporting layers may become a critical element of transfer pricing risk management.



# Americas

## United States

### Transfer pricing audit readiness in a changing enforcement landscape

Transfer pricing audits are becoming more intensive, with more extensive and detailed IDR responses that often extend beyond transfer pricing reports to include underlying analyses, internal materials, and functional interview support. Given that IDR responses may be treated as key evidence in litigation, presenting accurate and consistent facts is critical, particularly as audits extend over several years and personnel changes or incomplete documentation make it difficult to confirm key facts. Functional interviews, often conducted by the IRS under oath, have reemerged as a regular part of the audit process.

For more details, read the [PwC Blog](#).



In the current audit environment, high-quality, proactive transfer pricing documentation with a thorough functional analysis is increasingly important. Taxpayers should also consider dispute resolution options such as MAP and APAs given the risk of double taxation.

# AsiaPac

## Australia

### Australian public country-by-country reporting – are you prepared?

The first reporting deadline under Australia's new public country-by-country reporting (CbCR) regime is fast approaching, and the compliance burden for large multinationals is significant. In-scope groups will soon be required to publicly disclose detailed tax and financial information on a jurisdiction-by-jurisdiction basis, under a regime that differs in important ways from both the OECD's confidential CbCR framework and Europe's public CbCR requirements. With the first reports due to be lodged with the Australian Taxation Office (ATO) as early as June 30, 2026, and penalties of up to AUD \$825,000 for non-compliance, time is short.

This alert sets out the key features of the new rules, highlights the important differences from other reporting regimes, and outlines the practical steps organizations should be taking now to prepare.

For more details, read the [PwC Alert](#).

Australia's new public country-by-country reporting regime introduces far-reaching tax transparency obligations for large multinationals. Affected groups will need to closely consider and carefully plan for upcoming disclosures.



# EMEA

## Belgium

### Belgium publishes public country-by-country reporting form and definitive taxonomy

Belgium has advanced implementation of the EU public country-by-country reporting (pCbCR) regime, with the National Bank of Belgium (NBB) announcing on December 24, 2025 that the definitive taxonomy and reporting model are now available on its Central Balance Sheet Office website. This follows Belgium's earlier transposition of EU Directive 2021/2101 and related implementing decree in 2024. The update introduces a standardized reporting framework aligned with the European Commission's pCbCR taxonomy and confirms key filing requirements.

The ultimate parent company is responsible for filing the report, which must be published on its website and submitted to the NBB within 12 months after the end of the relevant financial year.

These rules apply for financial years starting on or after June 22, 2024. For groups with a calendar-year financial year, this means the first pCbCR will cover the 2025 financial year and should be made publicly available by December 31, 2026.

For more details, read the [PwC article](#).

Regarding Belgium's implementation of the pCbCR:

- The Belgian implementation does not provide for the optional five-year deferral for publishing commercially sensitive information, which is permitted under the EU directive.
- The published form includes a field for explaining material discrepancies between tax accrued and tax paid in a jurisdiction. This disclosure is optional under the European regulation.
- Belgian law allows for an exemption for publication on the website: if specific conditions are met, the report can be filed solely with the NBB.



# EMEA

## Hungary

### New transfer pricing decree has entered into force

On January 23, 2026, Decree 45/2025 of the Ministry for National Economy (NGM) on transfer pricing documentation and transfer pricing data reporting entered into force.

Compared to the draft decree previously issued for public consultation, the legislator clarified certain wording and introduced the following substantive changes:

- Documentation may now be prepared in German, in addition to English and Hungarian.
- Regarding the benchmarking studies, in the case of a foreign tested party, the final text sets less strict requirements for defining the geographical criteria.
- Taxpayers may decide separately for each type of intercompany transaction whether they apply the previous or the new decree's requirements for financial years starting in the 2025 calendar year.

Apart from the above substantive changes, the final decree's content corresponds to the draft text published for public consultation. For more details, see PwC's previous [newsletter](#).



# EMEA

## Poland

### Transfer pricing audits in Poland — what you need to know in 2026

Poland's National Revenue Administration (KAS) has significantly upgraded its transfer pricing enforcement capabilities. In August 2025, a dedicated Transfer Pricing Center of Competence was established in Kraków, combining tax expertise with advanced data analytics. KAS now cross-references TPR forms, JPK-CIT data, CIT returns, Country-by-Country reports and financial statements to identify audit targets before formal proceedings begin — making transfer pricing audits increasingly data-driven rather than random.

The areas under closest scrutiny include the profitability of limited-risk entities (contract manufacturers and limited-risk distributors), intra-group service charges (with a focus on the benefit test), royalties and IP arrangements (assessed through the DEMPE framework), business restructurings (potential exit fees) and intra-group financing terms. Penalty exposure is material: the current additional tax liability ranges from 10% to 30% of understated income depending on the circumstances, and a presidential bill currently before the Sejm proposes raising the base rate from 10%

to 20% while introducing mandatory transfer pricing audits for taxpayers with revenues exceeding PLN 5 billion.

These developments signal a structural shift in Poland's approach to transfer pricing enforcement — from documentation-focused compliance checks to substance-driven economic analysis. With audits lasting on average several months and requiring significant internal resources, the cost of being underprepared is rising.

For more details, read the [PwC article](#).

Given the increasing use of automated data analytics by KAS, consistency across all transfer pricing-related filings (TPR, JPK-CIT, CIT returns, financial statements) is equally important. Discrepancies between these data sources are now flagged algorithmically and can trigger an audit. Companies should align their reporting before filing deadlines rather than attempting to reconcile differences during proceedings.



# EMEA

## Poland

### Transfer pricing adjustments in Poland – last call before completing the statutory financial statements for 2025

As Polish companies finalize their statutory financial statements and CIT returns for 2025, intra-group transactions should become a key focus area. Increased audit activity by the Polish tax authorities, supported by expanded reporting tools such as CIT SAF-T and KSeF (the National System of e-Invoices), significantly enhances the authorities' ability to identify inconsistencies in intra-group transactions. As a result, verifying whether related-party transactions meet the arm's length principle has become a critical element of year-end tax risk management.

Polish tax regulations allow taxpayers to make transfer pricing adjustments where the outcome of controlled transactions falls outside the arm's length range, provided specific formal conditions are met. Meeting these conditions often gives rise to numerous doubts among taxpayers. In addition to formal uncertainties, transfer pricing adjustments raise practical challenges (e.g., when selecting the appropriate point within the arm's length range).

Additionally, the recent CJEU judgment in the *Arcomet Towercranes* case has renewed uncertainty around the VAT treatment of transfer pricing adjustments, reinforcing the need for case-by-case analysis.

For more details, read the [PwC article](#).

Polish companies should proactively review their 2025 related-party transactions before closing the books and filing CIT returns, ensuring that potential TP adjustments are properly documented. Particular attention should be paid to meeting all statutory conditions for tax recognition, maintaining consistency with group transfer pricing policies, and assessing potential VAT implications, as these areas remain under heightened scrutiny by tax authorities.



# EMEA

## United Kingdom

### HMRC updates GfC7: Value chain analysis and offshore procurement hubs – what UK businesses need to know

HMRC has updated its Guidelines for Compliance (GfC7) on transfer pricing, introducing a new subsection 2.2.8 on the use of a value chain analysis (VCA) within a functional analysis and a new subsection 3.8 addressing offshore procurement hubs. These updates explain where a VCA can materially improve the accurate delineation of transactions and practical expectations for designing, implementing, and documenting procurement hub models, including where business restructurings are involved.

The transfer pricing Guidelines for Compliance (GfC) are designed to help businesses understand HMRC's expectations as they plan, implement, manage, and document their transfer pricing, setting out what HMRC considers best practice compliance and higher risk approaches. The guidelines are aimed at all businesses that must apply transfer pricing, both those within the new UK transfer pricing documentation requirements and those who, although exempt from these requirements, must still self-assess that their transfer pricing is arm's length and retain appropriate books and records (including documentation) when filing a tax return.

Following the previous release, HMRC is setting out expectations around when a VCA is proportionate and helpful, particularly in helping to demonstrate how contributions to value creation (including DEMPE and risk control) are evidenced.

For groups with offshore procurement hubs, the guidance sets out HMRC's expectation that these should be remunerated based on genuine functionality rather than scale alone.

For more details, read the [PwC Tax Insight](#).



HMRC's updates sharpen the focus on substance, proportionality, and evidential quality in two areas that frequently drive inquiries. For complex business models, a VCA can help explain and substantiate the broader rationale for the group transfer pricing model and help mitigate further inquiries. For procurement hubs, the pricing should begin with an assessment of what value the hub contributes, the risks it controls, which synergies arise from group scale, and how savings and value are shared across participants. Flat commissions unrelated to functionality or restructurings without contemporaneous evidence of who decided what and where, are pressure points.

A practical roadmap for UK groups is to revisit the need for VCA in high-risk areas, localize central documentation with UK-specific facts and people evidence, and assess whether procurement hub returns can be supported by reference to hub contributions.

# EMEA

## United Kingdom

### UK Budget 2025: Key Changes to TP, PE, and UTPP

Following the announcement of the UK Autumn budget 2025 in November, the Finance Bill 2025 (along with the Explanatory Notes) was published on December 2, 2025 which sets out the legislative changes required to implement the Budget Day announcements. Further, HMRC guidance was issued in late December 2025 which provides further insight into the changes with additional guidance expected to be released soon.

As well trailed, included within the budget were a number of transfer pricing (TP) aspects, which follow on from, and are broadly aligned with, the draft legislation and International Controlled Transactions Schedule (ICTS) proposal included within the two consultations published during the summer.

The Finance Bill sets out reforms to TP, PE and the DPT. The stated aim of the Bill is to enact clearer, fairer rules that align with global practice, increase certainty and improve access to treaty benefits. Broadly, the changes meet these goals.

Meanwhile, the proposed ICTS seeks to enhance HMRC's ability to risk-assess taxpayers for transfer pricing enquiries and reduce the timelines of said enquiries. The ICTS would sit alongside HMRC's ongoing focus on management of transfer pricing risk alongside the recent hiring of TP specialists and investment in technology to better target TP risk across relevant taxpayers. For businesses, this should hopefully result in clearer rules and a more focused, faster HMRC review process.

For more insights on the legislative changes proposed in the areas of TP, PE, and the DPT (now UTPP), read the [Tax Insight](#).

Companies impacted by the UK Autumn budget 2025 should assess whether any of the legislative changes will have an impact on their business given they are now starting to take effect.



# EU/OECD/Global

## EU

### EU Commission publishes final Guidelines on the application of EU FSR

On January 9, 2026, the European Commission published its [final guidelines](#) (Guidelines) on the application of certain provisions of [Regulation \(EU\) 2022/2560](#) on foreign subsidies distorting the internal market (EU FSR) and its accompanying Implementing Regulation. The updated Guidelines include several additions, amendments, and clarifications to the 2025 draft and should be taken into account when preparing any EU FSR-related case.

The Guidelines are based on the EU legislative framework designed to address distortions caused by subsidies, including a wide range of direct and indirect tax credits and incentives from non-EU countries, in order to preserve the proper functioning of the internal market and ensure a level playing field.

For more details, read the [Global Tax Alert](#).

Undertakings potentially subject to the EU FSR, whether due to notification obligations or a Commission-initiated (ex officio) investigation, should proactively develop a thorough understanding of the EU FSR's distinctive, cross-disciplinary framework and begin implementing the necessary data collection and review processes. Developing a means of identifying and monitoring tax and non-tax subsidies, and the advantages and potential distortions they confer on both the direct recipient and any intragroup beneficiaries is key to managing the risks associated with the EU FSR.



# EU/OECD/Global

## OECD

### OECD announces agreement on a range of new Pillar Two safe harbors

On January 5, 2026, the OECD announced that 147 members of the Inclusive Framework (IF) on BEPS have agreed to a new package of administrative guidance under the Pillar Two global minimum tax rules (the 'GloBE rules'). The agreed 'Side-by-Side Package' (the Package) includes: a permanent simplified Effective Tax Rate (ETR) safe harbor; a one-year extension of the transitional Country-by-Country reporting (CbCR) safe harbor; a substance-based tax incentive safe harbor; a Side-by-Side (SbS) safe harbor and an Ultimate Parent Entity (UPE) safe harbor for eligible countries, and a commitment to conduct future stocktakes of the SbS and UPE safe harbors.

The release of the Package is noteworthy for two main reasons. The first is that the Package offers what was agreed between the G7 members last June, which should prevent the return of the US proposed Section 899. The second point is the unfortunately mixed results on simplification efforts. There is a welcome extension to the temporary CbCR safe harbor for one year.

This should reduce the compliance burden for many groups (but only for one additional year). The new simplified ETR safe harbor, however, will require a lot of time and effort to determine if it can be applied. Conscious of this, perhaps, the OECD commits to a (very high level) work program of more simplification efforts later this year.

For more details, read the [Global Tax Policy Alert](#).

See also:

Global Tax Policy Alert: [Substance-based tax incentive safe harbor for Pillar Two Groups](#)

Global Tax Policy Alert: [Pillar Two Simplified ETR Safe Harbor](#)

MNE Groups should review the Package to understand which aspects they can or must apply, in which jurisdictions, and what the safe harbors mean for compliance burden mitigation. MNEs should note that the release does not impact domestic compliance requirements, including registrations, and file and pay deadlines, which still need to be met.



# Contact us

For your global contact and more information on PwC's transfer pricing services, please contact:

## **Ian Dykes**

Global Transfer Pricing Leader  
[ian.dykes@pwc.com](mailto:ian.dykes@pwc.com)

## **Erika Kirslis**

Transfer Pricing  
[erika.i.kirslis@pwc.com](mailto:erika.i.kirslis@pwc.com)

## **Dana Hart**

Transfer Pricing  
[dana.hart@pwc.com](mailto:dana.hart@pwc.com)

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