Transfer Pricing Q2 Briefing-2026

Start

July 2026

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 April 1 through June 30, 2026.

TP Talks podcast

Lessons from global transfer pricing negotiations

In this episode, PwC's Mona Cairncross shares an inside look at global transfer pricing negotiations and lessons from her time as IRS APMA Assistant Director.

Data-driven decisions: AI elevates transfer pricing strategy

This episode explores how AI is reshaping transfer pricing, including real-time monitoring, evolving documentation, and tax authority enforcement.

In this issue

Americas

United States

US APA report for 2025 highlights sustained demand amid a growing backlog

The IRS Advance Pricing and Mutual Agreement Program (APMA) issued its 27th Annual Statutory Report Concerning Advance Pricing Agreements (APAs) on March 30. The report reflects a decline in executed APAs, with 110 APAs finalized in 2025, down from 142 in 2024 and a record 156 in 2023. At the same time, APA applications increased to 178 (from 169 in 2024), indicating continued taxpayer demand for the program.

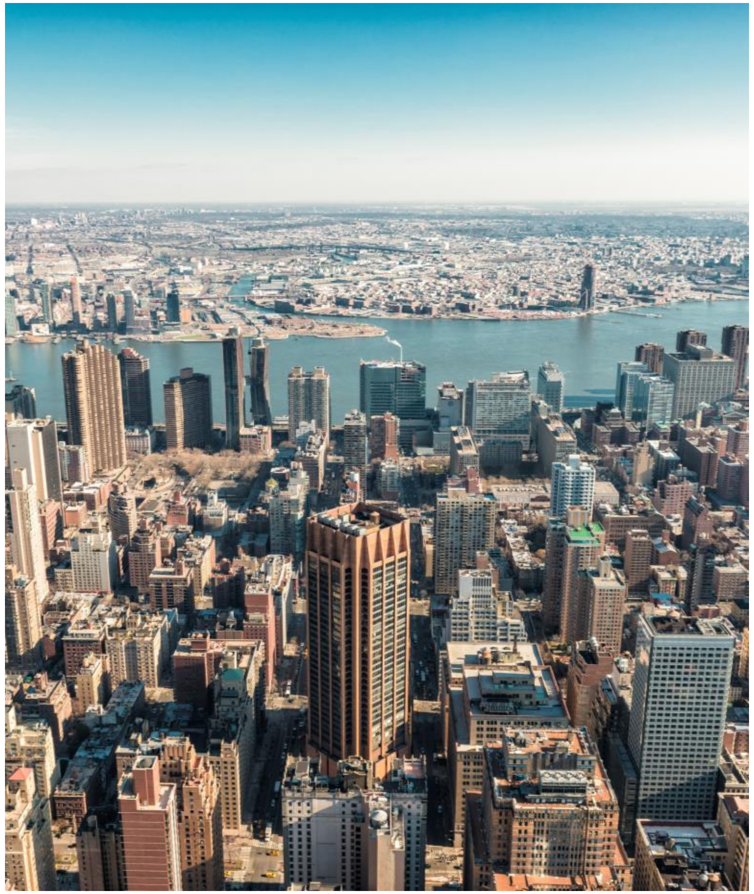
Meanwhile, pending APA inventory increased to 622 cases, continuing an upward trend and reflecting a growing backlog.

The APA program remains a key tool for achieving transfer pricing certainty, particularly as the global tax landscape becomes increasingly complex. However, the 2025 data highlights a growing tension: while taxpayer demand for the program remains strong, execution levels have declined, which could lead to longer processing times and increased pressure on APMA resources.

For more details, read PwC's Tax Insight.

The widening gap between applications, inventory, and executed APAs — possibly influenced in part by the record-breaking government shutdown — suggests that current completion levels may not be keeping pace with demand. If this trend continues, taxpayers could experience longer lead times and greater selectivity in the evaluation of APA proposals.

In 2023, LB&I issued interim guidance on the review and acceptance of APA submissions (reissued in April 2025 as LB&I-04-0425-0005 and subsequently incorporated into IRM 4.60.3), which establishes a formal screening process to evaluate whether an APA is the most effective path to certainty or whether an alternative workstream, such as ICAP or a joint audit, may be more appropriate. See PwC's May 10, 2023 Tax Insight.



Americas

United States

USTR proposes Section 301 actions following forced labor investigations of 60 trading partners

The Office of the United States Trade Representative (USTR) on June 2 proposed the imposition of tariffs on 60 US trading partners. The proposal was the result of its Section 301 investigation that examined whether the 60 US trading partners failed to impose and effectively enforce prohibitions on the importation of goods produced with forced labor. The report concluded that tariffs are merited and also requested public comments on the proposed actions.

The investigation determined that products from 54 economies failed to impose and effectively enforce prohibitions on imported goods produced with forced labor and subsequently USTR proposed an additional 12.5% duty rate on imports from these countries. USTR recognized six economies, including Canada, Ecuador, the European Union, Indonesia, Mexico, and Pakistan, that have a forced labor import prohibition, but fail to effectively enforce it.

Further, USTR noted that 10 economies, including Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Indonesia, Malaysia, Taiwan, and the United Kingdom, have made commitments in their respective Agreements on Reciprocal Trade to prohibit forced labor importations. For these economies, USTR proposes an additional 10% duty rate on imports.

For more details, read PwC's Tax Insight.

Companies sourcing goods from affected economies should assess potential tariff impacts on supply chains, including effects on sourcing, pricing, and contractual arrangements. They also should continue monitoring other ongoing USTR Section 301 investigations, including the investigation into industrial capacity and related trade practices.

Americas

United States

Trump administration further adjusts Section 232 tariffs on aluminum, steel, and copper imports

President Trump issued a Proclamation on June 1 further modifying the Section 232 tariff regimes applicable to imports of aluminum, steel, copper, and certain derivative products. The Proclamation establishes a temporary tariff framework, effective June 8, 2026 through December 31, 2027, for certain products identified in Annex I-C, including a generally applicable 25% duty rate, alternative tariff treatment for products from specified trading partners, and special rules for qualifying United States–Mexico-Canada Agreement (USMCA) products.

This Proclamation also lowers the threshold for qualifying US-origin steel or aluminum content from 95% to 85%, expands eligibility for the temporary 15% tariff treatment previously available for certain fixed industrial machinery and power equipment to include specified agricultural equipment, mobile industrial equipment, and certain predominantly residential HVAC systems and components, and adds aluminum lithographic plates and steel racks to the scope of existing Section 232 measures.

The White House also released a fact sheet describing the administration's rationale for the action and highlighting relief provided to certain downstream manufacturing sectors.

For more details, read PwC's Tax Insight.

Companies should identify whether imported products are covered by the new annexes and assess whether the June 8 effective date affects open purchase orders, in-transit goods, or customs entries. Importers also should evaluate whether products could qualify for reduced rates based on country of origin, USMCA preferential treatment, Column 1 duty rates, or US-origin metal content. Companies seeking to claim US-content-based treatment should consider and maintain the appropriate documentation, particularly because the Proclamation directs US Customs and Border and Protection (CBP) to issue guidance regarding the determination of US content and authorizes penalties in cases involving fraud or deliberate misrepresentation.

Americas

United States

US imposes new Section 232 tariffs on pharmaceuticals and revises tariffs on aluminum, steel, and copper

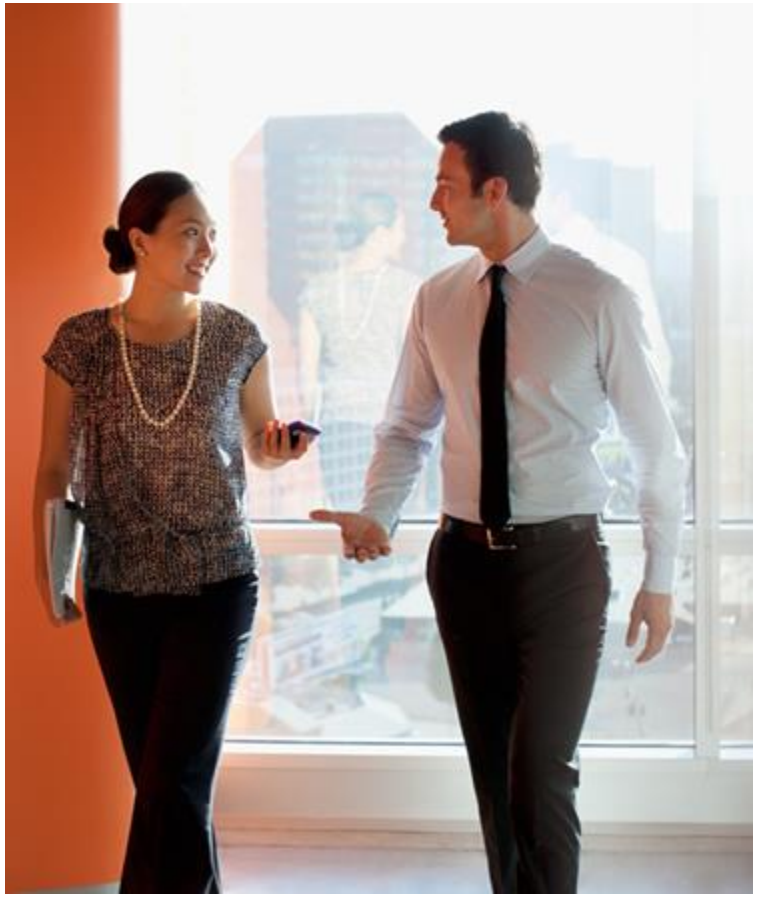
President Trump issued two Section 232 Proclamations on April 2 imposing new tariffs on (i) patented pharmaceuticals and related ingredients and (ii) steel, aluminum, and copper articles and derivatives. Both actions are framed as national security measures aimed at reducing reliance on foreign supply chains and boosting US production.

The pharmaceutical action introduces a baseline 100% tariff on patented pharmaceuticals and associated pharmaceutical ingredients, with reduced or zero rates available for companies that enter into onshoring and/or Most Favored Nations (MFN) pricing agreements, or source from countries with whom the US has an agreed upon pharmaceutical agreement (i.e., Japan, South Korea, Switzerland, Liechtenstein, the United Kingdom, and member countries of the European Union), and currently excludes generics, biosimilars, and associated ingredients.

The actions taken with respect to metals redefine existing measures by applying generally 50% tariffs to many steel, aluminum, and copper articles and reducing the tariff rate for derivative goods to 25%, simultaneously creating new standards for tariff calculations and the value to which the tariffs apply.

For more information, read PwC's Tax Insight.

These measures significantly increase the cost of importing affected goods and introduce complex, variable tariff outcomes depending on product classification, origin, and participation in government programs. For pharmaceuticals, the policy directly targets high-value patented products, creating a strong incentive to onshore manufacturing and R&D or renegotiate pricing arrangements. For metals, the “full value” tariff application for certain derivatives and new “de minimis” rule increases exposure across industrial supply chains, not just raw materials. Multinational companies could see downstream impacts on customs valuation, transfer pricing, supply chain design, and effective tax rates.



AsiaPac

Japan

New requirements to maintain documentation for intercompany transactions within a corporate group

In Japan, the latest FY2026 Tax Reform Outline introduces new special provisions concerning requirements to maintain documentation for intercompany transactions within a corporate group. Under these new special provisions, in cases where a Japanese domestic corporation conducts a "Specified Transaction" with a related party, such as the provision of certain services or the transfer or loan of industrial property rights, the Japanese domestic corporation would now be obligated to obtain or prepare, and retain additional documentation if existing documentation does not contain information or records which detail how the payments to the related party are calculated.

This newsletter provides an overview of the new special provisions and explains the practical implications for multinational corporate groups.

For more details, read PwC's Newsletter.

Failure to comply with these documentation retention requirements under these special provisions may result in revocation of the eligibility for filing the Japanese corporate tax return under the blue return system. Therefore, it is crucial that multinational corporate groups review and carefully manage their intra-group transactions.

AsiaPac

Singapore

IRAS publishes 9th edition of its Transfer Pricing Guidelines

On June 4, 2026, the Inland Revenue Authority of Singapore (IRAS) released the Ninth Edition of its Transfer Pricing Guidelines, introducing a key clarification on the treatment of share-based compensation (SBC) in cost-plus arrangements for intra-group services.

SBC must be included in the Singapore entity's cost base for purposes of applying the arm's length mark-up, regardless of whether the costs are incurred, uncharged or notional. From year of assessment (YA) 2026 onwards, IRAS has also introduced a concession allowing uncharged and notional SBC to be excluded from the computation of service income.

For more details, read PwC's Tax Bulletin.

Singapore service entities that charge related parties on a cost-plus mark-up basis, may want to consider the following practical actions:

1. Identify whether SBC costs are incurred, uncharged, or notional; quantify the relevant amounts; and ensure the transfer pricing calculations reflect the appropriate treatment.
2. Review whether intercompany service agreements and transfer pricing policies should be updated to reflect the bifurcated treatment (cost base inclusion but service income exclusion), and consider whether an Advance Pricing Arrangement (APA) may be appropriate to achieve bilateral certainty.
3. Review positions taken for YA 2025 and earlier to assess whether they warrant a voluntary disclosure, and be mindful of the time allowed for taxpayers to self-initiate prior years' adjustments.

AsiaPac

Vietnam

Circular 95 on the application of the Advance Pricing Agreement framework

Following the draft circular released for public consultation on April 24, 2026, the Ministry of Finance on July 1, 2026 issued Circular 95/2026/TT-BTC (Circular 95), providing updated guidance on the application of Vietnam's Double Tax Treaties, Mutual Agreement Procedures (MAP) and Advance Pricing Agreements (APAs). Circular 95 took effect on July 1, 2026. This Circular replaces Circular 205/2013/TT-BTC on the implementation of tax treaties and Circular 45/2021/TT-BTC on APAs.

Circular 95 largely preserves the fundamental APA framework set out in Circular 45/2021. Key elements retained include the scope of eligible taxpayers and covered transactions, the three types of APAs (unilateral, bilateral, and multilateral), the arm's length principle, the maximum three-year APA validity period, the optional pre-filing consultation process, and the language requirements for APA applications.

For more details on key APA-related changes and enhancements, read the full News Brief.

APA applications submitted before July 1, 2026, but not yet concluded, will be processed under the new Law on Tax Administration and Circular 95. Multinational groups with operations in Vietnam should review pending and planned APA applications in light of the updated framework.

EMEA

Bahrain

Bahrain's new Transfer Pricing Guidelines: Another step towards DMTT implementation

In June, the National Bureau for Revenue (NBR) of Bahrain issued its first Transfer Pricing Guide under the Domestic Minimum Top-Up Tax (DMTT) framework, providing further guidance on Transfer Pricing for Multinational Enterprise (MNE) groups that fall within the scope of the Bahrain DMTT Law and its Executive Regulations.

The guide builds on Article 13 of the Bahrain DMTT Law which sets out requirements in relation to the arm's length principles and transfer pricing documentation requirements. It is broadly aligned with the Organization of Economic Co-operation and Development (OECD) Transfer Pricing Guidelines and refers to Guidelines for further guidance on applying the concepts and mechanisms of the arm's length principle.

For an overview of the key areas covered in the guide, read PwC's Tax Alert.

MNE groups operating in Bahrain and within the scope of the DMTT Law should assess how the new transfer pricing requirements may affect their related party transactions, documentation and compliance obligations.

EMEA

Germany/Switzerland

Protocol of Amendment to the Germany-Switzerland DTT

The Protocol of Amendment to the Germany-Switzerland DTT, signed on August 21, 2023, constitutes one of the most significant revisions of the treaty in many years. Following completion of the ratification process, the changes will generally apply from January 1, 2026; certain procedural provisions — particularly those concerning the mutual agreement and arbitration procedures — will take effect with a time delay for tax periods beginning in 2027. For transfer pricing practitioners, the redesign of the mutual agreement procedure (MAP) is of central importance.

Going forward, an application to initiate a MAP must be filed within three years of the first notification of the measure that results in taxation not in accordance with the treaty. In practice, this time limit will regularly begin with the issuance of an amended tax assessment in the course of a tax audit. As a result, stringent deadline management becomes more important, especially in cases where appeal or court proceedings are being conducted in parallel

At the same time, the timeline of the MAP will be more formalized. If the competent authorities (CAs) fail to reach an agreement within three years, the DTT generally provides for a subsequent arbitration procedure. Unlike many other treaties, however, this period does not begin automatically upon filing the application. Instead, the decisive factor is an expressly defined start date, by which both CAs must have all the information they consider necessary for the substantive assessment of the case.

For more details, read the PwC Newsletter.

The Protocol of Amendment to the Germany-Switzerland DTT brings greater alignment with international standards and further formalizes MAP and arbitration procedures. For companies with cross-border transfer pricing disputes between Germany and Switzerland, this raises the bar for deadline management, documentation, and procedural management.

EU/OECD/Global

EU

European Commission publishes Tax Omnibus proposal

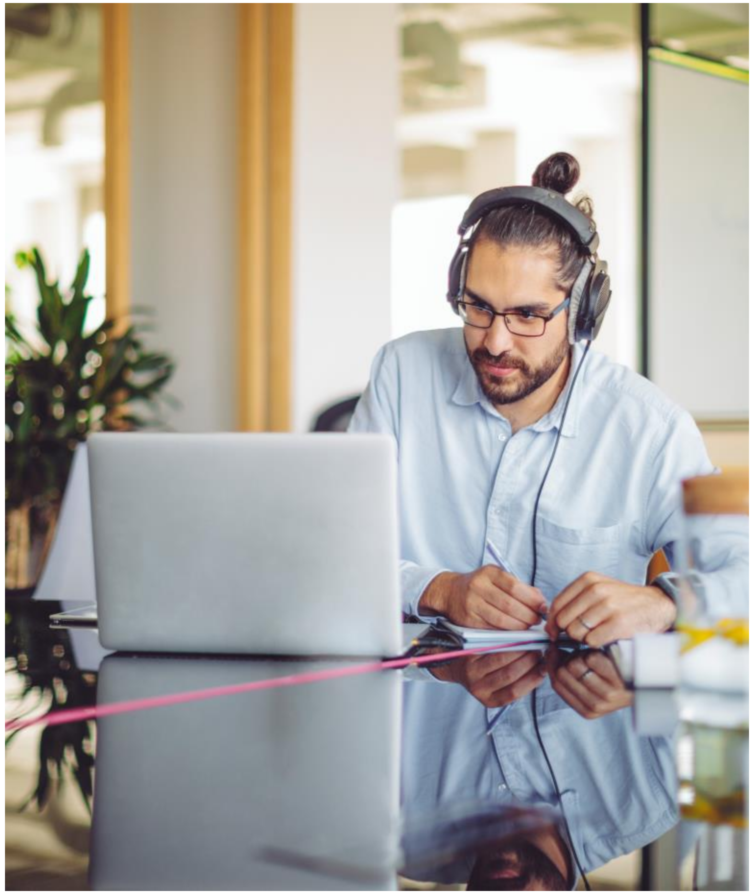
The European Commission has published a Tax Omnibus proposal that would amend six EU direct tax Directives: the Interest and Royalties Directive (2003/49/EC), the Merger Directive (2009/133/EC), the Parent-Subsidiary Directive (2011/96/EU), the Anti-Tax Avoidance Directive (ATAD) (2016/1164), the Dispute Resolution Mechanisms Directive (2017/1852), and the FASTER Directive (2025/50)..

The package is intended to simplify the EU direct tax framework, reduce compliance burdens, improve legal certainty, and support EU competitiveness. According to the Commission's impact assessment, it could reduce compliance and related financial costs by approximately EUR 6.6 billion per year, of which roughly EUR 2 billion relates to recurrent administrative burden. The IRD/PSD full-exemption measures alone are estimated to save taxpayers around EUR 5.34 billion annually.

The Tax Omnibus should be read alongside the separately proposed DAC Recast. This alert focuses on the non-ATAD direct tax measures; ATAD changes are addressed separately in an alert available here. An alert covering the DAC changes can be accessed here. Businesses with EU cross-border operations should assess the impact on withholding tax processes, reorganization planning, and dispute strategy.

For more details read PwC's Global Tax Policy Alert..

The proposal introduces significant changes to withholding tax relief procedures, cross-border reorganizations, and dispute resolution mechanisms. It removes longstanding barriers such as minimum holding requirements, shifts from prior authorization to self-assessment with ex post controls, and links IRD/PSD exemptions to FASTER relief-at-source and quick refund procedures.



EU/OECD/Global

OECD

Beyond cost-plus--OECD rewrites the rules on intra-group services

The OECD opened a consultation on a revised Chapter VII of the Transfer Pricing Guidelines (intra-group services) on June 1, 2026, with comments due July 22 and a public consultation in November. The objective is to align Chapter VII with Chapters I–III and add practical illustrations without changing underlying principles. In practice, the draft is a substantial rewrite introducing granular accurate-delineation analysis, an expanded benefit test, a sharper shareholder/stewardship distinction, detailed service–intangible boundary guidance, method selection beyond cost-plus, pass-through cost rules, services-specific documentation expectations, and 21 new examples. Low value-adding services (LVAS) remain unchanged. The draft is not yet consensus guidance and should not be relied upon as such.

Intra-group services remain one of the most contested areas of transfer pricing, particularly around whether a benefit was received, where the line falls between chargeable services and shareholder activities, how costs should be allocated, and where services end and intangibles begin. The draft is especially relevant for headquarters charges, shared services, centralized IT, procurement, marketing, and intangible-enabled services, as well as the recurring challenge of remunerating senior decision-makers whose roles span multiple entities and jurisdictions.

For more details, read PwC's Global Tax Policy Alert.

Should the new draft become consensus guidance, MNEs should test it against current arrangements, particularly for CUP-based procurement, pass-through costs, cost-plus pricing of AI- or machine-learning-enabled services, bundled service/know-how charges, R&D services better suited to profit split, and M&A costs straddling shareholder activities and services.

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