Transfer Pricing Q3 Briefing - 2026

Start



October 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 July 1 through September 30, 2026.

TP Talks podcast

India's evolving transfer pricing landscape

Kristina Novak and John Cianfrone are joined by PwC India's Eric Mehta to discuss India's 2026 Union Budget transfer pricing reforms, including changes to the safe harbor regime and enhancements to the Advance Pricing Agreement (APA) program..

Operationalizing tariff strategies across tax and customs

Kristina Novak and John Cianfrone are joined by PwC's Sarah Kafka to discuss tariff strategies, transfer pricing and customs valuation, post-importation adjustments, and documentation and audit readiness amid increased CBP scrutiny.

Special Edition – Financial Transactions Transfer Pricing

David Ledure is joined by PwC's Ignas Matevicius, Bob Ritter, and Clement Lui to discuss how AI is changing financial transactions in transfer pricing. The episode considers three perspectives: how tax authorities may use AI in audits, how taxpayers can use AI responsibly and efficiently, and where human judgment, skepticism and governance remain essential.

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Americas

Peru

Transfer pricing in Peru: Where global profitability policies meet a transaction-by-transaction regime

The Peruvian transfer pricing regime departs from the OECD Transfer Pricing Guidelines in three critical respects: the interpretative-only role of the Guidelines, the fiscal-prejudice requirement, and the granular benefit test. Together, they challenge the aggregated profitability policies of multinational groups operating in the country.

The Peruvian transfer pricing regime follows a predominantly transactional logic: the arm's length value must, as a rule, be determined on a transaction-by-transaction basis. In Cassation Ruling No. 27181-2024-LIMA, published on March 24, 2026, the Supreme Court held that the OECD Transfer Pricing Guidelines are not binding and may only be used to interpret matters expressly regulated in the Peruvian Income Tax Law.

For more details, read PwC's blog.

The technical recommendation is for taxpayers to build the Peruvian Local File with its own internal logic, disaggregating by transaction and by service, without mechanically transposing the global narrative; and consider the merits of pursuing an Advance Pricing Agreement where the residual model is material.



Americas

United States

US revises Section 338 tariffs on Canadian goods and imposes targeted import bans

President Trump on September 8 issued five proclamations under Section 338 of the Tariff Act of 1930 that impose import bans on certain Canadian products and modify the scope of previously imposed 50% tariffs on other Canadian products. The actions follow the Administration's position that Canada maintained or increased discriminatory treatment of US commerce with respect to alcoholic beverages, dairy products, and motor vehicles. The import bans take effect September 29, while modifications to the products subject to the 50% tariffs take effect September 15.

The Section 338 tariffs apply to covered goods regardless of whether they qualify as originating under the United States-Mexico-Canada Agreement (USMCA) and, where applicable, in addition to Section 232 tariffs. Companies importing Canadian products therefore may face increased tariff exposure or, where products are subject to the new import bans, the need to identify alternative sources of supply.

For more details, read PwC's Tax Insight.

Companies with Canadian supply chains should identify products potentially affected by the September 15 tariff modifications and September 29 import bans, assess goods currently in transit or in bonded inventory, and evaluate alternative sourcing and supply-chain arrangements where necessary. Companies also may wish to model the impact of overlapping tariffs and review implications related to contractual arrangements, customs valuation, and transfer pricing.



Americas

United States

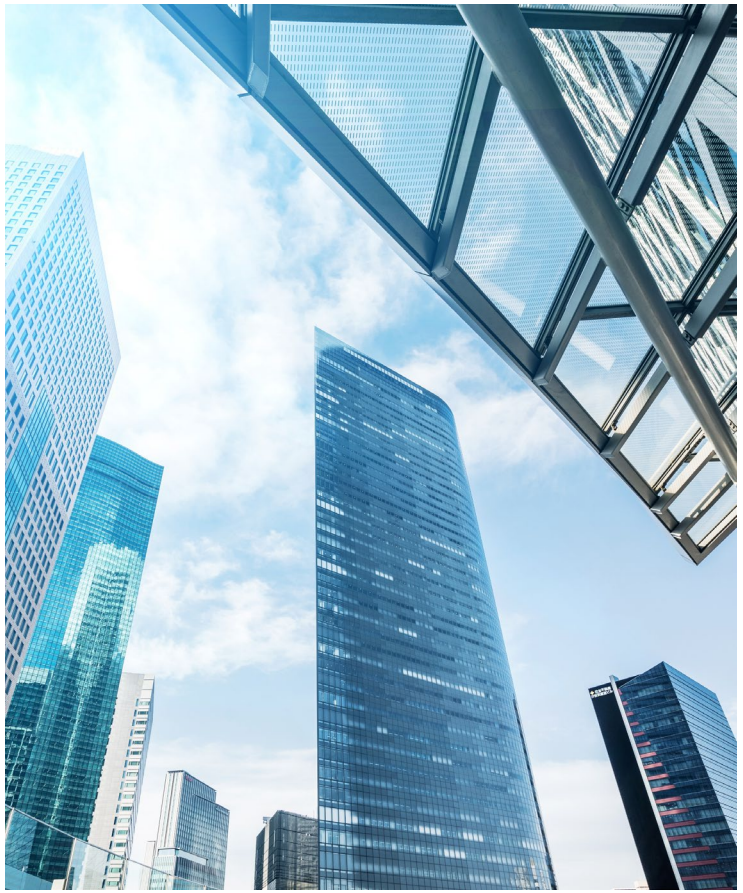
Trump proposes tariffs on generic pharmaceuticals — what companies should know

President Trump on July 21 announced via social media a proposed tariff framework for imported generic pharmaceuticals to encourage domestic manufacturing. Under the announced framework, imported generic drugs would remain subject to no additional tariffs for a two-year transition period starting August 1, 2026. The tariff rate would then increase to 100% beginning August 1, 2028, and increase again to 200% beginning August 1, 2029. The announcement states that the existing policy applicable to patented, branded, and innovative pharmaceuticals would remain unchanged. Additional guidance or formal implementing actions have not yet been issued.

This proposal could have significant implications for pharmaceutical manufacturers, importers, distributors, and healthcare stakeholders by substantially increasing the cost of importing generic pharmaceuticals into the United States while further incentivizing domestic manufacturing.

For more details, read PwC's Tax Insight.

Companies that import generic pharmaceuticals into the United States should monitor developments relating to implementation of the proposed tariffs and evaluate their potential exposure. Businesses may wish to assess affected products, sourcing alternatives, contractual pricing arrangements, customs and transfer pricing implications, and potential opportunities to expand or relocate manufacturing operations in anticipation of the proposed tariff increases.



Americas

United States

How post-importation transfer pricing adjustments could impact US customs value and reporting

The continued uncertainty surrounding US trade policy has increased the importance of customs considerations in transfer pricing adjustments. As companies evaluate strategies to address the impact of US tariffs, post-importation transfer pricing adjustments have become an area of heightened focus because they could affect the customs value of imported goods and related tariff obligations.

The basis, timing, and method of post-importation transfer pricing adjustments can have significant US customs and tariff implications. Understanding how these adjustments interact with US customs valuation rules is increasingly important as businesses seek to manage tariff costs while maintaining compliance with both tax and customs requirements.

For more information, read PwC's Tax Insight.

Importers should consider customs implications when planning, booking, implementing, or reviewing transfer pricing adjustments that could affect imported goods. Close coordination among tax, transfer pricing, customs, and supply chain teams can help identify potential risks and support a more integrated approach to tariff planning.



AsiaPac

India

India publishes its eighth APA Annual Report for FY 2025-26

The Central Board of Direct Taxes (CBDT) recently published the eighth Annual Report on the Indian Advance Pricing Agreement (APA) Programme (APA Report), capturing outcomes for the financial year (FY) 2025-26.

The APA Report highlights FY 2025-26 as a year with a record number of APA signings and deepening bilateral engagement. India signed 220 APAs during FY 2025-26, a 26% increase from FY 2024-25, bringing the cumulative total to 1,035 APAs. These included 84 bilateral APAs and 136 unilateral APAs. India also signed its first bilateral APAs with France, Indonesia, Ireland, and Sweden. Average processing times improved to 41 months for both unilateral and bilateral APAs.

The APA Report also includes India's Mutual Agreement Procedure (MAP) statistics for the calendar year 2025, as reported under the OECD's MAP Statistics framework.

For more information, read PwC's Tax Insight.

For taxpayers with global operations, India's APA and MAP programs now offer a credible, time-bound path to certainty. The renewed APA process, simplified forms, and the flexibility to migrate to the new safe harbor regime offer expanded avenues to taxpayers seeking tax certainty.



AsiaPac

Japan

Special documentation retention rules for related-party transactions in Japan: Key practical considerations

In Japan, following the enactment of the 2026 tax reform, the "Special Documentation Retention Rules for Related-Party Transactions" (the "Special Rules") were introduced. The amended Ordinance for Enforcement of the Corporation Tax Act was promulgated on March 31, 2026, and the National Tax Agency (NTA) issued revisions to the Corporation Tax Basic Circular together with the NTA's Administrative Guidelines on June 30, 2026, clarifying the requirements and the NTA's approach to administration.

The Special Rules require a domestic corporation involved in certain related-party transactions to obtain or prepare and retain "Specified-Matter Documentation." "Specified-Matter Documentation" means supplementary documentation setting out required matters that are missing from the transaction-related documents, when those missing matters are necessary to calculate the consideration.

For more details, read PwC's Transfer Pricing News.

The Special Rules may significantly affect any domestic corporation that pays shared-service cost allocations, royalties, management fees, or other covered transactions to related parties. This includes foreign-owned Japanese subsidiaries as well as Japanese-headquartered group companies.



AsiaPac

Malaysia

Malaysia issues new transfer pricing guidance on intra-group loans

On July 30, 2026, the Inland Revenue Board of Malaysia (IRB) issued the Malaysia Transfer Pricing Guidelines on Controlled Financial Transactions: Intra-Group Loans (MFTIL), supplementing Chapter 9 of the Malaysia Transfer Pricing Guidelines 2024. The MFTIL addresses debt versus equity classification, creditworthiness assessment, implicit group support, and three pricing approaches — the Comparable Uncontrolled Price (CUP) Method, the Cost of Funds Method, and a new Simplified Method using designated Bank Negara Malaysia rates. It also introduces enhanced documentation requirements. Arm's length rates, other than under the Simplified Method, need only be reviewed once every three years if facts and circumstances remain unchanged.

The MFTIL raises the compliance bar for intra-group financing in Malaysia. Non-arm's length financial assistance may trigger transfer pricing adjustments — imputing or disallowing interest — with additional taxes and surcharges. Loans lacking genuine debt characteristics risk equity recharacterization, while interest-free arrangements may attract imputed interest. These rules, issued under section 140A, interact with sections 33, 140C, and 29(3) of the Income Tax Act, meaning an arm's length rate alone does not guarantee full deductibility.

For more details, read PwC's Tax in Motion publication.

Multinational groups with Malaysian operations should review existing intra-group loan agreements against the MFTIL, focusing on recharacterization risk and eligibility for the Simplified Method for Malaysian lenders. Companies should also strengthen their transfer pricing documentation with credit assessments and comparability analyses, and establish a three-year review calendar.



AsiaPac

Vietnam

Vietnam issues new decree on related-party transactions

The Vietnam Government has issued Decree 255/2026/ND-CP (Decree 255) on tax administration for related-party transactions, replacing Decree 132/2020/ND-CP and Decree 20/2025/ND-CP. The new decree retains the core transfer pricing framework while introducing targeted refinements in several areas of administration and compliance.

Key updates include a prescribed hierarchy for benchmarking data sources, revisions to the transfer pricing (TP) documentation exemption regime, and more detailed Country-by-Country Reporting (CbCR) requirements. Decree 255 also introduces transparency obligations for tax authorities regarding CbCR exchange mechanisms, which may affect the practical application of local filing requirements.

Decree 255 is effective from July 1, 2026, and applies from the 2026 corporate income tax period.

For more details, read PwC's Newsbrief.

Taxpayers should closely monitor disclosures by the Vietnamese tax authority regarding CbCR exchange relationships, particularly where they rely on overseas filing and exchange mechanisms, and ensure coordination with group-level tax functions to assess potential fallback filing obligations in Vietnam." .



AsiaPac

Vietnam

Vietnam introduces new penalties for tax information exchange noncompliance

On July 21, 2026, the Vietnamese government issued Decree 291/2026 (Decree 291), amending Decree 125/2020 on administrative penalties relating to tax and invoices. Decree 291 took effect immediately upon issuance.

Decree 291 introduces new penalties for failing to provide information requested by the Vietnamese tax authorities for tax information exchange purposes. Country-by-Country Report (CbCR) is one of the tax documentation requirements that falls within the scope of tax information exchange. Accordingly, non-compliance with the relevant filing and notification obligations under the three-tiered transfer pricing documentation framework may be subject to the new penalty regime introduced under Decree 291.

For more details, PwC's Newsbrief.

Taxpayers should monitor the timeliness of all required data and information relevant to tax information exchange filings. With regard to CbCR, it is critical to closely monitor and comply with all filing deadlines to ensure timely submission.



EMEA

Czech Republic

Transfer pricing under increased scrutiny: Interest expenses enter profitability analysis in tax audits

The Regional Court in Pilsen, in its judgment of February 9, 2026, sided with the tax authorities in a dispute regarding the appropriate profitability indicator for a contract manufacturer that received financing from a related party. In the transfer pricing analysis performed using the Transactional Net Margin Method (TNMM), the claimant relied on an operating profit margin excluding financing costs (EBIT), whereas the tax authorities considered profit before tax (EBT) to be the relevant profit indicator. The Court held that while the OECD Guidelines generally recommend considering only operating items, they expressly allow non-operating items to be taken into account where warranted by the circumstances of a particular case.

For more details, read PwC's blog.

Where intercompany financing is used to fund operating activities, the tax authorities may use EBT instead of EBIT when testing overall (or transactional) profitability and may require transfer prices to cover interest expenses as well. This is particularly relevant for companies performing limited functions and assuming limited risks. Czech tax authorities place emphasis on the economic substance of transactions rather than on the accounting classification of costs.



EMEA

Romania

Romania overhauls transfer pricing documentation and APA procedures

Romania's tax administration (ANAF) on July 2 published Order no. 828/2026 on the transfer pricing file and Order no. 827/2026 on the issuance and amendment of advance pricing agreements (APAs). The two Orders reshape the transfer pricing framework for the first time in almost a decade, providing for mandatory annual electronic filing of transfer pricing files by large taxpayers, revised materiality thresholds, expanded documentation and comparability requirements, standardized reporting of related-party transactions, and an updated APA procedure that expressly allows rollback (retroactive) application to prior periods.

The Orders do not replace the arm's-length principle, but they materially change the documentation, evidentiary, and procedural framework through which compliance with that principle is demonstrated and tested. The new rules under Order no. 828/2026 apply to transactions carried out from 2026 onward, while the related administrative procedures begin only after January 1, 2027. Separately, Order no. 827/2026 applies to APA applications filed on or after July 2, 2026.

For more details, read PwC's Tax Insight.

Groups operating in Romania should reassess which transactions fall in scope under the new per-transaction thresholds, review existing documentation against the expanded content requirements, and treat Annex no. 3 as a risk document rather than merely as a form. For qualifying transactions that continue prospectively, taxpayers also should assess whether prior periods may be eligible for rollback, subject to the five-year limit, similarity requirements, and audit-related restrictions.



EMEA

South Africa

South Africa: Advance Pricing Agreement program in operation from September 2026

On August 7, the South African Revenue Service (SARS) published the final public notices required to commence South Africa's Advance Pricing Agreement (APA) program, with the pilot phase beginning September 1, 2026. The pilot phase is subject to certain restrictions, including:

- Only bilateral APAs will be considered (the program will be opened up to unilateral and multilateral APAs at a future date);
- Only South African-resident entities with standalone turnover exceeding ZAR 10 billion in the preceding year of assessment may apply, subject to additional transaction-specific thresholds; and
- Transactions involving the creation of intellectual property or financial assistance are excluded.

For more details, read PwC's Tax Alert.

For qualifying taxpayers, the pilot program presents a valuable opportunity to secure upfront transfer pricing certainty on significant cross-border transactions. Given the APA program's scope and SARS' discretionary acceptance criteria, thorough preparation and strategic positioning will be essential to increasing the likelihood of a successful application.



EMEA

South Africa

South Africa proposes domestic TP rules for special economic zones

On July 30, 2026, National Treasury and the South African Revenue Service (SARS) published the 2026 Draft Taxation Laws Amendment Bill, proposing the introduction of a new Section 31B to the Income Tax Act. The proposal would apply the arm's length principle to domestic related-party transactions involving Special Economic Zone (SEZ) companies qualifying for the reduced 15% corporate income tax rate. If enacted, the amendment would take effect January 1, 2027, and apply to years of assessment beginning on or after that date.

For more details, read PwC's Tax Alert.

The proposed Section 31B represents a fundamental shift from a blunt 20% threshold to a principles-based arm's length standard for domestic transactions involving SEZ companies. Affected taxpayers should review existing intercompany arrangements between SEZ entities and connected non-SEZ entities.



EU/OECD/Global/UN

United Nations

UN tax negotiations move from concepts to treaty text

The UN Intergovernmental Negotiating Committee completed its fifth substantive negotiating session (INC-5) on August 13, 2026. For the first time, delegates negotiated from complete drafts of the Framework Convention on International Tax Cooperation and two early protocols on cross-border services taxation and dispute prevention and resolution.

Protocol II on dispute prevention and resolution produced greater convergence, particularly around mutual agreement procedure (MAP) as the principal dispute-resolution mechanism, with support for flexibility over advance pricing agreements (APAs), mediation, conciliation, and arbitration. However, differences remain over whether the UN protocol should supplement existing treaty dispute-resolution mechanisms or supersede them. Revised drafts are expected ahead of the next negotiating session in Nairobi beginning November 30.

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

Businesses should stay informed, consider participating in the current consultation process, and seek other opportunities to engage and provide input on the impact of the proposed changes



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