

## Thinking big can help keep your tax controversy small.

Today's global connectivity means it is easier for companies to be faced with multi-dimensional, multi-country tax controversy. How can you manage the risk?



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### Why companies should prepare for transfer pricing controversy

Transfer pricing (TP) audits are becoming more commonplace than ever. The breadth and depth of such audits have been increasing. The impact of COVID-19 pandemic will likely continue to drive this trend, especially as governments may seek to raise revenues via tax policy changes and associated enforcement.

There is rarely one correct answer as to how to price a particular transaction in the TP area, and in fact, the Organisation for Economic Co-operation and Development guidelines review a price within an arm's length range. In addition, TP controversy can be further complicated by related or ancillary issues which may need to be resolved in tandem with the TP position. TP has regularly topped EY annual Tax Risk and Controversy Survey as the leading tax audit trigger.

In this environment, taxpayers need to take proactive steps to prepare themselves for TP controversy. This includes undertaking reviews to identify and address any collateral risks in advance, so that TP documentation and legal agreements are up-to-date and fit for purpose and seeking bilateral advanced pricing agreements when appropriate. Read more in an EY member firm Partner's [post](#).

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