

Insurance Europe's feedback on the European Commission's proposal for a Transfer Pricing directive

Insurance Europe shares the goals of the proposed Transfer Pricing (TP) directive. At the same time, Insurance Europe highlights the importance that EU legislation does not deviate -now or in the future- from the OECD's transfer pricing guidelines, as this would create additional challenges for groups that operate both inside and outside the EU.

- The purpose of the proposed directive is to codify the OECD's transfer pricing guidelines in EU law and to thus create a unified interpretation of the market conditions principle. The OECD's transfer pricing guidelines have a significant impact in the field of transfer pricing; however, the guidelines are currently implemented in the laws of member states to varying degrees.
- The OECD's transfer pricing guidelines are less binding than EU law. The implementation of the proposed TP Directive will be based on the consensus among member states in the Council of the EU. However, this might cause problems, separating the future EU rules from the principles agreed at OECD might cause problems. It should also be taken into account that the translation of the OECD instructions into the EU Directive, and finally their translation into the national legislation and implementation at national level, is a long and time-consuming process.