

July 22nd, 2026

Grant Thornton International Ltd.
8 Finsbury Circus
London, United Kingdom
EC2M 7EA

OECD Centre for Tax Policy and Administration

By email: taxpublicconsultation@oecd.org

Subject: Public Consultation Document on Proposed Revisions to Chapter VII of the OECD Transfer Pricing Guidelines – Special Considerations for Intra-Group Services

To the Members of Working Party No. 6,

Grant Thornton International (“GTI” or “we”) welcomes the opportunity to comment on the Public Consultation Document released on June 1st, 2026, by the Working Party No. 6 (“WP6”) of the OECD Committee on Fiscal Affairs, proposing Revisions to Chapter VII of the OECD Transfer Pricing Guidelines (“TPG” or “Guidelines”).

We commend the OECD's efforts to better align Chapter VII with the foundational principles set out in Chapters I–III and to enhance clarity through additional examples.

Our comments are structured as follows: (1) general observations on the proposed revisions, (2) areas where we would welcome additional guidance and comments, and (3) specific responses to the three questions raised for public consultation.

1. General Observations

We broadly support the direction of the proposed revisions. In particular, we support:

- The explicit broadening of scope to cover all intra-group services (“IGS”), including those forming part of the MNE group's core business activities, which more accurately reflects modern MNE operations.
- The formal separation of the benefit test from the determination of the arm's length charge (¶7.19), which should reduce a longstanding source of audit disputes.
- The confirmation that intra-group services should not be analyzed as a separate category of controlled transactions, but within the broader OECD transfer pricing framework. We appreciate that the accurate delineation of the transaction under Chapters I–III remains the starting point of the analysis, including consideration of functions performed, assets used, risks assumed and the actual conduct of the parties.
- The new framework articulating the concept of benefit, particularly the recognition that a service exists where there is a reasonable expectation of benefit at the time of the transaction, even where actual outcomes diverge from expectations.

- The clarification that activities undertaken by senior management or by the parent's CEO are not automatically shareholder activities.
- The definition of pass-through costs.
- The subsection and examples on the transactional profit split method, reflecting the reality that many modern IGS involve unique and valuable contributions, high integration, and shared significant risks.
- The new dedicated Section D on documentation provides welcome guidance on the contemporaneous evidence expected by tax administrations.

2. Request for Additional Guidance and Comments

We would welcome additional guidance on the following topics.

On-call and Functionally Necessary Support Services

Additional guidance would be beneficial regarding support services whose value is primarily derived from maintaining the operational capacity of the business, rather than generating an immediately measurable increase in revenue or profitability.

In practice, many intra-group services are performed to support business continuity, governance, regulatory compliance, risk management, cybersecurity, finance, tax, legal and human resources functions.

While the draft addresses 'on-call' availability at paragraphs 7.37 and 7.38, the broader category of functionally necessary support services described above, whose expected benefit lies in sustaining operational capacity, governance, compliance and risk management rather than in generating measurable revenue, is not squarely addressed, and would benefit from dedicated guidance and examples.

The benefit arising from such activities may consist of maintaining the recipient's ability to operate effectively, comply with legal requirements, manage risk or avoid business disruption.

We therefore recommend that the Final Guidance include examples illustrating that the expected benefit from a service may arise through operational capability, governance, compliance or risk mitigation, and that the absence of a readily quantifiable financial return should not by itself indicate that no benefit was obtained.

Corporate Costs

We also note that the proposed revisions approach intra-group services primarily from the perspective of the recipient entity, which is appropriate for purposes of applying the benefit test.

However, MNEs incur centralized costs to develop and maintain capabilities, expertise, governance structures and risk management functions that support the group. Such costs are often incurred before any specific need arises at the level of an individual group entity and may be necessary to ensure the efficient operation of the multinational group. A narrow interpretation of the benefit test at the level of individual entities may not always reflect the economic reality of how MNEs organize and manage these functions.

Costs incurred by headquarters or regional functions should not be excluded merely because they are incurred at the group level or by senior management. The relevant analysis should focus on whether the activity provides economic or commercial value to group entities, rather than on the organizational location or seniority of the individuals performing the activity.

Additional guidance acknowledging this broader group perspective would be welcome. Where centralized functions provide ongoing access to expertise, support capabilities, governance or risk management resources, taxpayers should not be required to demonstrate a separately quantifiable benefit for every recipient entity or every component of a service.

Documentation Supporting the Existence of a Service and the Allocation of Costs

While we appreciate the additional guidance provided in paragraph 7.72 regarding contemporaneous documentation, taxpayers and tax administrations would benefit from further practical examples illustrating the types of evidence that may be sufficient to demonstrate the existence of a service, the reasonable expectation of benefit and the basis for allocating the related costs.

In practice, disputes often arise because taxpayers and tax administrations differ in their expectations regarding the evidence required to demonstrate that a service has been rendered and that a reasonable expectation of benefit existed at the time the service was provided.

This guidance would be of particular importance in situations where the service fees are determined by allocating costs based on time spent. We do not believe that any single category of evidence, including timesheets, should be viewed as a mandatory requirement in all cases. The appropriate evidence should depend on the nature of the service, the charging mechanism and the commercial realities of the business.

Finally, we believe that the documentation requirements should remain proportionate to the materiality, complexity and risk profile of the services concerned. The Final Guidance should avoid creating an expectation that taxpayers must prepare detailed evidence for each individual service charge where ordinary business documentation already demonstrates the nature of the services and the expected benefit.

Emerging Markets

While the proposed revisions are intended to apply consistently across jurisdictions, we note that the practical application of Chapter VII may present challenges in certain emerging market (“EMs”) environments.

Practical difficulties may arise in certain EM tax and regulatory environments, particularly where there are differing expectations regarding the evidence required to support charges for centralized functions and the allocation of global or regional costs to local affiliates.

We would therefore welcome additional guidance in the context of EMs, where local affiliates may have limited involvement in the decision-making process relating to centralized service arrangements but may nevertheless be allocated a share of global or regional costs.

We also encourage the OECD to consider including additional examples reflecting a range of operating environments and business models commonly encountered by multinational enterprises globally, including those operating in EMs. Tax administrations operating in EMs may face practical challenges relating to access to comparables, resource constraints and the administration of complex service arrangements. Additional practical guidance in these areas could further promote consistency, certainty and effective implementation of the Guidelines.

We would also observe that, as a discussion draft advanced by WP 6, the revised guidance will in the first instance carry authority for OECD member jurisdictions and may not be adopted uniformly by several significant economies, including several in which the practical challenges described above are most acute. We encourage the OECD to continue engaging with non-member jurisdictions to promote consistent adoption, as divergence in application would undermine the certainty the revisions seek to achieve.

Interaction Between Intra-Group Services and Intangibles

The proposed revisions introduce useful guidance on when an intra-group service transaction should be aggregated with, or disaggregated from, other transactions, including transfers of goods or intangibles. In our experience, this boundary is one of the most frequent sources of dispute, particularly where a service is closely connected to the development, enhancement, maintenance, protection or exploitation of an intangible.

We would welcome further guidance, supported by examples, on how to delineate a chargeable service from the exploitation of an intangible in common fact patterns — for example, brand and franchise management activities, marketing services connected to a licensed brand, and technical or research support connected to group intangibles.

Example 4 illustrates circumstances in which global brand management activities may not be separately chargeable where they are closely connected with the licensing of the brand and related intangibles. Additional examples showing the circumstances in which such activities can properly be identified and remunerated as separate services would materially improve certainty for taxpayers and tax administrations alike.

Incidental Benefits and Passive Association

We support the retention of the distinction between benefits that are too indirect or remote to warrant payment and benefits arising solely from passive association with the group (paragraphs 7.35 and 7.36).

Given the introduction of Chapter X since the current Chapter VII was drafted, and the cross-reference to Chapter X at paragraph 7.36, explicit guidance on the interaction between the passive association and the guidance on financial transactions would be beneficial — in particular, confirmation of how implicit group support should be treated when delineating and pricing services.

The Factors Relevant to the Benefit Test

We support the articulation of the concept of benefit through a set of clear factors. We note, however, that the requirement for a benefit to be reasonably expected at the time of the transaction appears in more than one of the factors and could be read as overlapping. We recommend consolidating these to avoid inconsistent interpretation.

We would also caution against any suggestion that the absence of realised benefits over a period of years is, of itself, indicative that an independent party would not have paid for the activity. Many legitimate services — notably research and development and other innovation-related activities — carry inherently uncertain returns, and the test should remain anchored to the reasonable expectation of benefit assessed at the time the service is provided.

Charging at Cost and the Profit Element

We agree with retaining the discussion regarding whether a profit element should be included in the charge for certain services.

We would welcome clarification of the circumstances in which it may be arm's length to recharge costs without a mark-up — for example, where costs are genuinely in the nature of pass-through costs, or where the service provider makes no material value-adding contribution.

Clarifying the circumstances in which cost-only recharge approaches may be appropriate would support certainty and help reduce the risk of double taxation.

High-Value Adding Services and Entrepreneurial Service Providers

We would welcome additional guidance on the interaction between intra-group services and business models involving centralized entrepreneurial entities that perform high-value adding services for related parties. In practice, many multinational groups operate through limited-risk or captive service providers that earn routine arm's length remuneration, whilst strategic, managerial, commercial, technical or other high-value adding services are provided by another group entity.

Although the revised guidance includes useful discussion regarding integrated activities and profit-based methods, additional examples would help taxpayers and tax administrations understand the circumstances in which centralized service functions may appropriately justify remuneration above a routine service return, including situations where such remuneration is reflected through residual profits.

Clarification regarding the interaction between Chapter VII, Chapters VI and X, and the guidance on profit split arrangements would further promote consistency and reduce disputes.

3. Responses to Consultation Questions

Shareholder Activities

Q.1 The understanding and practical application of existing guidance in paragraph 7.10 of the 2022 TPG

The categories in paragraph 7.10 of the 2022 TPG (paragraph 7.26 of the revised draft) are usually well understood. Nevertheless, certain issues continue to raise practical difficulties, such as:

- **Dual-purpose activities:** Where a single activity may straddle shareholder and service functions (e.g., consolidated financial reporting that also supports operational decision-making by subsidiaries).
- **Divergent jurisdictional views:** Particularly in relation to group-wide governance, ethics, and compliance frameworks, which some jurisdictions view as shareholder activities, while others as chargeable IGS.

To enhance certainty and reduce disputes, it would be beneficial if the Final Guidance adds a non-exhaustive list of activities that should not be regarded as shareholder activities.

Example 5, which discusses the distinction between shareholder activities and chargeable intra-group activities, could also include a scenario where a single activity straddles both shareholder and service-related functions.

Q.2 Whether, based on your experience, there are other activities that would commonly meet the definition in paragraph 7.9 of the OECD 2022 Transfer Pricing Guidelines that are not reflected in paragraph 7.10 of the OECD 2022 Transfer Pricing Guidelines.

We do not observe gaps in the categories of activities covered in paragraphs 7.9 and 7.10 of the 2022 TPG (now paragraphs 7.24 and 7.26 of the revised draft), which, in our view, broadly reflect the range of shareholder activities encountered in practice.

Additional clarity would be helpful in relation to Environmental, Social and Governance (“ESG”) and sustainability-related reporting, particularly where such activities are driven by legal, regulatory, or listing requirements faced by the parent entity. Often, such reporting is undertaken on a consolidated basis but involves data collection and participation from group entities. Given the increasing significance of ESG frameworks, explicit guidance on whether, and in what circumstances, such costs may be regarded as shareholder activities would enhance certainty for taxpayers and promote consistent treatment across jurisdictions.

Q3. The activities that, based on your experience, could be captured by item (e) which refers to “ancillary activities to the corporate governance of the MNE as a whole”.

The breadth of item (e) of paragraph 7.26 (“ancillary activities to the corporate governance of the MNE as a whole”) may give rise to interpretational uncertainty.

To enhance clarity and consistency, we recommend that the Final Guidance include a non-exhaustive list of activities that would typically fall within this category. Examples might include:

- Preparation and maintenance of group-wide governance policies (e.g., code of conduct, anti-bribery, ethics frameworks);
- Board secretariat and related support services performed for the parent’s own governance requirements;
- Compliance with parent-level regulatory or listing obligations, including sustainability and ESG reporting; and
- Corporate communications functions undertaken at the parent level for shareholders, investors, and analysts.

Providing such illustrations would help delineate the scope of shareholder activities in this residual category and reduce ambiguity. Additionally, further guidance under Paragraph 7.27 - through examples of senior management or group-level activities that would constitute IGS (rather than shareholder activities) – would support consistent interpretation and practical application by taxpayers and tax administrations alike.

Final Guidance should also distinguish between activities performed exclusively for the benefit of the shareholder (e.g., shareholder communications, parent-level governance obligations) and activities that support subsidiaries’ operations (e.g., group compliance frameworks, risk management, tax, HR, IT or finance functions), which should remain subject to the ordinary benefit test.

Question 2: Allocation Keys

Q1. Would it be useful to provide further guidance on the application of allocation keys for certain intra-group services?

Additional guidance on allocation keys could be helpful, particularly through practical examples and illustrations. However, the Final Guidance should not prescribe specific allocation keys for defined categories of services.

The appropriateness of an allocation key depends on the particular facts and circumstances of the arrangement, including the nature of the service, the expected beneficiaries, the operating model of the MNE group and the availability of reliable allocation data. As a result, more than one allocation key may produce an arm’s length outcome in a given situation.

We therefore encourage the OECD to maintain a principles-based approach focused on the reasonable expectation of benefit and the consistent application of allocation methodologies. Practical examples illustrating factors that may support the selection of an allocation key would be useful.

The Final Guidance should also acknowledge that allocation keys are often selected as practical approximations of expected benefit and that perfect precision is not always achievable. Where a taxpayer has adopted a reasonable, consistently applied and well-documented allocation methodology, tax administrations should generally avoid substituting one reasonable allocation key for another solely because a different allocation approach could also have been used.

Q2. What are the allocation keys appropriately applied in practice to specific intra-group services?

The following table is intended to provide illustrative examples of allocation bases commonly observed in practice.

These examples should not be interpreted as prescribed or preferred allocation keys, as the appropriateness of any allocation key depends on the relevant facts and circumstances.

Service Category	Commonly Applied Allocation Keys
HR services	Headcount
IT services (general)	Number of users; number of devices; IT ticket volume
Finance & accounting	Number of transactions; revenue; number of legal entities supported
Procurement	Procurement spends; number of Purchase Orders
Marketing & brand	Revenue; advertising spend
Legal	Number of legal matters; revenues (where relevant)
Tax compliance	Number of entities; tax filing count
General management	Revenue; headcount; time spent

Question 3: Stock-Based / Share-Based Compensation

Q1. Do you encounter challenges associated with the appropriate treatment of stock or share-based compensation in relation to intra-group services? If so, please describe these challenges and whether they include timing, accounting treatment and valuation of stock or share based compensation?

We have observed recurring issues in the treatment of stock-based compensation ("SBC") in transfer pricing for IGS, including:

- Differences in tax treatment across jurisdictions. For example, SBC are not deductible in some jurisdictions and could therefore be disallowed if included in a service fee.
- Timing mismatch: Grant-date fair value (used for accounting) may differ materially from realized values at vesting or exercise, raising questions about which value to include in the cost base.

- Differences in accounting standards may result in different SBC expenses for the same award
- Service providers of benchmarking studies often have materially different SBC practices, raising comparability and adjustment issues.

Q2. How do you address stock-based compensation as part of your transfer pricing analysis?

Practices vary across MNE groups. One commonly observed approach is to include SBC in the cost base at its grant-date fair value, with a mark-up applied consistently with other elements of employee compensation.

Q3. Do you think additional guidance in relation to stock or share-based compensation would be beneficial for intra-group services?

We propose the following for inclusion in the Final Guidance:

- Clarify if SBC should be included in the cost base and, if yes, indicate the timing of when the SBC costs should be included in the cost base;
- Clarify that consistency between the cost base used for the tested party and the cost base of comparables is more important than the specific valuation method (i.e., comparability adjustments may be warranted);
- Provide an example demonstrating the analysis of an MNE group with significant SBC and routine IGS.

4. Conclusion

We would be pleased to engage further with the OECD in connection with the proposed revisions to Chapter VII. We thank you for the opportunity to contribute to this consultation.

Yours truly,

Members of the Transfer Pricing Steering Committee of Grant Thornton International Ltd.

On behalf of the Grant Thornton International transfer pricing network