



Transfer pricing – comprehensive policy paper of the tax administration

Transfer prices must comply with the arm's length principle, according to which transactions between affiliated companies should follow the same conditions that would be agreed between third parties. The Swiss legislator has not enacted any specific laws on transfer pricing. However, the arm's length principle is implemented on the basis of various provisions in tax laws.

The arm's length principle is explained in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Although not legally binding, the Swiss tax authorities and courts refer to these and apply them as a source for the interpretation of the arm's length principle.

Recently, the Swiss Tax Conference, to which all cantonal tax administrations and the Federal Tax Administration (FTA) belong, published a comprehensive policy paper on transfer pricing for the first time.

Based on the OECD Transfer Pricing Guidelines, the topics of comparability analysis, intangible assets, intra-group services and financial transactions are discussed. The publication also deals with the arm's length principle in Swiss tax law and in cross-border relationships as well as the various methods for determining transfer prices. In addition, the documentation obligations and procedural aspects in connection with the primary adjustment and counter-adjustment are dealt with. It should be noted that the publication is limited to the treatment of corporate income and withholding tax.

The paper on transfer pricing published by the tax authorities confirms the application of the OECD Transfer Pricing Guidelines as an interpretative aid and the increasing focus of the Swiss tax authorities on transfer pricing issues.

The exchange of goods and services between related parties raises various tax issues that should be clarified upfront.

Grant Thornton Switzerland/Liechtenstein will be pleased to support you as a competent partner in the implementation of intragroup transfer pricing. We look forward to hearing from you.



Dr. Stephan Baumann

Partner, Tax
Grant Thornton AG
T +41 43 960 71 71
E stephan.baumann@ch.gt.com



Philippe Ruggli

Senior Manager, Tax
Grant Thornton AG
T +41 43 960 72 23
E philippe.ruggli@ch.gt.com

©2024 Grant Thornton Switzerland/Liechtenstein



All rights reserved. Grant Thornton Switzerland/Liechtenstein belongs to Grant Thornton International Ltd (referred to as "Grant Thornton International" below). "Grant Thornton" refers to the brand under which each individual Grant Thornton firm operates. Grant Thornton International (GTIL) and each member firm of GTIL is a separate legal entity. Services are provided by the individual companies separately from another, i.e. no individual company is liable for the services or activities provided by another individual company. This overview exclusively serves the purpose of providing initial information. It does not provide any advice or recommendation nor does it seek to be exhaustive. No liability whatsoever is assumed for the content.