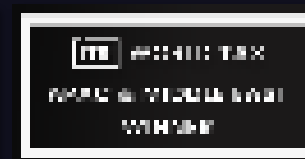


# Revision of Chapter VII of OECD Transfer Pricing Guidelines on *Intra Group Services – key changes*



The Public consultation document is open for comments until July 22, 2026. This alert highlights the key changes to Chapter VII- Intra Group Services.



# Introduction

*This alert highlights the key changes to Chapter VII- Intra Group Services.*

## INTRODUCTION

The OECD has recently released a public consultation document proposing revisions to Chapter VII of the Transfer Pricing Guidelines (TPG) concerning intra-group services. These revisions represent a significant step toward aligning the framework governing intra-group services with the foundational principles articulated in Chapters I to III of the TPG. The draft guidance introduces enhanced provisions on the accurate delineation of intra-group services for the purpose of determining the arm's length price, while also providing greater clarity on the selection of the most appropriate transfer pricing method. Additionally, it incorporates new illustrative examples to facilitate a better understanding of the application of these principles in practice.

A key highlight of the proposed revisions is the introduction of guidance on enhanced contemporaneous documentation requirements, supplementing the existing framework under Chapter V of the TPG. This development underscores the increasing emphasis on robust documentation, which may be critical for businesses in substantiating the arm's length nature of intra-group service transactions and ensuring compliance with evolving transfer pricing expectations. The Public consultation document is open for comments until July 22, 2026.

## KEY CHANGES

**01**

**Accurate Delineation of Intra Group services**

**02**

**Benefit Test**

**03**

**Most Appropriate Method**

**04**

**Documentation**

**05**

**Other Aspects**

# 1. Accurate Delineation of Intra Group services

## PURPOSE

The draft Guidelines place significant emphasis on conducting a robust Functional Analysis by outlining key aspects for consideration:-

### Functions Performed

The organisational framework of the multinational enterprise (MNE) group must be carefully evaluated, as it has a substantial impact on the functional analysis and helps in understanding the allocation of roles and responsibilities across entities.

### Risk Assumed

In determining the risks assumed by the parties involved in rendering services, it is essential to examine the manner in which such services are procured. For instance, a distinction must be drawn between entities that specialise in delivering specific services and assume full responsibility and associated risks, and those that function merely as intermediaries by matching service needs with the providers and assuming limited operational risk.

### Assets Deployed

An evaluation of the assets utilised in the performance of services is crucial for accurately delineating intra-group services. This includes both tangible and intangible assets that contribute to the value creation in such arrangements.

# 2. Benefit Test

## PURPOSE

To provide greater clarity on the application of the benefit test, the draft guidelines outline key factors to be considered when determining whether intra-group services satisfy this requirement. Concept of benefit in intra group services explained:

- The activity performed by the other group entity(ies) should result in the derivation of economic or commercial value by the recipient.
- The benefit may accrue either during the period in which the services are rendered or subsequently.

- The benefit should be identifiable at the time transaction
- While the expectation of benefit is a fundamental condition for recognising intra-group services, the actual realisation of such benefit can vary and need not be as anticipated.

- The benefit test establishes whether intra-group services have been rendered; however, it does not address or determine the arm's length pricing of such services.
- Benefit test should be applied at the level of each entity for which the activity is performed.

## 3. Most Appropriate Method

### PURPOSE

The Draft Guidelines reaffirms that the principles in Chapters I–III of the TPG apply equally to intra-group services.

The Draft Guidelines reaffirms that the principles in Chapters I–III of the TPG apply equally to intra-group services. Accordingly, the CUP, TNMM, or Cost Plus Method may be used, depending on the nature of the transaction and comparability factors.

Additionally, the Draft Guidelines recognize the applicability of the Transactional Profit Split Method in scenarios involving complex intra-group services. This is particularly relevant where transactions are highly integrated and there is a shared assumption of economically significant risks among the associated entities.

Further the draft guidance provides useful direction in relation to pass through costs by distinguishing situations where a mark-up is warranted and where costs to cost reimbursement may be considered as arm’s length pricing. Accordingly, where the service provider contributes value—such as through functions performed, assets used, or risks assumed—a mark-up would generally be appropriate. Conversely, in cases involving mere pass-through costs without any value addition, a mere cost to cost reimbursement may be justified.

## 4. Documentation

### PURPOSE

The draft guidelines supplement the documentation requirements set out in Chapter V of the TPG for intra-group services and specifically require the inclusion of:

- Benefit Test analysis- including expected benefits and reasons for benefits not materialising as expected
- Decision communications (emails, minutes, approvals) relating to scope, provision and uptake of services
- Copies of Technical documents / Service agreements
- Deliverables (reports, memos, tickets)
- Accurate breakdown of Activities connected to intra group services
- Cost allocation method (allocation keys used, computation, variances, criteria for identification of costs to be allocated)
- Explanation and calculation of how Cost base was determined (incl. details of direct costs, indirect costs, Operating expenses and supporting documents)
- Details of Pass-through costs vs marked-up costs
- External invoices (esp. pass-through)

## 5. Other Aspects

### PURPOSE

The draft Guidelines aim to provide greater clarity and reaffirm the earlier guidelines on certain aspects related to intra group services.

The draft Guidelines aim to provide greater clarity on what constitutes shareholder activities vis- a- vis intra group services by applying the benefit test.

They also offer additional guidance on the selection of allocation keys for allocation of indirect cost in determining the cost base for intra group services.

The draft seeks to reaffirm the earlier guidelines on low value added intra group services.

## Key Take Aways For Businesses

The draft guidelines indicate that businesses may be subject to extensive documentation requirements for all categories of intra group services, which they might not be maintaining currently, which they need to be aware of. Nevertheless, they serve as an early signal for organizations to evaluate the scope and depth of documentation expected for intra-group transactions. That said, it would be advisable to await the final guidelines for greater clarity on the definitive requirements.

WHO WE ARE

## VSTN Consultancy — Global Transfer Pricing Firm

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VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of transfer pricing having its offices in India, Singapore, UAE, USA, and the KSA. VSTN Consultancy has been awarded by [International Tax Review \(ITR\)](#) as [Best Newcomer in Asia Pacific – 2024](#) | [Middle East Transfer Pricing Practice Leader of the Year 2025](#) | [Middle East Best Newcomer of the year - 2025](#) and is ranked as one of the [Recommended Transfer Pricing Firms](#). VSTN Consultancy has been shortlisted in other awards as finalist by ITR for Tax Innovator, Tax Compliance and Reporting Firm, Transfer Pricing Leader, Transfer Pricing Rising Star in Asia Pacific – 2025 | Best Newcomer, Tax Innovator and Transfer Pricing Leader in EMEA – 2025. VSTN's senior partners have been ranked in ITR in the list of recognised Practitioners.

Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy, drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, Global Transfer Pricing Documentation, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbor filing, audit defense before all forums, Pillar 2 Analysis advice and dispute prevention mechanisms such as Advance Pricing agreement.

We are structured as an inverse pyramid where leadership gets involved in all client matters, enabling clients to receive the highest quality of service.

Being a specialized firm, we offer advice that is independent of an audit practice and deliver it with an uncompromising integrity.

Our expert team brings in cumulative experience of over several decades in the transfer pricing space having worked with multiple Multinational Companies across sectors/industries and have cutting edge knowledge and capabilities in handling complex TP engagements.

WHO WE ARE

# VSTN Consultancy — Global Transfer Pricing Firm

VSTN Consultancy is a transfer pricing firm with a global footprint across India, UAE, Singapore, USA, and KSA. We combine deep technical expertise with a client-centric approach to deliver premium transfer pricing services.

- 01 Specialisation**  
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- 02 Global Reach**  
Serving clients across 17+ countries with local expertise.
- 03 Industry Recognition**  
Awarded Best Newcomer APAC & Best Newcomer Middle East.
- 04 Licensed Databases**  
11+ premium databases.

150+

Years' Experience

300+

Clients Served

17+

Countries

5

Global Offices

11+

Licensed Databases


















50+

Team Members

OUR REACH

# Global Locations Served & Licensed Databases

## COUNTRIES SERVED (17+)

- |   |   |   |
|---|---|---|
|  USA         |  Canada      |  Mexico    |
|  UK          |  Netherlands |  Belgium   |
|  Denmark     |  Switzerland |  Italy     |
|  Singapore   |  India       |  Australia |
|  Philippines |  UAE         |  KSA       |
|  Turkey      |  Zambia      |   |

## LICENSED DATABASES

TP Catalyst	Moody's
ORBIS	Moody's
Loan Module	Moody's
IP & Royalty Data	Moody's
EDF-X Bond Database	Moody's
EDF-X Credit Risk Analytics	Moody's
Royalty Rates	ktMINE
Services CUT	ktMINE
Loan Module	Royalty Range
TP Documenter	Ryan
Prowess	CMIE

# THANK YOU

We look forward to partnering  
with you on this engagement.

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