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# Arm's Length Pricing, Treaty Relief and Permanent Establishment Training for Group Tax Heads

1 – 5 March 2027  
Rome





## Arm's Length Pricing, Treaty Relief and Permanent Establishment Training for Group Tax Heads

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### Programme Summary

Arm's length pricing, treaty relief and permanent establishment are the subject of this five-day training course for tax directors and senior finance managers at strategic level, ending in a group transfer pricing and treaty position file. Multinational groups trade and lend between related companies while tax authorities compare records across borders. The approach moves from allocation principles, through pricing methods and taxable presence, to documentation and audit defence, then a worked position file. Mars Training Centre UK delivers this programme in arm's length pricing, treaty relief and permanent establishment.

### The Business Case

International tax exposure arises wherever related companies trade, lend, license or second staff. Positions built on inconsistent pricing, a missed treaty condition or an unrecognised taxable presence tend to surface during audits, when correction is slow and costly. Consistent policy supported by records protects group cash flow.

- Audit Adjustment Risk: Falls as pricing positions are benchmarked before a review.
- Double Taxation Leakage: Narrows as treaty relief claims are tested against their conditions.
- Policy Consistency: Improves as the master file, local file and policy align.

### Principles and Evidence Base

- OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations: Its arm's length principle and guidance on intangibles and financial transactions shape Sessions 1, 3 and 4.
- OECD Model Tax Convention: The model text behind most bilateral tax treaties structures Sessions 1 and 2.
- BEPS Action 13 documentation standard: Its master file, local file and country-by-country report tiers organise Session 4.

### Intended Participants

- Tax directors who set group pricing policy.
- Group finance directors who approve intra-group charges.
- Heads of tax who manage audits, treaty claims and documentation.
- Senior finance managers who prepare the figures behind pricing positions.

The programme serves manufacturing, banking, energy and technology groups with foreign subsidiaries.



## Learning Outcomes

1. Participants will be able to evaluate how tax treaties and the arm's length principle allocate taxing rights between countries.
2. Participants will be able to diagnose where staff, agents and projects create a permanent establishment.
3. Participants will be able to construct a pricing method choice for each type of related-party transaction.
4. Participants will be able to prioritise audit and dispute risks across cross-border flows.
5. Participants will be able to design transfer pricing documentation consistent across all three reporting tiers.
6. Participants will be able to justify a group pricing and treaty position to a board and to a tax authority.

## Programme Structure

### Day 1: Arm's Length Pricing Principles and Treaty Architecture

How do the arm's length principle and tax treaties divide taxing rights between countries?

- Arm's Length Principle in the OECD Transfer Pricing Guidelines
- Residence and Business Profits Rules of the OECD Model Tax Convention
- Treaty Relief Claim and Withholding Tax Analysis
- Related-Party Transaction Inventory
- Group Value Chain Map

### Day 2: Permanent Establishment and Cross-Border Exposure

When does cross-border activity create a taxable presence?

- Permanent Establishment Definition and Threshold Tests
- Dependent Agent and Contract Authority Review
- Seconded and Remote Worker Exposure Check
- Construction Site and Service Project Duration Test
- Profit Attribution to a Permanent Establishment

### Day 3: Pricing Method Selection and Benchmarking

Which pricing method fits each intra-group transaction?

- Functional Analysis and Comparability Profile
- Pricing Method Selection Matrix
- Transactional Profit Method Application
- Comparable Set Screening and Range Analysis
- Intra-Group Service Charge and Royalty Cases



## Day 4: Intangibles, Finance, Documentation and Disputes

How are intangibles and group finance priced, documented and defended?

- Hard-to-Value Intangibles Review
- Intra-Group Loan and Guarantee Pricing
- Master File, Local File and Country-by-Country Report Layout
- Tax Audit and Dispute Response Plan
- Global Minimum Tax Effect on Pricing Choices

## Day 5: Applying Arm's Length Pricing and Treaty Relief to One Group

Is the group position file ready to defend before a tax authority?

- Applying the Session 1 Value Chain Map to the Chosen Group
- Testing the Session 2 Presence Review Against Staffing Data
- Checking Session 3 Method Choices Against Benchmark Ranges
- Applying the Session 4 Report Layout to the Pricing Policy
- Completing the Group Transfer Pricing and Treaty Position File

## Methodology

The programme uses structured exercises and case analysis. Participants work in small teams with an anonymised multinational group, mapping its related-party flows, testing pricing methods against benchmark data and reviewing staffing for taxable presence, then defend conclusions before a simulated tax authority panel.

- Suggested activity: Choosing a pricing method for five related-party transactions.
- Suggested activity: Screening staff secondments for permanent establishment risk.
- Suggested activity: Answering an audit query using transfer pricing documentation extracts.

## Capstone Output

Each participant completes a group transfer pricing and treaty position file for one multinational group. It holds a transaction inventory, a value chain map, a pricing method matrix, a permanent establishment review, a treaty relief schedule and a documentation outline, and briefs the board ahead of a tax authority review.



## Frequently Asked Questions

### **Is arm's length pricing suitable for senior finance managers who are not tax specialists?**

Yes. Arm's length pricing is set at strategic level and assumes responsibility for group figures or tax positions, not legal drafting or advanced modelling.

### **Which standards does arm's length pricing rest on in this programme?**

Arm's length pricing rests on the OECD Transfer Pricing Guidelines, the OECD Model Tax Convention and the BEPS Action 13 documentation standard.

### **How is the position file on arm's length pricing and treaty relief used at work?**

You use the position file on arm's length pricing and treaty relief to brief your board, align pricing policy and prepare for a tax authority review.

### **How does arm's length pricing differ from a general corporate tax programme?**

Arm's length pricing centres on related-party transactions and treaty claims across borders, while a general corporate tax programme centres on domestic computation and planning.