



TRANSFER PRICING

Readiness Assessment: What the Data Reveals

September 2026

Survey
Europe & Latin America



João Aranha



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Now, for tomorrow



In Their Own Words

Four Transfer Pricing specialists on what the data is really telling companies

“

Transfer Pricing exposure is now the rule, not the exception, yet most companies still can't produce a documented policy to prove it."

João Aranha

Transfer Pricing Partner

“

We strive to build closer relationships with our customers and better understand their TP needs. Creating synergies."

Agustín Espino Vergara

Transfer Pricing Leader, Latam

“

Acting early always costs less than fixing it under audit. The best-prepared companies are simply the ones that decided before the inspector did."

María Mariñas

International Tax Partner

“

Most companies benchmark against assumptions, not evidence. This study gives leadership teams in Europe and Latam a tangible, comparable picture of where they stand."

Inês Faina

Transfer Pricing Senior Manager

Why Transfer Pricing Remains a Top Tax Agenda Item

When a company buys or sells between its own divisions across borders, tax authorities require it to price those deals fairly, as if dealing with a stranger, not a sister company.

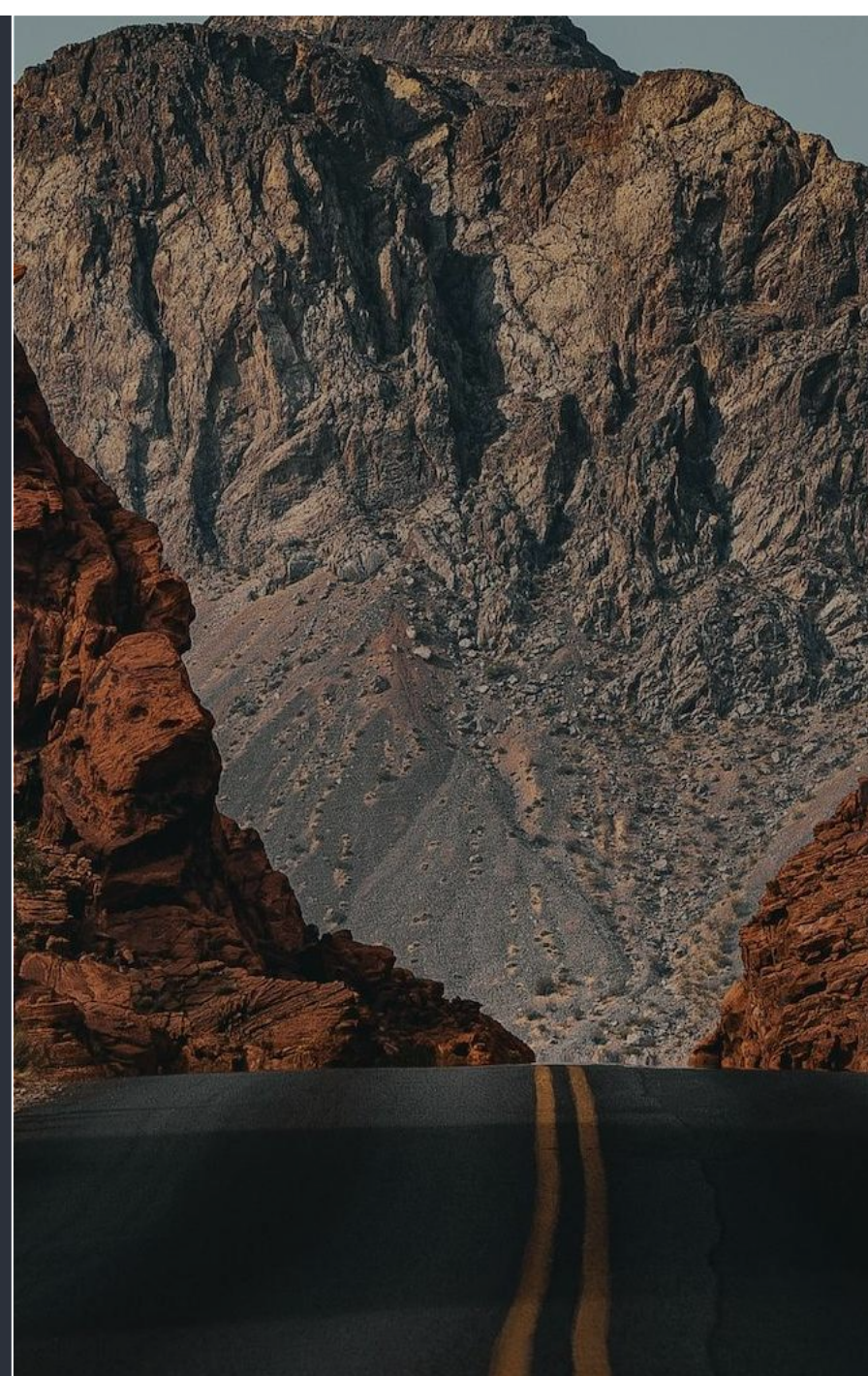
- 1) BEPS and BEPS 2.0/Pillar One-Two keep raising the bar on intragroup pricing scrutiny.
- 2) Tax authorities now exchange information routinely, closing gaps that used to hide inconsistent related-party pricing.
- 3) Documentation requirements keep expanding, with steeper penalties for non-compliance.

94%

of European respondents confirm TP exposure

93%

of Latam respondents confirm TP exposure





Who We Surveyed



A Broad, Cross-Industry Sample Across Two Regions

Two independent samples, European and Latam, both spanning a broad mix of industries, no single sector dominates either region.

	Europe	Latam
Largest sector	Services, 39%	Industry, 44%
2nd largest sector	Other, 24%	Services, 33%
Remaining sectors	Industry, Financial & Technology, 37% combined	Other, Financial & Technology, 24% combined

Geography: Latam respondents are concentrated in Mexico, with further representation from Guatemala, Costa Rica and other countries in the region. Europe respondents span multiple European countries.

Structure: all respondent companies have cross-border intragroup transactions and operate subsidiaries in multiple countries: a multinational, not purely domestic, sample.



Awareness Snapshot

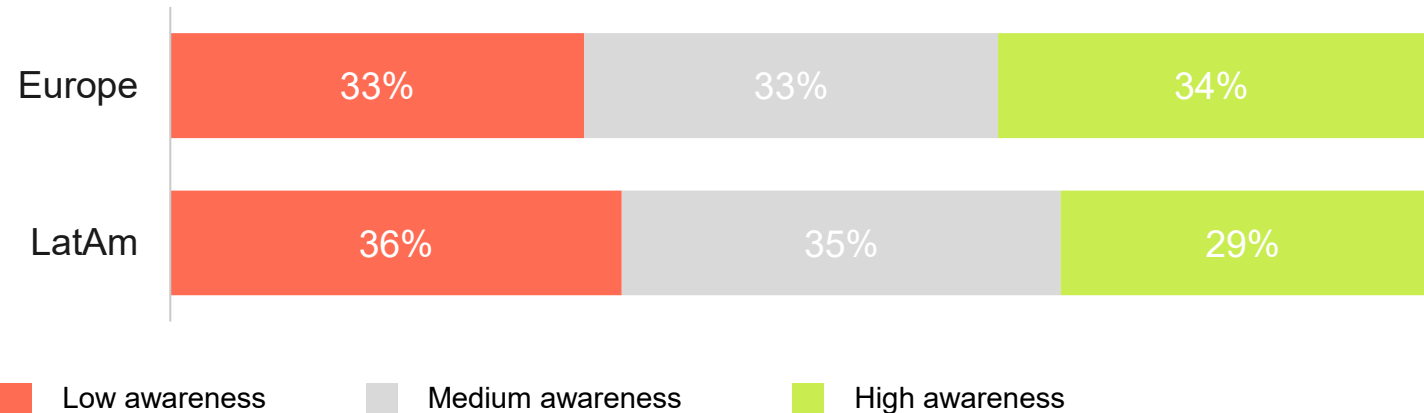
Uneven and, on average, insufficient

How well a company actually knows and follows the TP rules that apply to it, not just whether it has heard of them.

Europe averages 58.9

Latam averages 54.2

The Awareness Index scores each company 0–100 across 7 pillars: self-reported knowledge, documentation, intragroup practices, internal resources, risk controls, evidence retention, and APA/MAP awareness.



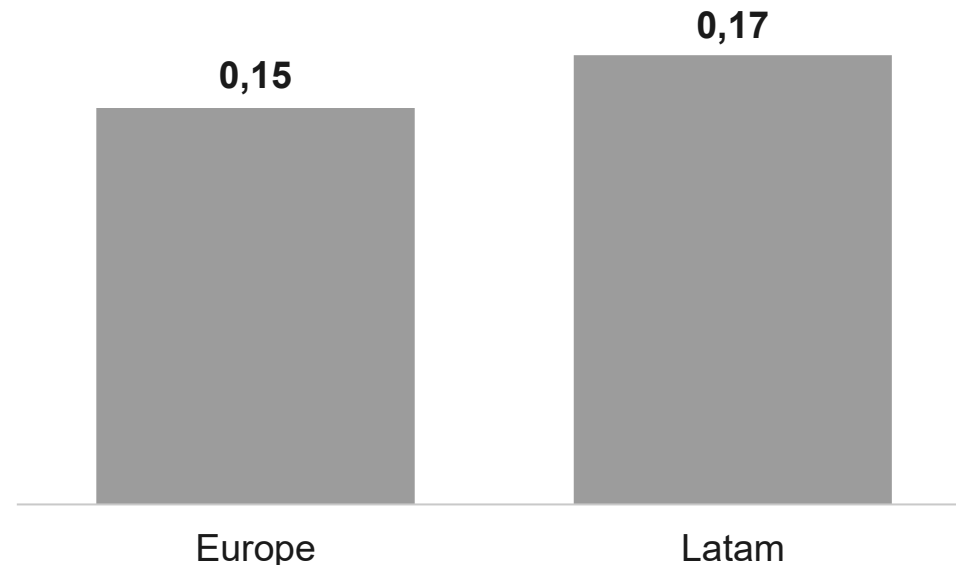


Perception vs. Reality

What Companies Think They Know vs. What They Actually Practice

Companies rated how much they think they know about TP and were separately scored on what they actually do (documentation, controls, resources). If confidence matched reality, the two would move together.

They barely do: the correlation between self-reported knowledge and real maturity is weak in both regions, Latam and Europe.



Correlation score: 0 means confidence and reality are unrelated, 1 would mean they always match. At 0.15–0.17, they are nearly unrelated.



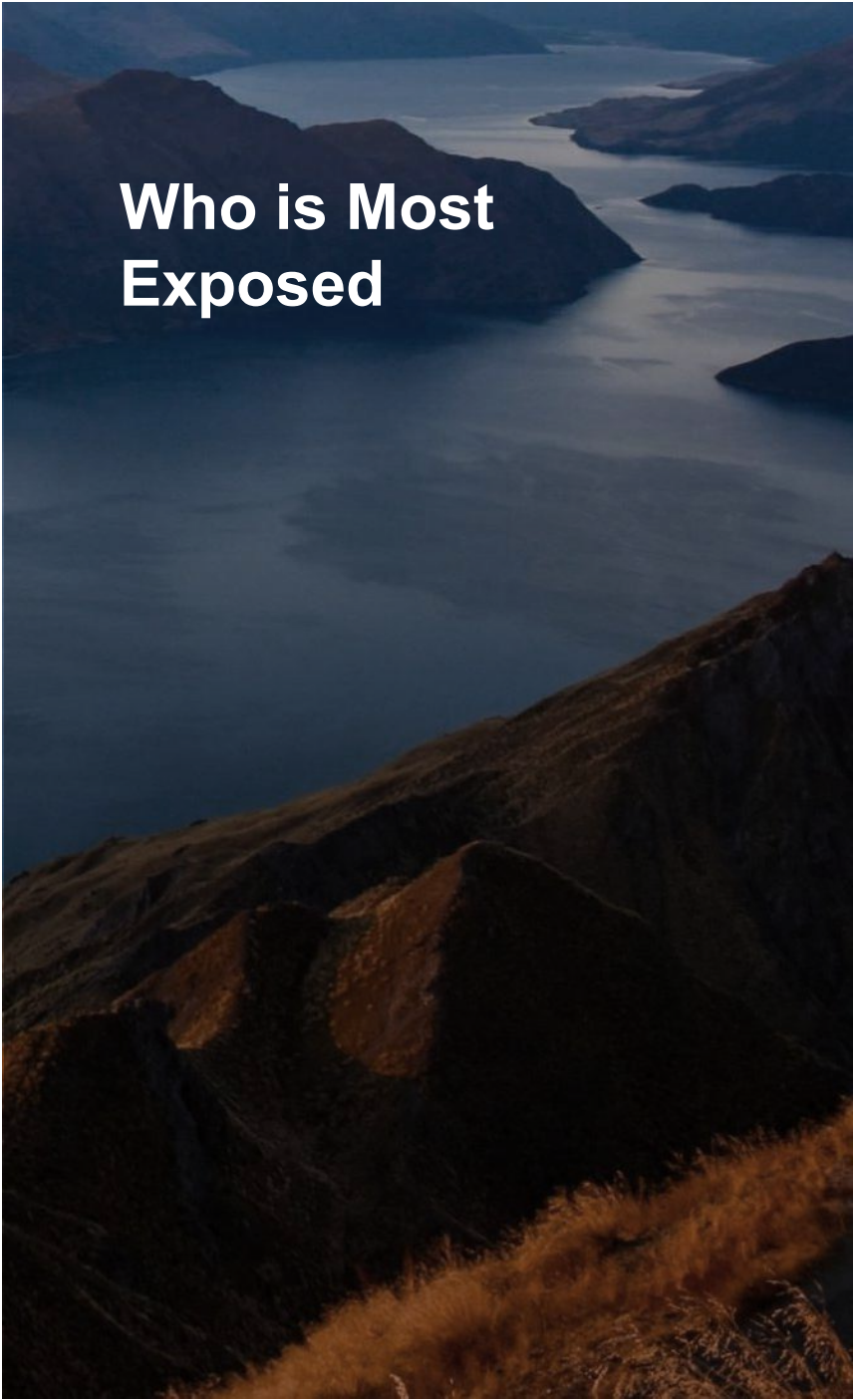
Key Gaps & Their Risk

The gaps most companies have, and what each one risks

In plain terms: these are the specific things most companies are missing: the first things a tax inspector would ask to see, and what happens if they stay missing.

Companies that feel more at risk are not actually more exposed in practice. The two barely move together, in Europe ($r=0.06$) as much as in Latam ($r=0.14$).

Gap	Incidence (Europe / Latam)	Risk if unresolved	Severity
No documented TP policy	53% / 56%	Adjustments & penalties in a tax audit	High
No specialized internal resources	61% / 58%	Critical dependency, loss of institutional knowledge	Medium-High
Unfamiliar with APA/MAP	33% / 29%	Double-taxation exposure	Medium-High



Who is Most Exposed



Three choices separate exposed companies from prepared ones

Two companies can look identical on paper, same size, same industry, same country, and still sit in very different risk categories.

We tested this directly: awareness scores were statistically the same across region (Europe 58.9 vs. Latam 54.2), sector, and company size measured by number of countries with subsidiaries ($r=-0.06$, no relationship). None of these moved the needle.

What actually tells them apart is whether they have made three specific choices, shown below.

Has a documented TP policy

76

*average awareness with it, vs.
just 39 without it*

Has internal TP resources

77

*average awareness with it, vs.
just 43 without it*

Has been through a TP audit before

76

*average awareness with it, vs.
just 51 without it*

Each number is an awareness score (0–100). Skip all three, and a company sits in the highest-exposure group found in this study, regardless of where it is based.

Outsourced Knowledge, Not Internalized



Heavy reliance on external advisors, light on in-house capacity

Most companies bring in an outside consultant for TP work, but very few have built any team of their own to handle it.

Almost 9 in 10 companies use external advisors for TP, but fewer than half have specialized internal resources of their own.



87–89%

rely on external advisors for TP

Europe 87% · Latam 89%

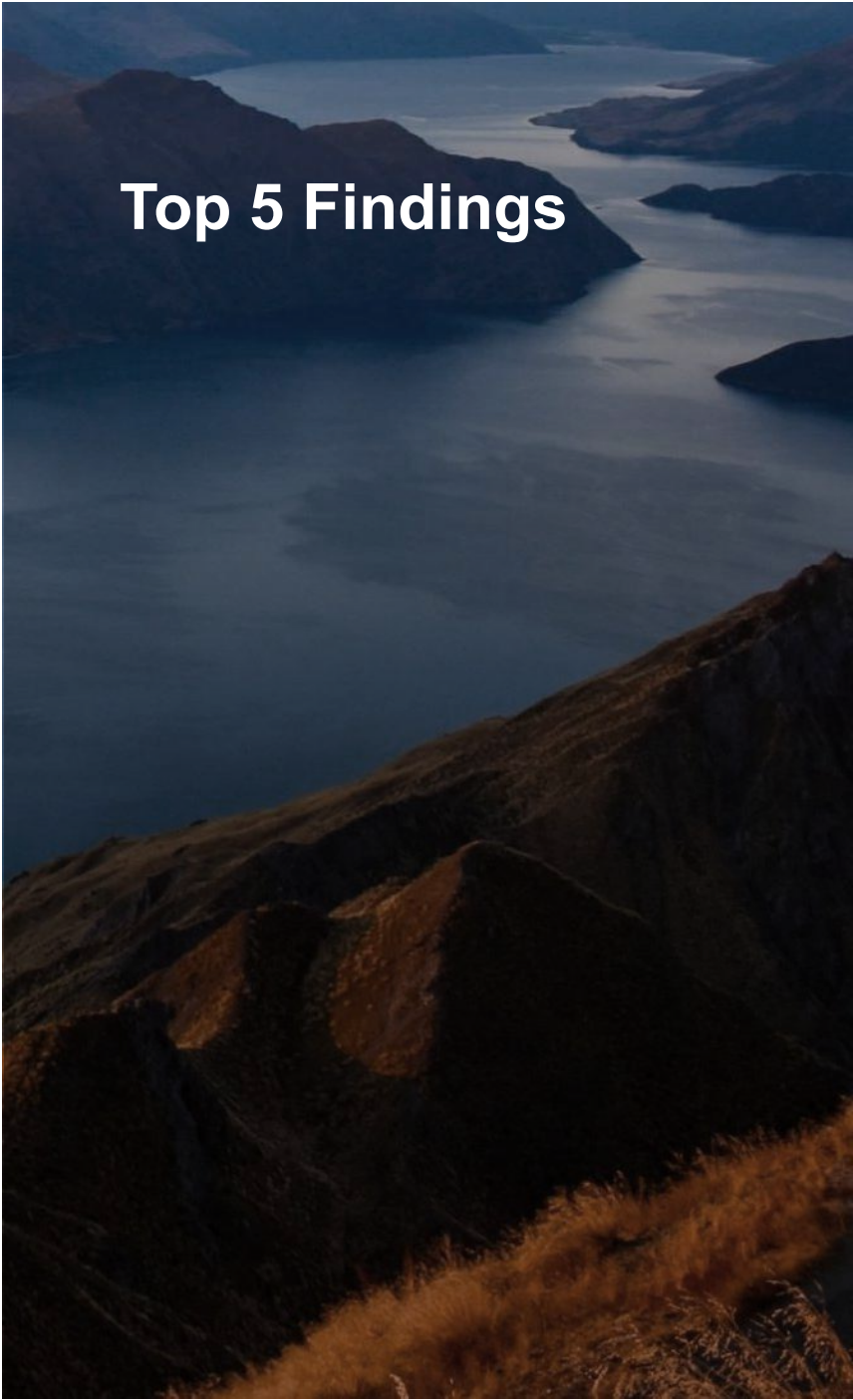


39–42%

have specialized internal TP resources

Europe 39% · Latam 42%

Having an advisor does not automatically mean feeling more on top of TP: occasional use barely beats having none, and only sustained, recurring engagement is linked to meaningfully higher awareness.



Top 5 Findings



The 5 Numbers That Say the Most About the Market Today

- 1** No documented TP policy, despite confirmed exposure, Europe 53% · Latam 56%
- 2** Rely on external advisors, but few have internal resources, Europe 87% / 39% · Latam 89% / 42%
- 3** Do not know if they can access APA/MAP mechanisms, Europe 33% · Latam 29%
- 4** Audited companies score much higher on awareness, Europe +27 pts · Latam +24 pts, yet few have ever been audited (Europe 33%, Latam 13%)
- 5** Feeling at risk does not mean being prepared, perception barely tracks reality in either region

Caution: Results are indicative and directional, not statistically generalizable.



Recommended Actions

From awareness to action: what should change starting now

Fixing the gaps from the last few slides comes down to eight concrete steps.

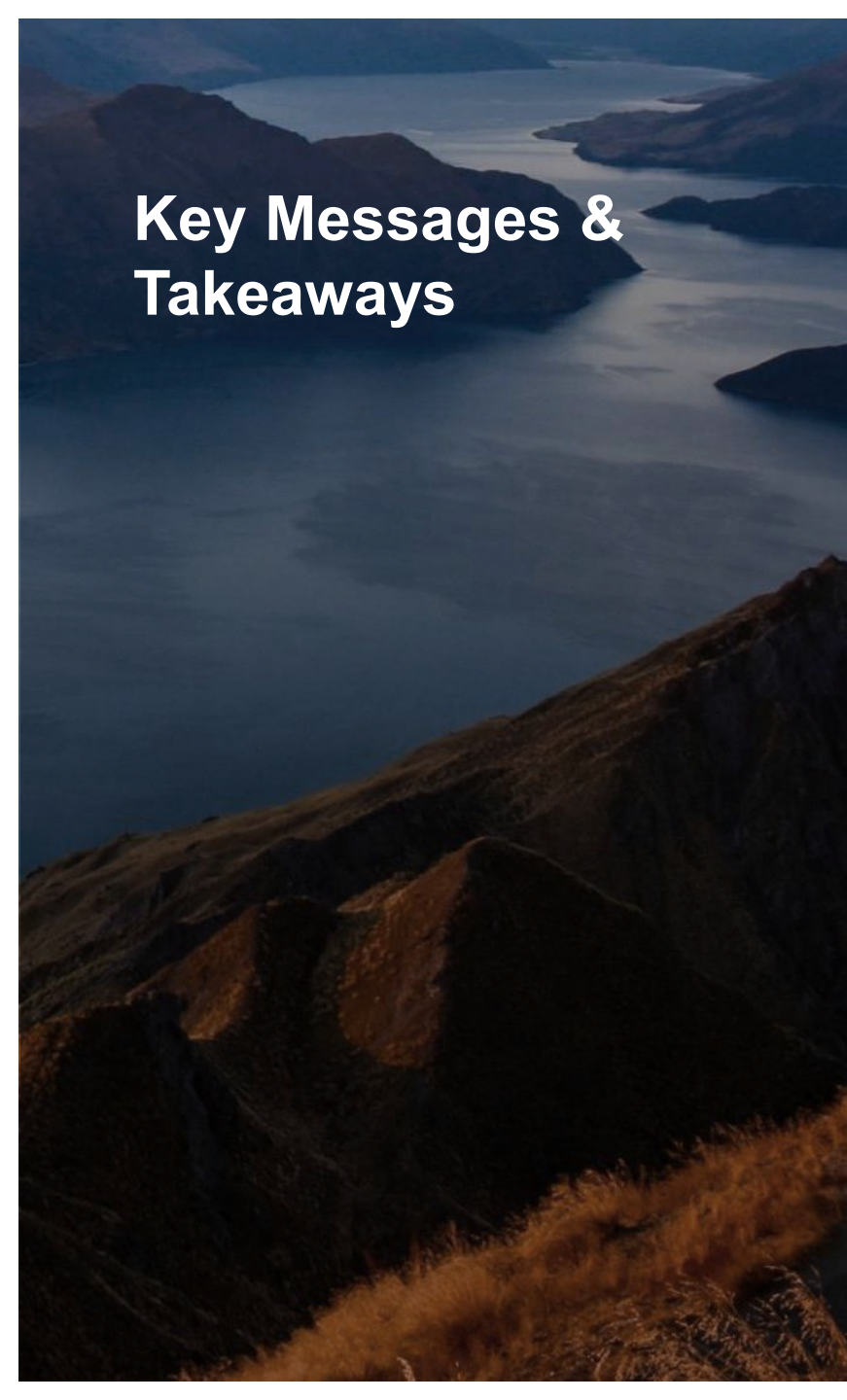
Short-term

- Review & formalize the TP policy
- Validate documentation (Local File / Master File / CbCR)
- Map & test existing intragroup transactions
- Check consistency between written policy and actual practice

Medium-term

- Assess access to APA/MAP mechanisms
- Strengthen evidence-retention processes
- Invest in internal capability building
- Proactively prepare for a potential audit

Delaying these actions keeps a company in the highest-exposure group, acting early always costs less than fixing it under audit.



Key Messages & Takeaways

1. Exposure to TP is now nearly universal, the question is not "if", but "how prepared".
2. More than half of exposed companies still do not have a formally documented policy.
3. Self-declared knowledge is a poor predictor of real maturity, confidence is not compliance.
4. TP maturity depends on governance choices, not geography, sector or size.
5. Early preparation is systematically cheaper than reactive correction under audit.



Readiness Checklist

What to Validate Today

Answer these eight questions honestly, most companies with no documented policy and no internal TP resources answer "no" to several.

☐

Documented, up-to-date Transfer Pricing policy in place?

☐

Internal TP risk controls in place?

☐

Recent functional analysis (FAR) performed?

☐

Process to retain intragroup service evidence?

☐

Valid intragroup contracts in place?

☐

Aware of / assessing APA/MAP mechanisms?

☐

Internal resources dedicated to TP?

☐

Ever simulated or undergone a TP audit?

Act before the risk materializes

~1 in 3 companies sit in the lowest awareness tercile. Over half have no documented Transfer Pricing policy.

Nearly 9 in 10 depend on external advisors without matching internal capacity.

Start with the readiness checklist and talk to us about a Transfer Pricing diagnostic.



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