

Transfer Pricing Report

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Transfer Pricing Report from Bloomberg Tax

By [Caleb Harshberger](#) | Friday, August 22, 2025

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Hello and welcome to the Transfer Pricing Report. I'm Caleb Harshberger, and once again we're in Australia, where the tax authorities have finalized long-awaited rules limiting deductions companies can take on their debt Down Under.

They're here! Australia finalized (most of) its long-awaited thin-capitalization and debt deduction creation rules this week, **limiting the deductions** multinational companies can claim on the interest on their debt.

For transfer pricing, the rules—particularly the debt reduction creation rules—contain a number of tests and restrictions on the deductions available for related-party debt. The DDCR applies to assessments for income years that began on or after July 1, 2024, and violations may be subject to strict Australian anti-avoidance rules.

Companies need to review their arrangements immediately in light of the new rules and make changes where needed, Nitin Saby, tax principal of Saby+Partners and former ATO director specializing in corporate tax and international tax structuring, told me Wednesday night.

"The message is clear: Review group financing structures now, upgrade documentation, and consider third-party refinancing where needed," he said. "The era of easy interest deductions is definitely over."

And transfer pricing adjustments can't be used to fix thin-cap breaches, Saby added. They would only draw more scrutiny from the ATO. [Read More](#)

Joanna Black, managing director at Alvarez & Marsal Tax, Australia, said that while the final guideline did incorporate some feedback the ATO received—including letting companies replace intercompany debt with third-party debt in certain cases—the final rules keep strict restrictions on companies and don't offer much more certainty for taxpayers.

"The Finalised Guidance does not provide a huge amount of breathing room for groups with complex intragroup arrangements and taxpayers will still need to **undertake a comprehensive review** of their intra-group arrangements and uses of borrowed funds," she said in an email.





India's block assessment policy gives companies some audit relief
 Photographer: Abhisek Saha/Middle East Images/AFP via Getty Images

Elsewhere in the Indo-Pacific, businesses in India will get [relief](#) from yearly audits of their intercompany tax positions under a new law they say will provide more certainty and save time and money, correspondent Shefali Anand writes.

The "block assessment" allows companies to choose audits of their positions covering three years instead of just one at a time, and will let them take a transfer pricing officer's arm's-length price for a given assessment year and apply it for the following two years.

At the same time, demand for bilateral advance pricing agreements in India is [growing](#) as companies seek tax certainty across jurisdictions, according to **Vinay Kumar Singh of the Central Board of Direct Taxes**.

And in litigation news, the recent federal appeals court ruling on IRS access to data in its transfer pricing dispute with Eaton Corp. could put multinationals on a [collision course with EU privacy laws](#) and cause the agency to pursue similar TP cases against other major international companies, reporter Tristan Navera writes.

"Some of these companies have come to regret transferring their HQ overseas," said **Justen Ghwee, director of international tax for Kaufman, Rossin & Co.**

In other news:

- [Nations Warn of Hurdles if UN Launches Transfer Pricing Database](#)
- [Andersen Expands Tax Practice With Transfer Pricing Specialists](#)
- [Treasury Issues Regulation Plan Without GOP Tax Bill Roadmap \(1\)](#)

What We're Listening to:

Looking for a great break? This conversation I had with **Roman historian Anna Dolganov** isn't strictly transfer pricing, but the 900-year-old case of cross-border tax evasion that she and her colleagues recently discovered resonates even today.

[Listen here.](#)



Also check out the New York Times [story](#) on the scroll, if you missed it.

Reach out to me at charshberger@bloombergindustry.com or calebharshberger.15 on Signal to talk on- or off-the-record

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Technical Analysis

ANALYSIS

How Do Trump Tariffs 2.0 Impact Transfer Pricing and Vice Versa?

Companies should take a proactive approach to transfer pricing policies by closely monitoring import transactions and tariff compliance, reviewing and potentially revising their intercompany contracts, and considering whether a portion of tariff costs should be borne by a related party outside of the US, say a University of Notre Dame professor and Grant Thornton practitioners. [Read More](#)

Developments

Germany Upper House Considers Bills to Ratify Sixth, Third Protocols to DTAs with Switzerland, Netherlands

The German Upper House of Parliament (Bundesrat) Aug. 15 accepted for consideration Bill Nos. 389/25 and 390/25, to ratify the sixth protocol to the 1971 DTA with Switzerland, signed Aug. ... [Read More](#) | [Documents Attached](#)

United Kingdom Tax Agency Posts Synthesized Text of DTA, Protocol With Hong Kong

The United Kingdom HM Revenue and Customs Aug. 15 posted the synthesized text of the 2010 DTA and protocol with Hong Kong, and the Multilateral Convention to Implement Tax Treaty ... [Read More](#) | [Documents Attached](#)

Cameroon-China DTA Enters Into Force, Effective Dates for Second Protocol to Brazil-China DTA Announced


The Chinese State Administration of Taxation Aug. 11 announced that: 1) the DTA with Cameroon, signed Oct. 17, 2023, entered into force July 26, 2025, and will apply to income ... [Read More](#) | [Documents Attached](#)

Switzerland Gazettes Decree Ratifying Fifth Protocol to 1966 DTA With France

The Swiss Official Gazette Aug. 14 published Federal Decree No. RO 2025 504, approving the fifth protocol to the 1966 DTA with France, signed June 27, 2023, which entered into ... [Read More](#) | [Documents Attached](#)

Australia High Court Issues Decision Clarifying Royalty Withholding, Diverted Profits Tax Liability of PepsiCo

The Australian High Court Aug. 13 issued a decision in Case No. HCA 30/2025, clarifying the royalty withholding tax (RWT) and diverted profits tax (DPT) liability of PepsiCo. The taxpayer, ... [Read More](#) | [Documents Attached](#)

This newsletter was edited by Kathy Larsen  and Vandana Mathur .

Companies

Mentioned in this issue

[Grant Thornton International Ltd](#)

[PepsiCo Inc](#)

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