



PART A: TRANSFER PRICING ADJUSTMENTS - SPAIN V. EPSON IBERICA S.A.U. Introduction Article 9 – Associated Enterprises of the OECD Model Tax Convention encompasses the cornerstone of transfer pricing – the Arm’s Length Principle – a fundamental principle applied across international tax systems. This principle requires that prices set for any inter-company transactions between associated enterprises should – for tax purposes – be derived from prices that would have been applied by unrelated parties in similar uncontrolled transactions under similar conditions in the open market. Essentially, the crux of transfer pricing is prevention of base erosion and shifting of profits of one country to another on account of transactions between related parties. In cases where the transactions between related parties are not carried out in accordance with the arm’s l.....