



News Release

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**IRS SEEKS COMMENTS ON PROPOSAL TO SIMPLIFY
TRANSFER PRICING DOCUMENTATION**

WASHINGTON – The IRS is soliciting comments on a proposed multilateral transfer pricing documentation package developed by the Pacific Association of Tax Administrators (PATA). The PATA members include Australia, Canada, Japan and the United States.

In recent years, transfer pricing documentation has become increasingly important under the laws of many jurisdictions. Under U.S. law, taxpayers may be subject to documentation-related penalties under Internal Revenue Code Section 6662(e). Taxpayers have commented that it has also become increasingly burdensome to understand and satisfy the differing documentation requirements in each jurisdiction.

The PATA members have tentatively agreed on principles under which taxpayers can prepare one set of documentation (the PATA Documentation Package) that will meet the respective transfer pricing documentation provisions of each PATA member country and thus eliminate the need to prepare different documentation for each country. The proposed PATA Documentation Package is intended to reduce taxpayer burden and to provide certainty that a penalty will not be imposed. In effect, the PATA Documentation Package creates a voluntary procedure that, if satisfied, will protect the taxpayer from otherwise applicable transfer pricing documentation penalties, if any, in each of the four jurisdictions.

Prior to adoption of this multilateral approach to transfer pricing documentation, the United States Competent Authority is soliciting comments with respect to the proposal. Taxpayers who would like to review the proposal can go to www.irs.gov and click on "Businesses" in the "contents" area, then choose "International Businesses."

Comments on the proposal can be sent via e-mail to carol.a.dunahoo@irs.gov or by mail to: Carol A. Dunahoo; Director, International; IRS/LM:IN; 950 L'Enfant Plaza South, SW - Suite 4401; Washington, DC 20024. Comments are due by July 31, 2002.

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