

Navigating transfer pricing complexity: standardisation, cooperation, and transparency

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Abstract

This study examines the drivers of perceived corporate transfer pricing complexity. Our analysis is based on survey data from multinational firms in the manufacturing sector. We identify three key strategies expected to reduce transfer pricing complexity and associated compliance costs while enhancing tax compliance: standardising transfer pricing documentation, strengthening cooperation between tax authorities, and increasing transparency through expanded information exchange among tax authorities and between tax authorities and firms. The findings provide evidence-based insights for international tax policy aimed at reducing transfer pricing complexity and associated administrative burdens for both firms and tax administrations.

Keywords: transfer pricing; tax complexity; tax compliance; tax simplification; standardisation; documentation; transparency

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1. INTRODUCTION

We investigate the drivers of perceived transfer pricing complexity among multinational firms and examine how it may be reduced to lower compliance costs while improving adherence to transfer pricing regulations. Our analysis is based on survey data from German firms collected through a comprehensive questionnaire, informed by the literature and insights from transfer pricing experts at both firms and tax authorities. The survey investigates determinants of perceived transfer pricing complexity and related compliance costs, gathers practical experiences with existing approaches, and evaluates reform proposals. While prior research predominantly examines objective dimensions of transfer pricing complexity – such as regulatory scope, textual readability, or the frequency of legislative amendments (Hoppe et al., 2023; Gauß et al., 2024) – we focus on perceived transfer pricing complexity. Studying perceived transfer pricing complexity is important because managerial decisions are shaped by subjective assessments rather than purely objective regulatory characteristics. In line with Hoppe and co-authors (2023), we define perceived transfer pricing complexity as comprising two dimensions: the perceived complexity inherent in the relevant tax regulations (code), and the perceived complexity arising from tax-related administrative and judicial procedures (framework).

We conducted an online survey from May to July 2023, receiving 201 responses from tax experts in large and medium-sized German multinational firms, with a final sample of 109 responses. The data enable us to examine the key drivers of perceived transfer pricing complexity and identify measures expected to reduce complexity. In particular, we find that: (1) standardisation of transfer pricing documentation; (2) improved cooperation between national and foreign tax authorities, and (3) enhanced transparency between tax authorities and taxpayers, are perceived as effective in reducing complexity.

Over the last several decades, tax complexity has steadily increased (Asen, 2021; Hoppe et al., 2023), driven largely by the expansion of anti-tax avoidance regulations, including transfer pricing regulations providing the basis for applying the arm's length principle (Zinn, Riedel & Spengel, 2014),¹ and by the growing influence of supranational bodies issuing regulatory recommendations (e.g., Organisation for Economic Co-operation and Development (OECD) Model Convention on Income and on Capital and Commentary; OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations; United Nations Practical Manual on Transfer Pricing for Developing Countries). This increasing regulatory density contributes not only to the length and technical detail of transfer pricing rules, but also to greater interpretative uncertainty.

¹ E.g., European Union, *Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements* [2018] OJ L 139/1 (DAC 6, the 5th amendment to *Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC* [2011] OJ L 64/1; *Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market* [2016] OJ L 193/1 (Anti-Tax Avoidance Directive (ATAD)); the US Base Erosion and Anti-Abuse Tax (BEAT) initiative; national implementation of the results of the OECD Base Erosion and Profit Shifting (BEPS) project regarding the application of the arm's length principle (BEPS Action Items 8-10).

At the same time, the arm's length principle is conceptually indeterminate and can be interpreted differently by tax authorities and taxpayers, and might induce tax disputes. The OECD Transfer Pricing Guidelines (OECD, 2022b, para. 1.13), therefore, emphasise that there is no single transfer price that corresponds to the arm's length principle. From a theoretical perspective, fully comparable market transactions cannot exist, and without such transactions, a transfer price that conforms to the arm's length principle lacks distinct criteria (Greil et al., 2023), thereby amplifying interpretative discretion and perceived complexity.

As a result, transfer pricing has long been perceived as one of the most complex areas of tax regulation (De Waegenaere, Sansing & Wielhouwer, 2007; De Waegenaere & Sansing, 2010; Diller et al., 2025), including evidence from cross-country and single-country survey studies (Safaei, 2022; Azmi Shabestari & Safaei, 2024; Hoppe et al., 2023) and OECD statistics on mutual agreement procedures.² This perception is shared by both firms and tax authorities.³ The growing number of these regulations, their increasing technical detail, and frequent amendments further elevate compliance burdens for taxpayers and administrative burdens for tax authorities. In response to this complexity and the resulting risk of double taxation, procedural instruments have expanded to mitigate disputes (e.g., the OECD's International Compliance Assurance Programme (ICAP); Advance Pricing Agreements (APAs); the European Union's *Council Directive (EU) 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms in the European Union*).

Tax complexity is closely linked to compliance costs (Mills, 1996; Tran-Nam et al., 2000; Owens, 2016; Lazos, Koutoupis & Pazarskis, 2022). Higher tax complexity can increase the time and expenses associated with tax return preparation and the avoidance of double taxation in international proceedings (Mills, 1996) and create opportunities to manipulate the tax system (Slemrod, 1989). However, compliance costs vary depending on firm characteristics: they tend to decrease as firms grow larger (Slemrod & Venkatesh, 2002; Eichfelder & Hechtner, 2018) but increase as firms diversify internationally (Blumenthal & Slemrod, 1995; Tran-Nam et al., 2000; Owens, 2016). Multinational firms with extensive international networks, however, may be able to navigate these tax complexities more efficiently (Euler et al., 2024).

In the context of transfer pricing, the literature identifies three main drivers of compliance costs. First, differences in calculation methods within tax regulations increase compliance costs, as firms must distinguish among several options to determine the optimal transfer price (Baldenius, Melumad & Reichelstein, 2004; Zwick, 2021). Second, compliance costs increase due to uncertainty about transfer pricing regulations (Towery, 2017) and differences in regulatory frameworks across countries (Plesner Rossing, 2013). Third, uncertainty about how the arm's length principle is correctly applied further increases compliance costs (Plesner Rossing, 2013; Smith, 2002).

These determinants closely relate to the conceptualisation of perceived tax complexity proposed by Hoppe and co-authors (2023). Their tax complexity index captures compliance costs arising from the choice of calculation methods, as the perceived

² OECD, '2024 mutual agreement procedure statistics', <https://www.oecd.org/en/data/datasets/mutual-agreement-procedure-statistics.html> (accessed 4 March 2026).

³ For Germany, Bornemann, Schipp and Sureth-Sloane (2021); for Indonesia, Schipp, Siahaan and Sureth-Sloane (2026).

complexity of the tax ‘computation’. In addition, complexity emerges in the application of the arm’s length principle, which is inherently argument dependent and does not yield a single correct price. According to Hoppe and co-authors (2023), complexity arises both from the application of this principle and from reliance on controversial legal fictions. Taken together, the choice of methods and the indeterminacy of the arm’s length principle correspond to elements of perceived tax framework complexity and help explain why transfer pricing complexity is particularly associated with high compliance costs. Overall, compliance costs pose a substantial challenge for firms striving to comply with tax rules. Accordingly, reducing transfer pricing complexity may contribute to lowering compliance costs and strengthening tax compliance.

Although tax complexity may lead to frustration and non-compliance when regulations are overly opaque (Kirchler, Hoelzl & Wahl, 2008; Heinemann-Heile et al., 2025), the specific cost drivers of transfer pricing complexity have received only limited empirical attention, and only a few studies provide evidence-based recommendations for reducing such complexity. Prior research on reducing complexity and compliance costs often focuses on formulary apportionment, by examining how transfer pricing disputes might be avoided through a fundamental redesign of the profit allocation system (Martini, Niemann & Simons, 2016; Greil, 2021; Akhand & Mawani, 2023), with only a limited number of studies addressing reforms within the arm’s length principle (e.g., Greil et al., 2023).

Our study does not propose a new transfer pricing profit allocation regime. Instead, we contribute to the literature by providing systematic survey evidence from Germany on the perceived drivers of transfer pricing complexity and their associated costs within the existing internationally agreed profit allocation framework and by deriving empirically grounded recommendations to reduce this perceived complexity. These recommendations may assist policymakers seeking to improve the administrability of the current arm’s length-based system and are consistent with ongoing international simplification efforts, such as the implementation of ‘Amount B’, which provides for standardised margins (OECD, 2024a).

Research on the effects of tax complexity on compliance has largely focused on individual taxpayers (e.g., Kirchler et al., 2008; Batrancea et al., 2019; Mardhiah, Miranti & Tanton, 2019; Inasius et al., 2020), while studies examining firms’ tax compliance are comparatively scarce (e.g., Bayer & Cowell, 2009; Mendoza, Wielhouwer & Kirchler, 2017; Chen et al., 2021). Existing firm-level evidence indicates that enforcement through tax audits can deter tax avoidance, albeit only up to a certain auditing threshold (Mendoza et al., 2017). However, these studies do not examine measures that could directly affect firms’ tax compliance behaviour, nor do they identify the drivers of voluntary compliance, potential avenues for simplifying tax systems, or the specific challenges associated with transfer pricing compliance.

Turning to transfer pricing more specifically, the literature has likewise devoted limited attention to identifying viable avenues for simplification. Most studies examine how firms organise tax planning and tax avoidance (Keuschnigg & Devereux, 2013; Kohlhase & Wielhouwer, 2023), analyse the scope of profit shifting, even when firms aim to comply with transfer pricing regulations (Bauer & Langenmayr, 2013), and investigate unintended tax avoidance arising from transfer pricing inconsistencies across countries (Diller et al., 2025). Klassen, Lisowsky and Mescall (2017) document that firms prioritise transfer pricing tax compliance over tax planning, a conclusion reinforced by Roggeman, Aro-Sati and Verleyen (2025) in their interview study.

We extend this literature by investigating the main drivers of transfer pricing complexity and examining measures that may mitigate its associated costs. Our study advances research in three key respects. First, we contribute to the literature on tax complexity by identifying primary sources of complexity from the perspective of firm-level experts in the comparatively underexplored area of transfer pricing. In doing so, we provide a more comprehensive perspective on tax complexity by highlighting the pivotal role of specific transfer pricing regulations. Second, we offer insights into promising measures for reducing the costs associated with transfer pricing complexity, thereby enriching the literature on compliance costs (e.g., Slemrod, 1989; Blumenthal & Slemrod, 1995; Mills, 1996). Third, we contribute to the transfer pricing literature on firms' tax avoidance (e.g., Bauer & Langenmayr, 2013; Keuschnigg & Devereux, 2013; Kohlhase & Wielhouwer, 2023) by identifying strategies aimed at simplifying transfer pricing regulation and strengthening compliance within the existing framework.

To the best of our knowledge, this is the first study to derive empirically grounded simplification recommendations for transfer pricing regulation based on firm-level survey evidence. Our evidence points to three main channels that are perceived as most effective in reducing compliance costs associated with transfer pricing complexity. The first, *standardisation*, includes measures such as a standardised questionnaire for risk management and globally standardised transfer pricing documentation – both identified by respondents as highly effective in lowering compliance costs. The second channel, *cooperation*, highlights the perceived benefits of joint transfer pricing audits involving both domestic and foreign tax authorities. The third channel, *transparency*,⁴ focuses on enhanced information exchange among tax authorities – particularly through the automatic exchange of master files – and greater disclosure between firms and tax authorities, including the publication of firm-relevant data and functional bandwidths (e.g., for production or sales activities). In addition, respondents perceive the anonymised publication of transfer pricing issues arising from mutual agreement procedures as further improving clarity and reducing compliance costs.

Although we do not empirically test the causal effectiveness of the measures, our study provides important survey evidence on how firms perceive the relationship between transfer pricing complexity and tax compliance. It is important to emphasise that our survey captures perceived tax complexity, consisting of code and framework complexity (Hoppe et al., 2023). Such perceptions are economically relevant, as demonstrated by research on the real effects of perceived tax complexity (Zwick, 2021; Euler et al., 2024) and tax (mis)perceptions on firms' decisions (Heinemann-Heile et al., 2025).

Our three reform channels should be understood as complementary to, rather than substitutes for, evidence from objective or case-based studies (Smith, 2002; Baldenius et al., 2004; Plesner Rossing, 2013; Towery, 2017). The measures perceived as effective primarily operate by reducing framework complexity (Hoppe et al., 2023), thereby lowering regulatory and procedural uncertainty, which is closely linked to both complexity and compliance costs (Smith, 2002). Therefore, our study sheds light on the relationship between transfer pricing complexity, compliance costs, and tax compliance. The measures identified in our study provide empirically grounded predictions for

⁴ We think of transparency in line with the definition used by Bischof and co-authors (2024, p. 574): 'Transparency ... as the quality of information generated, distributed, received, and processed by economic agents ... an attribute of the communication between a sender and a receiver'.

future research and offer policy-relevant insights into potential avenues for reducing complexity.

As with all survey-based research, our findings are subject to certain limitations. Self-selection bias cannot be excluded, and it is possible that not all respondents answered every question with equal diligence. However, the survey ensured full anonymity, which should encourage honest responses, and the use of neutral wording aimed to minimise framing effects. To address the limitations inherent in subjective survey data, future research could combine our findings with administrative or case-based data (McNamara & Mosquera, 2025) to further assess the relationship between transfer pricing complexity and tax compliance.

Although our analysis is based on Germany, the findings are likely relevant for other countries facing comparable institutional settings and transfer pricing challenges. Evidence from Germany is particularly informative, as Germany is part of the EU common internal market and, at the same time, has one of the highest numbers of mutual agreement procedures among EU member states (OECD, 2025).⁵ The German evidence and the subsequent analysis highlight the implications of overly complex, non-standardised, and opaque transfer pricing regulations, which may undermine the potential benefits of economic integration within a common market or under free trade agreements by increasing administrative frictions and legal uncertainty.

2. LITERATURE

The transfer pricing literature can be broadly structured into three main research streams: (1) determinants and manifestations of transfer pricing complexity; (2) strategies aimed at reducing complexity and associated compliance costs, and (3) the relationship between transfer pricing regulation, enforcement, and firms' tax compliance behaviour. While these studies provide valuable insights, they offer limited empirical evidence on how firms perceive the drivers of transfer pricing complexity and their costs, and which measures within the existing arm's length framework may effectively mitigate it. Our study addresses these gaps by providing detailed survey evidence on drivers of perceived complexity, assessing existing and proposed simplification measures, and examining their perceived association with tax compliance.

We build on Hoppe and co-authors (2023), who conceptualise perceived tax complexity based on cross-country survey evidence. They distinguish between tax code complexity, reflecting the structure and content of tax regulations, and tax framework complexity, arising from administrative processes, enforcement practices, and institutional features of the tax system.

The first research stream examines the determinants of transfer pricing complexity and identifies several factors associated with higher compliance costs. These factors include divergent applications and interpretations of regulations and standards across countries (Diller et al., 2025; Roggeman et al., 2025), difficulties in valuing intangible and hard-to-value assets (Safaei, 2022), fluctuating market conditions affecting transfer pricing strategies (Klassen et al., 2017), and increasingly demanding documentation

⁵ OECD, '2024 mutual agreement procedure statistics', <https://www.oecd.org/en/data/datasets/mutual-agreement-procedure-statistics.html> (accessed 4 March 2026).

requirements combined with intensified scrutiny by tax authorities (Marques & Pinho, 2016; Joshi, 2020; Joshi et al., 2020; Roggeman et al., 2025).

A central mechanism underlying these factors is regulatory uncertainty, which is closely linked to both complexity and compliance costs. For example, the availability of multiple calculation methods increases compliance costs because firms must select among alternative approaches when determining an appropriate transfer price (Baldenius et al., 2004; Zwick, 2021). This challenge is reinforced by uncertainty regarding the interpretation of transfer pricing regulations (Towery, 2017), differences across national regulatory frameworks (Plesner Rossing, 2013), and ambiguity in applying the arm's length principle (Plesner Rossing, 2013; Smith, 2002).

Building on this perspective, Hoppe and co-authors (2023) conceptualise tax complexity as a multidimensional construct that complicates the application of corporate income tax rules. Their approach explicitly incorporates uncertainty regarding both the content and interpretation of regulations, treating it as a central dimension of a broader complexity construct.

While these studies broadly explore the determinants of transfer pricing complexity, they provide limited guidance on which specific regulatory features could be simplified. A more granular analysis that incorporates taxpayer perceptions can help identify which aspects of transfer pricing regulation contribute most to compliance burdens and where targeted simplification may be feasible. Our study addresses this gap by providing systematic survey-based evidence on perceived complexity drivers, thereby offering detailed insights into the specific regulatory and procedural features that firms associate with high compliance burdens.

A second stream of literature examines policy and administrative measures aimed at reducing transfer pricing complexity and associated costs. Proposed measures include documentation-related reforms such as standardised reporting requirements (Doeleman, 2023; Diller et al., 2025), technological solutions for data management and analytics (Hemling, Plesner Rossing & Hoffjan, 2022), simplified approaches for low-risk transactions (Navarro, 2019; Scandone, 2023; Petkova & Greil, 2025), cooperative instruments such as advance pricing agreements (De Waegenare et al., 2007), and proactive transfer pricing risk assessment frameworks (De Widt & Oats, 2017). However, these contributions typically evaluate individual instruments in isolation and provide limited systematic evidence on how firms perceive the relative effectiveness of different simplification measures within the existing arm's length framework.

These findings align with broader research on tax complexity, which suggests that greater complexity reduces tax predictability. Such uncertainty may foster more aggressive tax planning behaviour (Alm, 2014) while simultaneously lowering tax morale and voluntary compliance (Alm & McClellan, 2012).

In general, high compliance costs arise from determining and documenting taxable income, preparing tax returns (Slemrod, 1989), and handling tax audits (Mills, 1996). Given that documentation requirements are repeatedly identified as a central driver of transfer pricing complexity, there is a need for systematic evidence on which documentation-related elements contribute most to compliance burdens and how targeted simplifications within the existing framework may reduce these costs.

Eichfelder and Vaillancourt (2014) provide a comprehensive review of compliance cost research and identify tax law complexity as the primary cost driver, followed by administrative inefficiencies and insufficient digitalisation of tax processes (Beuselinck et al., 2026). Compliance costs are particularly pronounced for small firms and self-employed taxpayers (Eichfelder & Vaillancourt, 2014; Buske et al., 2018). Moreover, compliance costs vary across firms. They tend to decrease with firm size (Slemrod & Venkatesh, 2002; Eichfelder & Hechtner, 2018) but increase with international diversification, which exposes firms to more complex transfer pricing requirements (Blumenthal & Slemrod, 1995). However, multinational firms with extensive international networks may be better equipped to manage such complexities due to accumulated experience and organisational specialisation (Amberger et al., 2026; Euler et al., 2024).

While the compliance cost literature highlights tax law complexity as a central driver, it rarely examines which specific elements of transfer pricing regulation are perceived as particularly burdensome by multinational firms. Given the substantial variation in compliance costs across firms and institutional settings, capturing firms' perceptions of transfer pricing complexity becomes particularly informative. Our survey-based approach enables us to assess these perceptions and examine how firms evaluate cooperative approaches proposed as instruments to reduce compliance costs (Eberhartinger & Zieser, 2021). Lower compliance costs may also yield broader economic benefits, including positive effects on investment (Van der Geest & Jacob, 2023; Euler et al., 2024). Nevertheless, empirical evidence remains limited regarding which regulatory adjustments and policy instruments are perceived as most promising in reducing transfer pricing complexity. Our study contributes to this gap by identifying and evaluating concrete policy measures from the perspective of multinational firms, thereby providing a survey-based foundation for future cross-country empirical studies.

The third research stream focuses on tax compliance but has primarily examined tax systems at an aggregate level, with comparatively limited attention to transfer pricing. Among the limited number of studies addressing transfer pricing compliance, Blouin, Robinson and Seidman (2018) show that enhanced information exchange and enforcement cooperation between tax authorities reduce tax avoidance among US multinationals. Form and Oestreicher (2021) provide evidence that stronger collaboration between tax authorities and firms can enhance compliance. Using firm-level case studies, Plesner Rossing (2013) documents that inter-organisational collaboration among firms' transfer pricing experts within management control systems can reduce tax uncertainty, while Jost, Pfaffermayr and Winner (2014) show that firms' perceptions of transfer pricing risk depend on transaction characteristics and prior audit experiences. However, these studies primarily examine enforcement mechanisms, cooperation, and risk perceptions, rather than systematically identifying which specific regulatory features of transfer pricing regimes contribute to perceived complexity and compliance burdens.

In this context, survey evidence from Klassen and co-authors (2017) indicates that firms prioritise transfer pricing compliance over tax planning. Roggeman and co-authors (2025) corroborate this finding through interview-based evidence for Belgium, concluding that multinationals increasingly focus on tax compliance rather than tax avoidance, largely in response to heightened audit risk following BEPS Action 13. These findings suggest that transfer pricing is increasingly managed as a compliance function rather than as a tax planning instrument, underscoring the importance of

understanding which regulatory features drive perceived complexity and compliance burdens within the existing framework.

Despite these insights, the literature provides limited evidence on compliance in relation to specific regulatory features of transfer pricing regimes. While tax compliance research predominantly focuses on individual taxpayers (Batrancea et al., 2019; Mardhiah et al., 2019; Inasius et al., 2020), firm-level compliance remains comparatively underexplored (Djawadi & Fahr, 2013; Fochmann et al., 2023). Moreover, enforcement-based studies indicate that tax audits can deter avoidance, albeit only up to a certain intensity (Mendoza et al., 2017), thereby leaving open the question of which non-enforcement-based measures might more effectively foster compliance.

Similarly, the transfer pricing literature has largely focused on tax planning and avoidance strategies (Keuschnigg & Devereux, 2013; Kohlhase & Wielhouwer, 2023). Studies demonstrate that profit shifting may occur even when firms formally comply with transfer pricing regulations (Bauer & Langenmayr, 2013) and that inconsistencies in transfer pricing rules across countries can result in unintentional tax avoidance (Diller et al., 2025). Although Klassen and co-authors (2017) and Roggeman and co-authors (2025) highlight that firms prioritise compliance over tax planning, there is limited empirical evidence on whether and how targeted simplifications within the existing transfer pricing framework might strengthen voluntary compliance.

Existing research suggests that stricter transfer pricing regulations may have heterogeneous effects on tax compliance and economic outcomes. Laudage Teles, Riedel and Strohmaier (2023) document an increase in tax revenues for developing countries following the introduction of transfer pricing regulations. Haufler and Schindler (2023) show that patent box regimes aligned with the stricter nexus approach can reduce aggressive tax competition. However, more stringent transfer pricing rules may discourage investments (Azmi Shabestari & Safaei, 2024; Laudage Teles et al., 2026). Additionally, Bustos and co-authors (2022) find that stricter reporting requirements in Chile have led to more sophisticated tax planning strategies. These findings illustrate that increasing regulatory stringency is not unambiguously associated with improved compliance and may entail unintended economic consequences, thereby highlighting the importance of identifying targeted measures that reduce complexity without imposing excessive additional burdens. Our study addresses this gap by examining which simplifications to transfer pricing regulations taxpayers perceive as most conducive to strengthening compliance.

3. SURVEY DESIGN AND SAMPLE

3.1 Survey design

We investigate the relationship between perceived transfer pricing complexity, associated compliance costs, and firms' tax compliance behaviour. We developed a structured questionnaire to assess firms' perceived drivers of transfer pricing complexity and compliance costs, as well as their evaluation of potential simplification measures. Consistent with Hoppe and co-authors (2023), we conceptualise perceived tax complexity as comprising tax code complexity and tax framework complexity.

The questionnaire items were derived from the tax complexity and tax compliance literature discussed in section 2 and refined through consultations with experienced transfer pricing practitioners from firms and tax authorities. In addition, we collected

firm-level characteristics from respondents, which were incorporated in the empirical analyses.⁶ To ensure clarity, comprehensibility, and an appropriate completion time, the questionnaire was pre-tested with students specialising in business taxation and revised based on their feedback.

The final questionnaire contains seven sections (see Appendix 2).⁷ Section 1 includes questions on firm information, like the legal form, size, industry, and whether the firm is part of a corporate group.⁸ Section 2 assesses the perceived relevance of tax compliance within the firm and seeks information regarding compliance measures. Section 3 evaluates the importance of external factors like German penalties, the perceptions of civil society, and the compliance of other firms. Section 4 examines the complexity of transfer pricing and the associated compliance burden. Section 5 delves into the relationship between the firm and the German tax authority and their experiences with German tax audits and mutual agreement procedures with other tax authorities. Section 6 assesses the relevance of possible simplifications in transfer pricing regulations. The last section elicits demographic and personal characteristics, which can be provided optionally.⁹

3.2 Sample

We distributed our survey using the online survey platform LimeSurvey¹⁰ between May and July 2023. In total, 201 tax employees of German firms participated in the survey, of which 109 completed all mandatory questions.¹¹ After excluding answers in which the participants completed the questionnaire in less than 10 minutes or more than 60 minutes, our final sample consists of 91 observations (see Table 1, Appendix 1). The mean duration of responses in this sample is 20.01 minutes. Compared to the estimated answering duration of 20 minutes, derived from the preliminary tests, we categorise these responses as satisfactory, even though some participants may have answered carelessly. Variable definitions can be found in Table 2 (Appendix 1).

Table 3 (Appendix 1) displays the summary statistics, and Table 4 (Appendix 1) shows the demographics of our sample. Approximately 71% of the firms in our sample are corporations, and 29% are partnerships, including 21% with mixed legal forms.¹² Ninety-five per cent of the respondents have more than 250 employees and thus fulfil at least one of the criteria for classification as a large enterprise according to section 267 of the German Commercial Code (HGB). Most firms included in the sample are either (subgroup) parent firms (74%) or permanent establishments or subsidiaries (18%), and all the firms are connected to other foreign locations of their business. Additionally, 74% of the firms have their own tax department. Therefore, we expect the firms to be experienced with transfer pricing, which qualifies the respondents to respond

⁶ The Ethics Committee of Paderborn University classified the project as ethically unobjectionable upon request.

⁷ The survey was conducted in German.

⁸ Firms that are neither a parent firm nor a subsidiary or permanent establishment are classified as being not part of a group. They are excluded from the sample, as they cannot provide reliable information on transfer pricing experiences.

⁹ All questions in sections 1 to 6 are mandatory to answer. A respondent can choose the option 'no answer' to provide no information on a certain question.

¹⁰ For more information, see <https://www.limesurvey.org/de>.

¹¹ The following analyses will focus only on these full responses.

¹² Mixed legal forms are special German legal forms that combine characteristics of corporations and partnerships such as GmbH & Co. KG.

appropriately to our questionnaire. Additionally, 70% of the respondents hold at least the position of *head of* department and have decision-making power within the firm and tax department. Further demographic information on the firms and respondents can be found in Table 4 (Appendix 1).

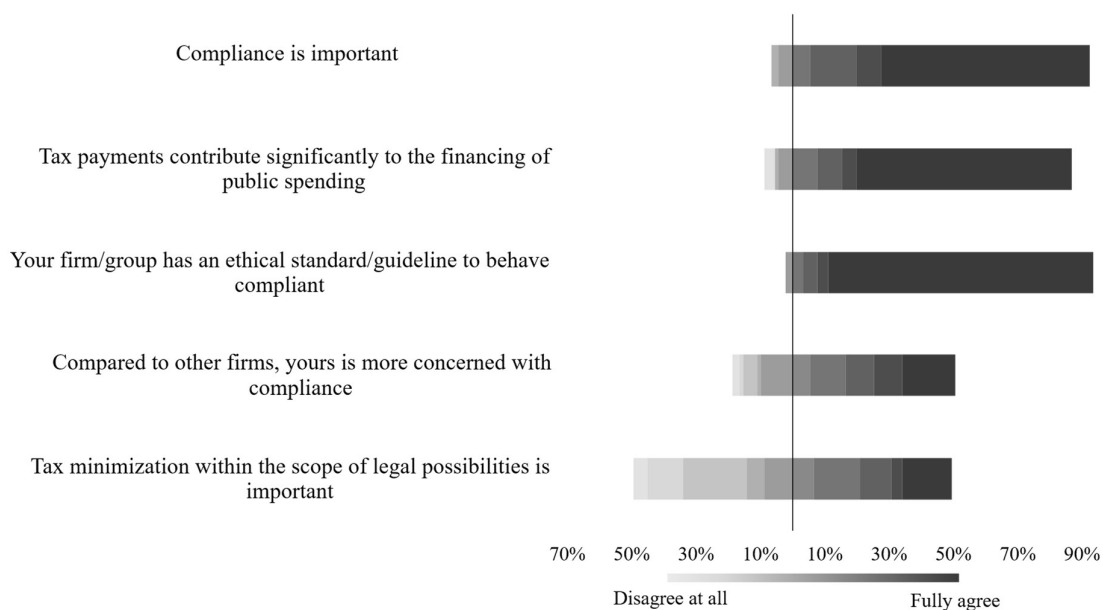
Forty-two per cent of the responding firms are classified as belonging to the mechanical engineering industry (see Table 5, Appendix 1), which is part of the manufacturing industry, according to the German classification of industries (Statistisches Bundesamt, 2008). In total, 79% of the responding firms are classified as manufacturers. In Table 5, we compare the industry classification of our sample and the classification of all large German firms in 2021. As in our sample, most of these firms are also classified as manufacturers. By focusing on manufacturing, we provide relevant insights into a critical sector of the German economy.

Our survey design has limitations. Due to the small sample size, we cannot conduct empirical tests and therefore cannot draw causal implications. However, the survey evidence provides an essential understanding of the complexity of transfer pricing. It can provide valuable insights into measures that could reduce costs and complexity from a firm's perspective. Despite the lack of empirical evidence, the study can contribute to future regulatory deliberations.

4. RESULTS

4.1 Transfer pricing complexity and tax compliance (cost)

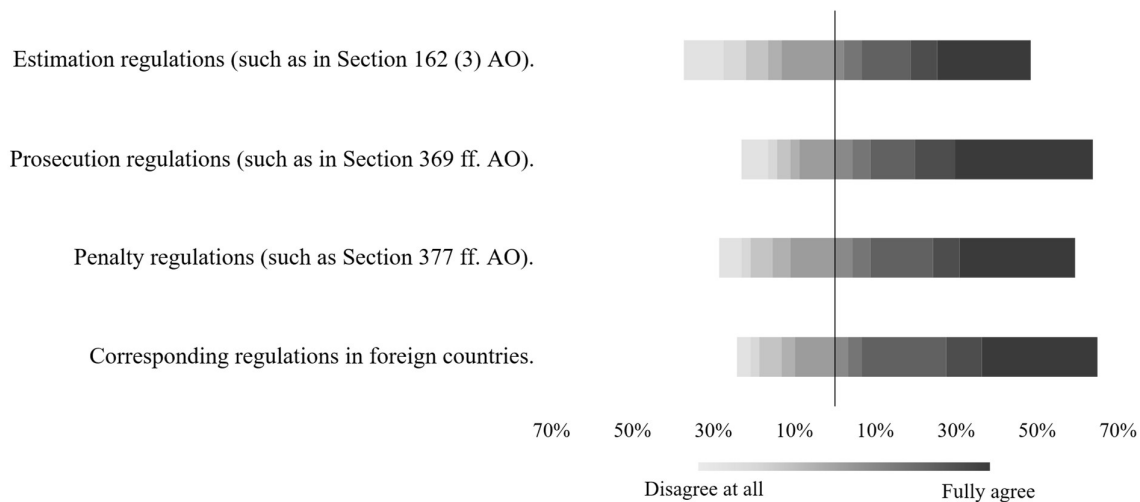
We asked questions about the relevance of tax compliance within the firm, as shown in Figure 1. In general, 92% (65%) of the respondents (fully) agree that compliance is important, and 93% agree that their firm has an ethical obligation to comply. Respondents and the firms they work for therefore appear to consider compliance to be highly relevant, and the majority (87%) are also aware of the social responsibility of their tax payments. Interestingly, 51% consider their firm to be more concerned with compliance than others, which may be an exaggeration and a possible bias in their answers. Additionally, we asked the participants how relevant the estimation, prosecution, and penalty regulations of the German tax law are for firms' decisions on the importance of transfer pricing tax compliance (see Figure 2). Especially prosecution (64%) and penalties (59%) are perceived to matter for compliance decisions, which comports with the positive deterrence effect on tax compliance found by Kirchler and co-authors (2008). In addition to German regulations, corresponding foreign regulations matter to the firms. Nevertheless, the results of Mendoza and co-authors (2017) show a decrease in tax compliance after a certain level of deterrence.

Fig. 1: Relevance of Tax Compliance in General

This Figure shows the perceived relevance of tax payments and compliance at the respondents' firm or group on a 10-point Likert scale. Source: Modified and translated from Greil et al. (2024).

Fig. 2: Relevance of Regulations for Transfer Pricing Compliance

The existence of the following regulations is important in deciding how important your firm/group considers transfer pricing compliance.

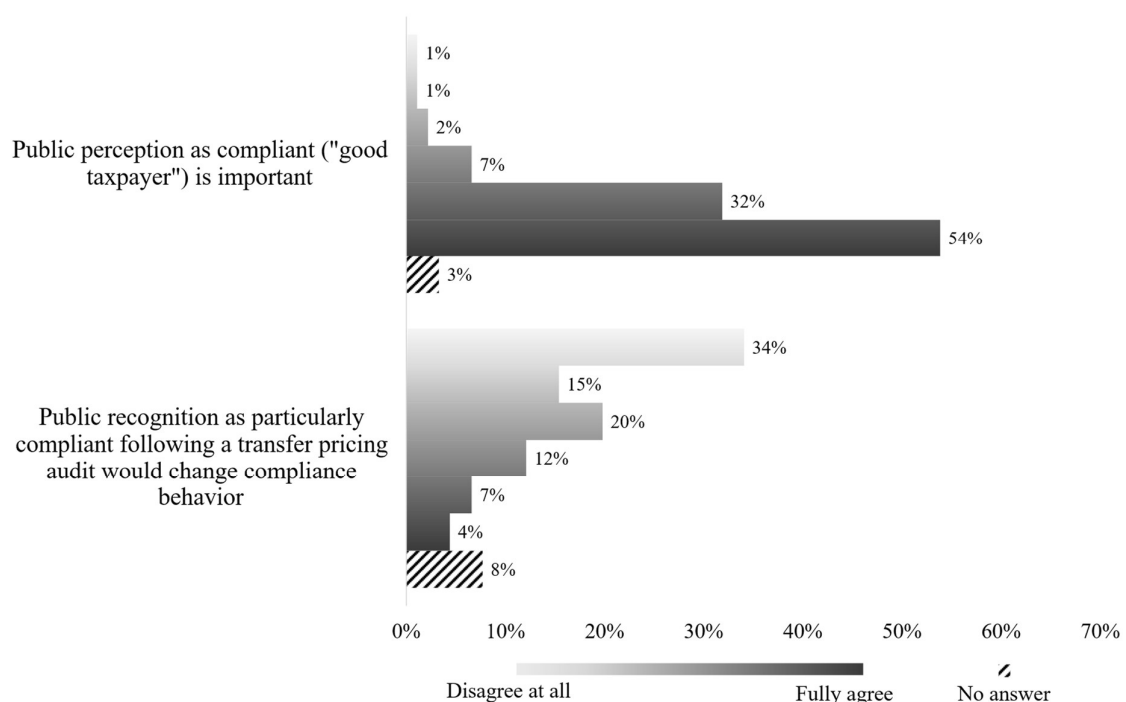


This Figure shows, on a 10-point Likert scale, the perceived relevance of the German tax law's estimation, prosecution, and penalty regulations for the importance of transfer

pricing tax compliance at the respondents' firm or group. Source: developed by the authors.

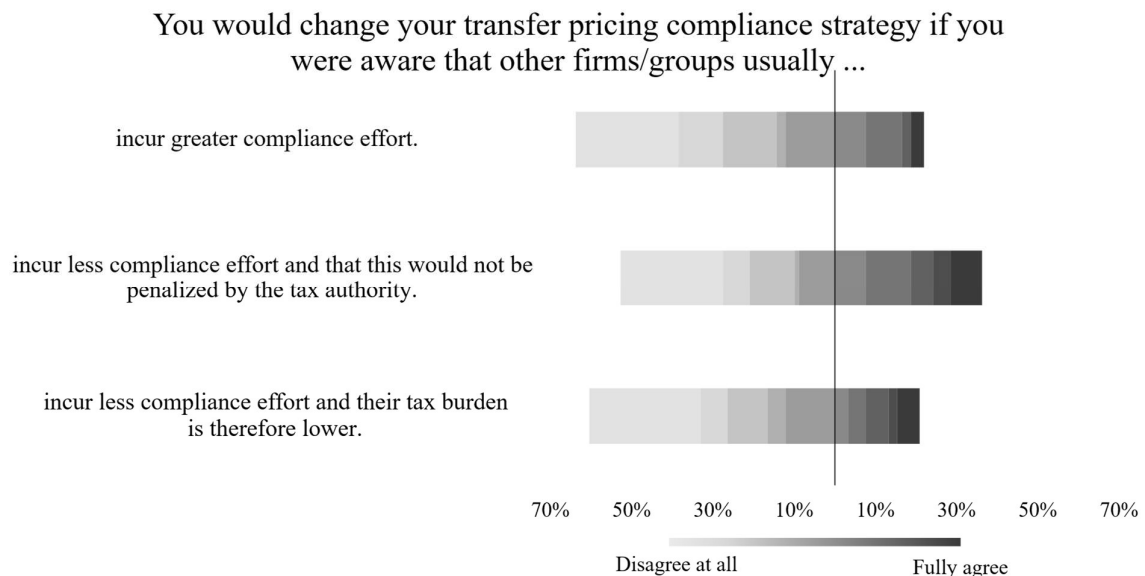
Furthermore, public perception of being a 'good taxpayer' in the transfer pricing area is essential for firms, as 93% of the participants indicate (see Figure 3). However, 69%, of which 34% fully agree, respond to a further question that these reputations do not influence their transfer pricing compliance. This evidence comports with the results of Gallemore, Maydew and Thornock (2014) that, apart from a short time decline in share prices, firms do not face high reputational costs from tax avoidance. This means that consumers perceive tax misconduct as less severe than other kinds of misconduct. Additionally, Asay and co-authors (2024) show that firms' negative tax news does not change consumers' purchasing decisions. Also, other firms' compliance efforts seem unimportant to the respondents' firms' transfer pricing compliance (see Figure 4).

Fig. 3: Relevance of Reputation for Transfer Pricing Compliance



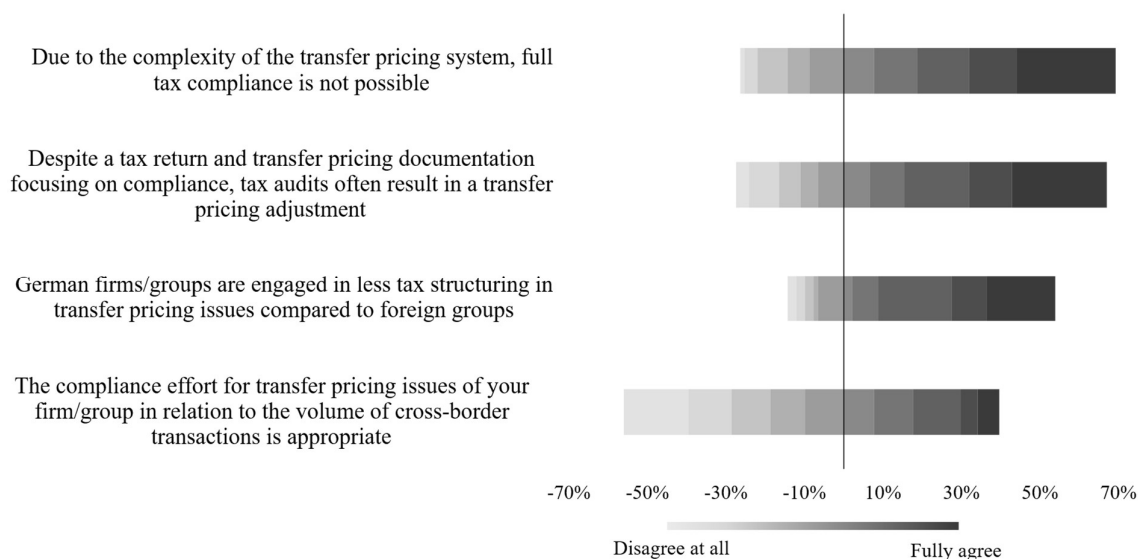
This Figure shows, on a 10-point Likert scale, the perceived relevance of reputation for transfer pricing tax compliance of the respondents' firm or group. Source: modified and translated from Greil et al. (2024).

Fig. 4: Relevance of Other Firms' Transfer Pricing Compliance Efforts for Compliance



This Figure shows, on a 10-point Likert scale, the perceived relevance of the transfer pricing compliance efforts of other firms or groups to the respondents' firm or group's tax compliance. Source: developed by the authors.

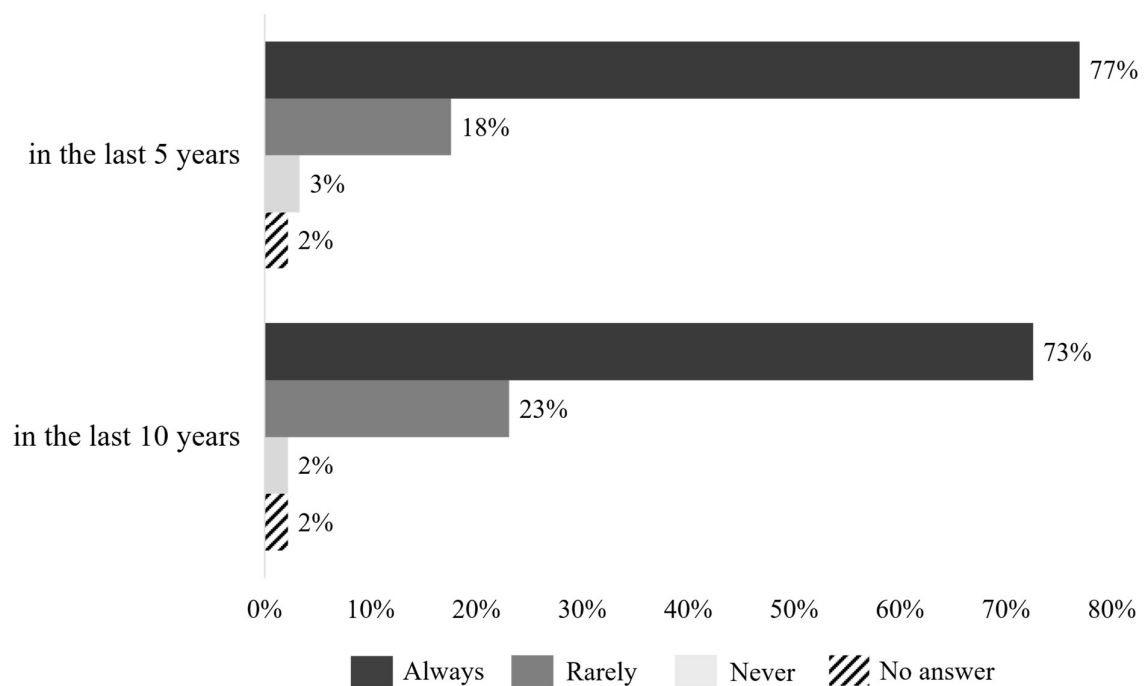
In further questions, the participants were asked about the relationship between transfer pricing complexity, costs, and compliance. Figure 5 shows that complexity can crucially determine compliance. For instance, 69% of the respondents state that comprehensive transfer pricing tax compliance is impossible due to the complexity of the transfer pricing system, even though their firm aims to comply. Furthermore, the costs associated with transfer pricing compliance are so high that 56% of the respondents perceive the burden as inappropriate compared to the volume of the corresponding cross-border transactions. This might result in firms reducing cross-border transactions, as these are no longer profitable due to compliance costs. This is consistent with the results of Azmi Shabestari and Safaei (2024), who find a negative association between changes in transfer pricing regulations, leading to increased compliance costs, and multinationals' investments. Our evidence also comports with the results of Mescall and Klassen (2018), who find that higher transfer pricing risks and costs are associated with lower cross-border merger and acquisition premiums, resulting in less profitable investments. Further costs might arise because of more frequent tax audits. According to the respondents (67%), tax audits often lead to transfer price adjustments, even though the firm provides documentation focused on compliance (Diller et al., 2025).

Fig. 5: Perception of Transfer Pricing Complexity and Compliance Behaviour

This Figure shows, on a 10-point Likert scale, how the respondents perceive the transfer pricing complexity and compliance of German firms and their firms or groups. Source: modified and translated from Greil et al. (2024).

4.2 Audits and firms' relationships with tax authorities

As described in section 4.1, tax audits increase costs for the firm. In principle, audits can improve tax compliance due to their deterrence effect (Kirchler et al., 2008). However, this effect depends, for example, on the number of audits conducted. Too many tax audits can lead to a 'backfiring effect' and reduce tax compliance, according to Mendoza and co-authors (2017). Furthermore, tax audits can lower tax compliance when the firm perceives itself as being unfairly treated by the tax authority (Frey, 2003; Isa & Pope, 2010; OECD, 2010). In this regard, we asked the participants how they perceived the number of tax audits covering transfer pricing cases. As shown in Figure 6, 73% of the participants state that tax audits have always investigated transfer pricing issues in the last 10 years. This value increases by four percentage points when asking for the previous five years. Based on the mentioned research results, firms' tax compliance could decrease due to the high probability of a transfer pricing audit. Compliance could become less relevant for firms if they perceive that they are always being audited and that adjustments are often made as part of the audit. The responses in section 4.1 add further evidence, where the majority also stated that transfer prices are often adjusted during an audit.

Fig. 6: Transfer Pricing Cases in Tax Audits

This Figure shows how often respondents report that transfer pricing cases have been addressed in tax audits at their firm or group in the last five and ten years. Source: Modified and translated from Greil et al. (2024).

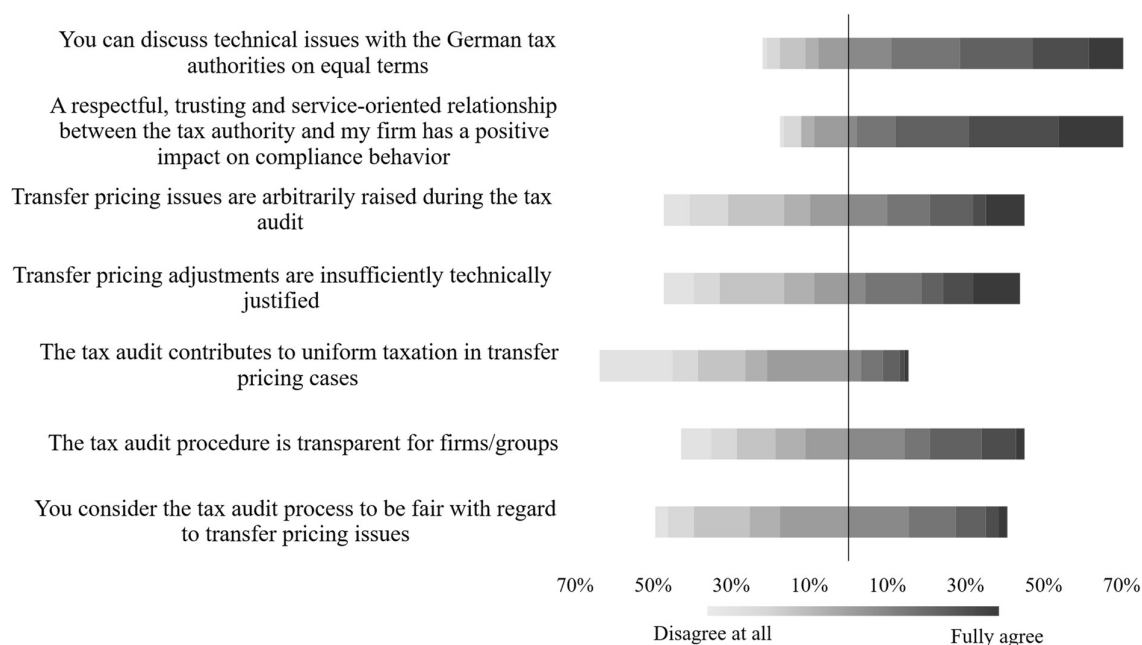
We asked further questions regarding the relationship between the German tax authority and firms in transfer pricing cases. The results illustrated in Figure 7 provide insights into the tax authorities' behaviour and their understanding of the firms. The respondents generally perceive their firms' relationship with the tax authority as being respectful (82%) and trustful (75%). Contrary to this positive perspective on the general relationship, they perceive the relationship as not service-oriented (58%), indicating a lack of cooperation. Furthermore, 55% of the respondents perceive the tax authorities' understanding of the economic and organisational processes as insufficient, which underlines firms' demand for collaboration and communication.

Fig. 7: Relationship to the German Tax Authority in Transfer Pricing Cases

This Figure shows, on a 10-point Likert scale, how respondents perceive the relationship and behaviour of the German tax authority toward their firm or group in transfer pricing cases. Source: modified and translated from Greil et al. (2024).

Figure 8 shows that, despite the generally positive relationship between the tax authority and firms, the participants call for improvements in the level of trust, especially during transfer pricing tax audits. In some cases (45%), transfer pricing audits are perceived as arbitrary, and transfer pricing adjustments are perceived as technically insufficiently justified (44%). Furthermore, only 41% answered that transfer pricing audits are fair, and 64% disagree that tax audits contribute to uniform taxation in transfer pricing. These responses indicate that transparency and trust in the relationship between the tax authority and firms need to improve. Further answers underline the importance of a trusting, respectful, and service-oriented relationship between the tax authority and the firm. Seventy-one per cent of the respondents agree that these aspects would enhance compliance.

Fig. 8: Relationship to the German Tax Authority During Transfer Pricing Tax Audits

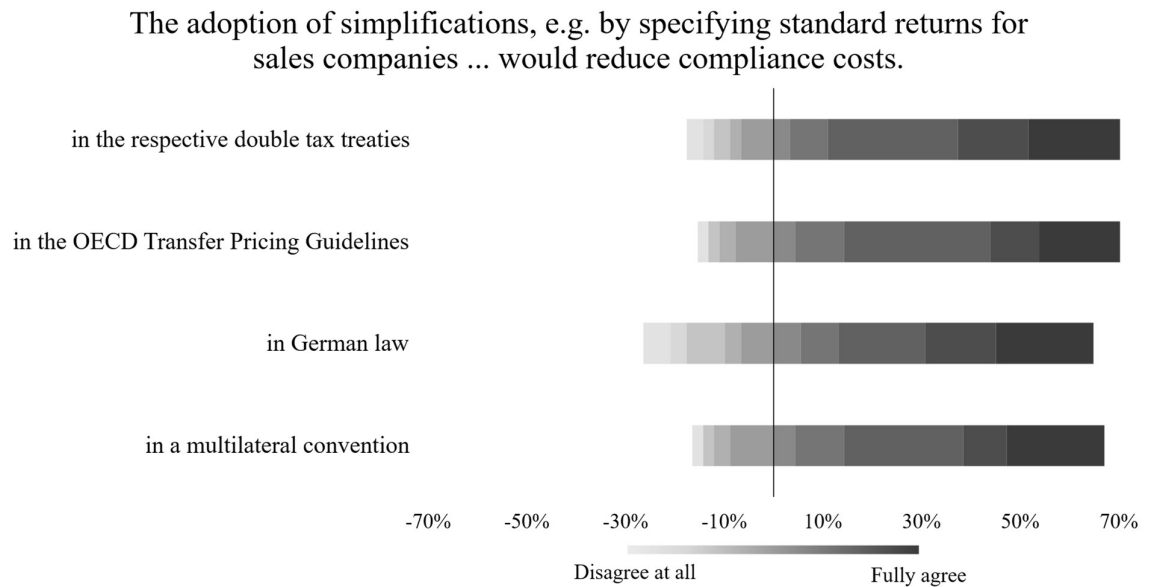


This Figure shows, on a 10-point Likert scale, how respondents perceive the relationship and behaviour of the German tax authority toward their firm or group during transfer pricing tax audits. Source: modified and translated from Greil et al. (2024).

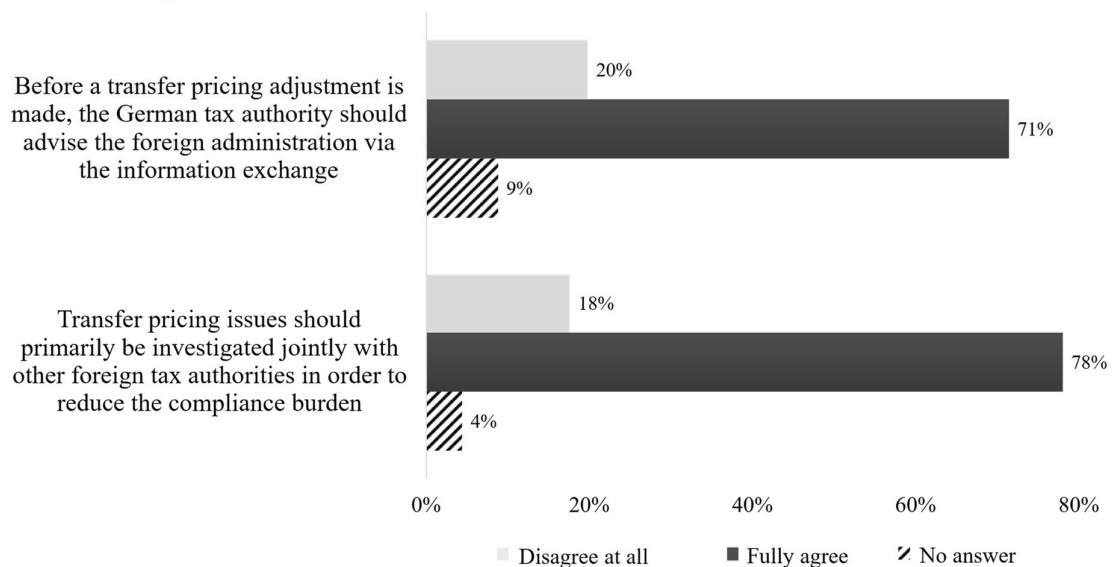
In summary, the participants perceive the German tax authority as treating them respectfully and trustfully, which indicates a good relationship. However, tax audits are perceived as opaque and at times unfair to the firms, which, combined with the high number of audits and transfer pricing adjustments, can reduce tax compliance (Frey, 2003; Isa & Pope, 2010; OECD, 2010; Mendoza et al., 2017).

4.3 Measures for reducing transfer pricing complexity and costs

The answers to our questionnaire show that firms perceive transfer pricing complexity as inhibiting tax compliance. Furthermore, low transparency and low perceived fairness during tax audits increase the perceived compliance costs and might deter compliance. Hence, measures improving tax audits and reducing transfer pricing complexity could be crucial for enhancing compliance and lowering compliance costs. Therefore, we asked the participants to evaluate pertinent measures. The results of these questions are presented in Figures 9, 10 and 11, which display the measures perceived as most promising across the three categories: *Standardisation*, *Cooperation*, and *Transparency*.

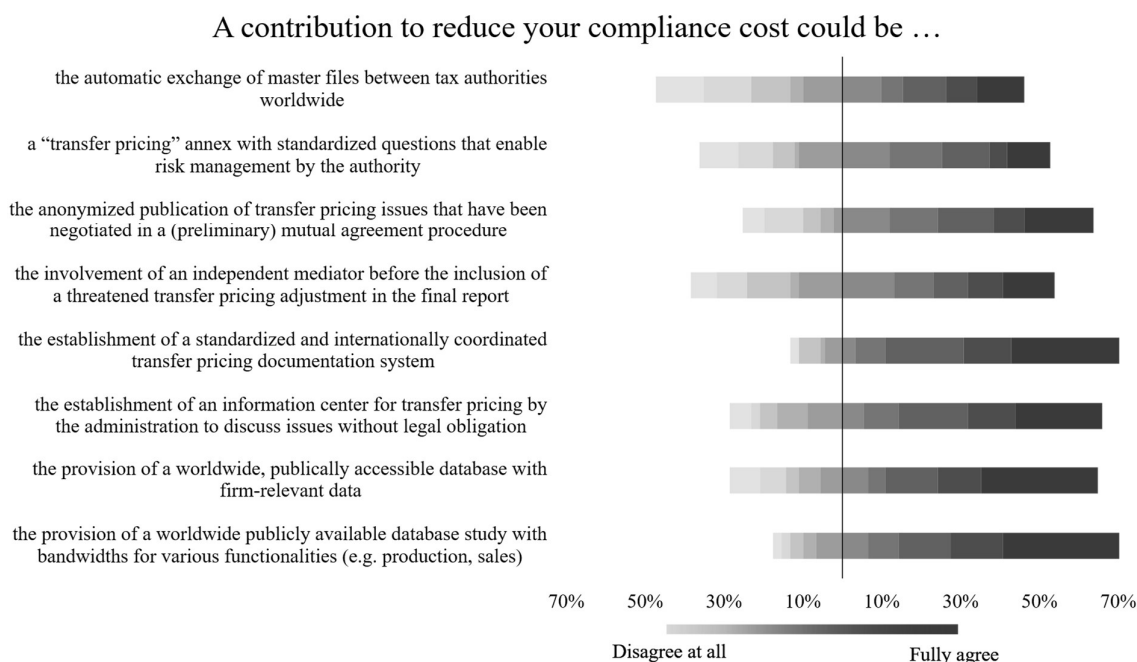
Fig. 9: Relevance of Transfer Pricing Simplifications for Compliance Costs

This Figure shows, on a 10-point Likert scale, how relevant respondents perceive the adoption of transfer pricing simplifications in multilateral and national regulations to be in reducing compliance costs for their firm or group. Source: modified and translated from Greil et al. (2024).

Fig. 10: Cooperation between German and Foreign Tax Authorities in Transfer Pricing Cases

This Figure shows, on a 10-point Likert scale, how relevant respondents perceive cooperation between German and foreign tax authorities in transfer pricing to be in reducing compliance costs for the respondents' firm or group. Source: modified and translated from Greil et al. (2024).

Fig. 11: Measures to Reduce Transfer Pricing Compliance Costs



This Figure shows, on a 10-point Likert scale, the perceived relevance of measures related to transfer pricing to reduce compliance costs for respondents' firms or groups. Source: modified and translated from Greil et al. (2024).

Standardisation

Regarding the first category, standardisation, 78% of the respondents agree that a standardised and globally coordinated documentation system for transfer prices would reduce complexity and compliance costs (see Figure 11). This evidence comports with the theoretical results of Diller and co-authors that transfer pricing harmonisation increases tax revenues, especially in low-tax countries (Diller et al., 2025). Most respondents (53%) answered that an annex of standardised questions for risk management of the tax authorities would contribute to reducing their compliance costs (see Figure 11). In this way, risk management could be standardised and, among other things, used for international risk assessment procedures such as ICAP.

In this vein, standardisation represents a direct means of reducing complexity and the administrative burden of firms and tax authorities, as it reduces double reporting obligations (OECD, 2022a, 2023, 2024b).

Cooperation

The second category is cooperation between tax authorities. To reduce firms' compliance costs, joint transfer pricing audits of the national tax authority and any foreign tax authorities seems highly important, as 78% of the respondents agree with this (see Figure 10). This perspective is also supported by theory, since transparency increases with joint audits, which in turn increases the probability of the detection of tax avoidance (Allingham & Sandmo, 1972), reduces overlapping compliance obligations, and can avoid double taxation due to uncoordinated actions by tax authorities and thus also costly mutual agreement procedures. Conversely, research indicates that the cooperation of tax authorities in bilateral advance pricing agreements can increase compliance costs (De Waegenaere et al., 2007). Researchers should empirically test whether cooperative measures, such as joint tax audits, can enhance trust and reduce compliance costs better than measures of upfront certainty, such as advance tax rulings and agreements. Prior survey evidence indicates that firms see cooperation as essential for reducing information asymmetries and increasing transparency between tax authorities and firms, enhancing tax compliance (Kirchler et al., 2008).

Transparency

The third category combines measures of transparency through information exchange between tax authorities and between tax authorities and firms. The answers to our questions on information exchange indicate that the automatic exchange of firms' master files, already established for Country-by-Country reporting (CbCR), between the authorities could reduce compliance costs (see Figure 11). CbCR is associated with high administrative costs for firms, and, as this regulation is relatively new, only 46% of the respondents perceive that the exchange of master files could reduce compliance costs. Hence, 71% fully agree that the German tax authorities should advise the foreign tax authority via information exchange before a transfer pricing adjustment (see Figure 10). Information exchange can improve the cooperation between tax authorities, which seems more promising for reducing compliance costs than exchanging master files. Furthermore, information exchange can reduce information asymmetries, reducing the risk of double taxation (OECD, 2022a, 2023, 2024b).

Additionally, 64% of the respondents perceive that the anonymised publication of transfer pricing issues from mutual agreement procedures (MAP) could reduce compliance costs (see Figure 11). This evidence is consistent with Petutschnig and Zhang (2023), who find that firms invest more in countries with MAP policy structures.

Regarding transparency between tax authorities and firms in transfer pricing cases, the respondents perceive the provision of standard returns for sales firms in German law (65%), double tax treaties (75%), OECD transfer pricing guidelines (73%), and multilateral conventions (67%) as relevant for reducing compliance costs (see Figure 9). Our sample mainly consists of manufacturers with primarily sales activities, which explains the high relevance of this issue. Figure 11 further confirms the relevance of data for setting transfer prices, as 77% (36% fully) agree that providing a worldwide database with transfer pricing bandwidths for functionalities like production or sales would reduce compliance costs. Additionally, a worldwide database with firm data could lower the firms' compliance costs.

5. CONCLUSIONS

We examine the main drivers of perceived transfer pricing complexity and associated compliance costs and identify three reform channels that respondents perceive as particularly effective in mitigating these burdens.

Standardisation includes worldwide standardised documentation for transfer prices and an annex with risk management questions that could reduce double reporting obligations and therefore compliance costs. Furthermore, *cooperation* between tax authorities through joint transfer pricing audits is perceived as crucial for reducing compliance costs and transfer pricing complexity. Lastly, the respondents see transparency between tax authorities using an automatic exchange of master files as important for cost efficiency. Even more relevant is information exchange before a transfer pricing adjustment is made, as this cooperative approach could also reduce information asymmetries and the risk of double taxation (OECD, 2022a, 2023, 2024b). *Transparency* between tax authorities and firms in the form of information on transfer pricing bandwidths, specification of standard returns, and publicly available firm data is perceived as directly relevant to reducing compliance costs, as well as the anonymised publication of transfer pricing issues from MAPs.

While prior literature investigates alternative allocation methods to the arm's length principle as a means of reducing transfer pricing complexity, we contribute by identifying avenues to mitigate complexity arising from the arm's length principle. The identified measures are perceived as capable of reducing complexity and information asymmetries, enhancing transparency, and lowering compliance costs, which may, in turn, strengthen tax compliance. Although we do not empirically establish the causal effectiveness of these measures, our survey evidence documents the relationship between perceived transfer pricing complexity, compliance costs, and tax compliance. The measures identified in this study provide a survey-based foundation for future empirical research to test the effectiveness of targeted simplification strategies.

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7. APPENDIX 1

Table 1: Sample Selection

Sample	Number of observations
All answers	201
Less: incomplete answers	109
Less: completion time less than 10 and more than 60 minutes	91

This Table shows the number of observations after including only completed answers and those that were completed in at least 10 minutes and a maximum of 60 minutes. The final sample includes 91 observations.

Table 2: Definition of Variables

Variables	Definition	Values
Corporation	Indicator variable taking the value of one if the legal form of the respondent's firm is a corporation and zero otherwise.	Binary
Employees Average	The exact number of employees/the average value of its range selected.	Numeric
Female	Indicator variable taking the value of one if the respondent's gender is female and zero otherwise.	Binary
Foreign Income Average	The exact number of foreign income of the firm in the year 2021/the average value of its range selected.	Numeric
Income Average	The exact number of income of the firm in the year 2021/the average value of its range selected.	Numeric
Manager	Indicator variable taking the value of one if the respondent holds at least a position at manager level and zero otherwise.	Binary
Partnership	Indicator variable taking the value of one if the legal form of the respondent's firm is a partnership or mixed form* and zero otherwise.	Binary
Tax Department	Indicator variable taking the value of one if the respondent's firm has its own tax department and zero otherwise.	Binary
Tax Employees Average	The exact number of tax employees/the average value of its range selected.	Numeric

This Table presents the definition of variables used in our study. * Mixed forms are a special legal form in Germany that combines characteristics of partnerships and corporations such as GmbH & Co. KG and are taxed like partnerships.

Table 3: Summary Statistics of Sample

Variables	N	Mean	SD	Min	25%	50%	75%	Max
Corporation	91	0.71	0.45	0	0	1	1	1
Employees Average	91	7,038.46	3,605.41	25	5,000	10,000	10,000	10,000
Female	81	0.27	0.45	0	0	0	1	1
Foreign Income Average	82	67,756,097.56	42,503,104.02	3,000,000	15,500,000	100,000,000	100,000,000	100,000,000
Income Average	90	604,166,666.67	245,214,020.26	125,000,000	500,000,000	750,000,000	750,000,000	750,000,000
Male	81	0.73	0.45	0	0	1	1	1
Manager	83	0.77	0.42	0	1	1	1	1
Partnership	91	0.29	0.45	0	0	0	1	1
Tax Advisor	69	0.03	0.17	0	0	0	0	1
Tax Department	69	0.97	0.17	0	1	1	1	1
Tax Employees Average	86	16.10	16.46	3	3	8	15.50	50

The Table presents the summary statistics for our sample.

Table 4: Demographic Information of the Sample

Category	Frequency	Percent	Cum.
Panel A: Firm Information			
Legal Form			
Corporation	65	71.43	71.43
Mixed Form	19	20.88	92.31
Partnership	7	7.69	100
Group Member			
Parent Firm	58	63.74	63.74
Subgroup Parent Firm	10	10.99	74.73
Permanent Establishment/Subsidiary	16	17.58	92.31

Independent Firm	7	7.69	100
Tax Department			
Own Tax Department	67	73.63	73.63
Tax Advisors	2	2.20	75.83
No Answer	22	24.18	100
Income (EUR million)			
≤ 250	17	18.68	18.68
> 250-750	10	10.99	29.67
> 750	63	69.23	98.90
No Answer	1	1.10	100
Foreign Income (EUR million)			
≤ 6	14	15.38	15.38
> 6-25	13	14.29	29.67
> 25-50	1	1.10	30.77
> 50-100	5	5.49	36,26
> 100	49	53.85	90.11
No Answer	9	9.89	100
Employees			
0-50	1	1.10	1.10
50-249	4	4.40	5.50
250-499	5	5.49	10.99
500-999	4	4.40	15.39
1.000-9.999	27	29.67	45.06
> 10.000	50	54.95	100
Tax Employees			
1-5	32	35.16	35.16
6-10	17	18.68	53.84
11-20	16	17.58	71.42

21-50	10	10.99	82.41
> 50	11	12.09	94.50
No Answer	5	5.49	100
Transfer Pricing Employees			
0	1	1.10	1.10
1-5	52	57.14	58.24
6-10	7	7.69	65.93
> 10	7	7.69	73.63
No Answer	24	26.37	100
Panel B: Information on the Respondents			
Gender			
Female	22	24.18	24.18
Male	59	64.84	89.02
No Answer	10	10.99	100
Position			
CEO	1	1.10	1.10
CFO	7	7.69	8.79
COO	1	1.10	9.89
Director	1	1.10	10.99
Head of	54	59.34	70.33
Manager	1	1.10	71.43
Tax Employee	15	16.48	87.91
No Answer	11	12.09	100

This Table shows the demographic information of the sample. Panel A includes the demographic information of the firms the respondents work for, while Panel B focuses on the respondents' demographic attributes.

Table 5: Industry of the Firms within the Sample Compared to All German Firms

Industry	Sample	Percentage of large German firms
Manufacturing industry	79.3%	28.5%
<i>Mechanical engineering</i>	41.6%	6.1%
<i>Chemical industry</i>	11.9%	1.8%
<i>Automotive</i>	9.9%	2.5%
<i>Further manufacturing industry</i>	8.9%	1.8%
<i>Pharmaceutical industry</i>	5.0%	0.8%
<i>Steel industry</i>	2.0%	0.5%
Provision of other services	3.0%	2.7%
Energy industry	3.0%	1.4%
Financial and insurance services	3.0%	4.7%
Other business services	1.0%	7.9%
Trade and commerce	1.0%	11.8%
Construction	1.0%	2.6%
Real estate and housing	1.0%	0.6%
Health and social work	1.0%	19.5%
Transportation and storage	1.0%	4.5%

This Table shows the industry classification of the firms within the sample compared to all German firms. The mechanical engineering industry, automotive industry, chemical industry, pharmaceutical industry, steel industry, and further manufacturing industries are components of the overall manufacturing industry. The sum of the percentages is less than 100% because the remaining respondents answered that their firm is part of a different industry that is not specified in the list above. To compare the industry data of the sample with data on the overall German firms, we include industry data on large German firms of the year 2021 in the right column; see Statistisches Bundesamt (2023). GENESIS-Online, Destatis (accessed on 6 October 2023).

8. APPENDIX 2

Survey Questionnaire

[Section 3 explains the survey structure. The survey has seven parts and includes all questions relevant to the analyses. The survey was conducted in German. Answers to most of the questions are shown in the Figures in the text. The authors will provide the German version upon request.]

Survey introduction:

Thank you very much for your interest in our survey on tax compliance and transfer pricing. The aim of this survey is to find out how your company is affected by transfer pricing regulations. The constantly changing regulatory framework in this area is leading to increasingly complex requirements, including a growing documentation burden and increasing tax risks. This increases the demands placed on your company when dealing with tax issues. Your participation in this survey is important to gain insights into how these developments are affecting companies and the economy in this still largely unexplored area. Our study is significant not only for the economy but also for public administration and politics and is intended to improve the regulatory environment in Germany.

The results will be made available to the public after the study is completed.

The questionnaire is divided into seven sections. The survey is completely anonymous. It is not possible to draw any conclusions about you or the company you work for. We would be grateful if you could take about 20 minutes to answer our questions.

Thank you very much for your participation!

Questionnaire

Section 1: Firm Characteristics

1. What is the legal form of your firm?
 2. In which industry does your firm operate?
 3. Does your firm belong to a group of firms?
 4. Does your group/firm have foreign locations (e.g. subsidiaries or permanent establishments)?
 - If yes: What is the volume of your total profit generated abroad?
 5. How many employees subject to social security contributions (in full-time equivalents) does your group/firm employ worldwide? Please state the exact number.
 6. Does your group/firm have its own tax department?
 - If yes: Which of the following intervals corresponds most closely to the number of employees (in fulltime equivalents) working in the tax department of your group/firm?
 - If no: Who mainly handles your tax affairs?
 - 7a. In your opinion, how often have transfer pricing issues of your group/firm been addressed by the German tax authorities in tax audits in the last 5 years?
 - 7b. In your opinion, how often have transfer pricing issues concerning your group/firm been addressed by the German tax authorities in tax audits in the last 10 years?
 - 7c. Are transfer pricing issues of your group/firm taken up more frequently by foreign tax authorities than by the German tax authorities?
 - If yes: In which countries are transfer pricing issues taken up by tax authorities more often than by the German tax authorities?
 8. If yes: How many people (staff of your group/firm) do you employ specifically in the transfer pricing area?
 9. If yes: Who determines the compliance strategy in your group regarding transfer pricing issues?
 10. Please enter the annual turnover of your group/firm in 2021.
 11. How much EUR does your group/firm spend annually on transfer pricing advice from external third parties?
 12. How much EUR does your group/firm spend itself (apart from the costs for advice from third parties) annually on the management of transfer pricing issues (personnel and material costs)?
-

Section 2: Compliance

13. To what extent do you agree with the following statements? [as noted, see Figures in text for responses]

Section 3: Supporting Compliance

14. The existence of the following regulations is important for deciding how much emphasis your group/firm places on tax compliance.

15. To what extent do you agree with the following statements?

16. You would change your compliance strategy if you knew that other groups/firms usually ...

Section 4: Compliance in Transfer Pricing Matters

17. To what extent do you agree with the following statements?

Section 5: Tax-related Administrative Expenses

18. The German tax administration ...

19. To what extent do you agree with the following statements?

Section 6: Improvements in the Area of Transfer Pricing

20. The inclusion of simplifications, e.g. by specifying standard returns for sales firms ...

21. To what extent do you agree with the following statements?

22. A contribution to reducing your compliance costs could be ...

Section 7: Personal Details and Responsibilities in the Firms

23. Optional: Are you in a management position?

24. Optional: Do you have tax knowledge?

25. Optional: What position do you hold?

-
- 26. Optional: Please enter your age.
 - 27. Optional: Please enter your gender.
 - 28. Optional: Are your remuneration components dependent on the group tax rate/corporate tax rate of your group/firm?
 - 29. Optional: Are your remuneration components dependent on whether legal remedies, such as an objection or application for a mutual agreement procedure, had to be filed in relation to tax obligations?
 - 30. Optional: Are your remuneration components dependent on whether a compliance strategy is implemented in your group/firm?
 - 31. Optional: Do you have any further comments on the topic of tax compliance and transfer pricing?
-