



Tax and Legal

Tax and Legal Flash 26/2025

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2025 Second update on OECD transfer pricing profiles: Imminent implementation in Mexico of the simplified and streamlined approach for baseline marketing and distribution activities in the second half of the year

On 22 July 2025, the Organization for Economic Co-operation and Development (OECD) released a new update of country-specific transfer pricing profiles, incorporating information from 12 jurisdictions: Mexico, Austria, Belgium, Canada, Ireland, Latvia, Lithuania, the Netherlands, New Zealand, Singapore, South Africa, and Spain. This update represents the second batch of revised profiles this year, following a previous release in May. The information is directly provided by each country, ensuring a high degree of accuracy and relevance.

The profiles reflect the current legislation and practices of each nation, serving as a crucial resource for understanding global transfer pricing systems. Covered aspects include the arm's length principle, transfer pricing methods, intangible property management, intra-group services, administrative approaches for dispute resolution, and safe harbor provisions.

Although the OECD has periodically updated these profiles since their introduction in 2009, this latest revision is notable for including

new sections on the treatment of hard-to-value intangible assets and the simplified and streamlined approach for pricing intercompany transactions related to routine marketing and distribution activities. These additions result from the OECD's recent work on Amount B, part of Pillar One of the Two-Pillar Solution aimed at addressing the tax challenges arising from the digitalization of the economy.

Significant changes in Mexico's transfer pricing profile

Several significant changes are observed in the updated transfer pricing profile for Mexico compared to the 2021 version:

- A section titled “Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities” has been added. Mexico confirms that this approach will be respected in line with the Inclusive Framework’s political commitment, applicable to both covered and non-covered jurisdictions. Mexico indicates that local regulations regarding Amount B are expected to be published in the second half of 2025, introduced via secondary regulation.
- Mexico has marked the “Most Appropriate Method” box concerning the application criteria for transfer pricing methods, while also maintaining the selection of the “Hierarchy of Methods” box.
- A reference to Section VII of Article 48 of the Federal Tax Code has been added regarding

the use of secret comparable transactions for transfer pricing verification purposes. This section addresses the manner and timing in which the taxpayer can access third-party information used during the audit process, and the conditions under which this can occur.

- References to non-binding criteria 4/ISR/NV and 33/ISR/NV have been added in the question about other relevant rules related to the determination of transfer prices involving intangible assets. The first refers to royalty payments to related parties abroad in certain situations, and the second to the recognition of unique and valuable contributions during the selection of comparable transactions.
- A specific section for “Hard-to-Value Intangibles” has been created, although the question contained already existed in “Intangible Assets” section of the previous version, with no different or additional information.

- Mexico confirms that Cost Contribution Arrangements are permitted following Chapter VIII of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

- It is clarified that the Local Report must be submitted in Spanish, an omission in the previous version.
- A question is added regarding the permissibility of downward corresponding adjustments in the absence of a mutual agreement procedure, to which Mexico responds negatively.
- Several adjustments have been made to the “Attribution of Profits to Permanent Establishments” section, all aimed at indicating that Mexico follows Article 7 of the pre-2010 OECD Model Tax Convention on Income and on Capital and the United Nations approach for attributing profits to permanent establishments, instead of the authorized OECD approach (AOA).

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- Various clarifications have been made to the wording of the questions to facilitate understanding, without significant changes in their meaning.

- Fines, thresholds, and numbering of articles and/or rules have been updated.

This update reaffirms Mexico's commitment to adopting international transfer pricing practices.

Given the imminent implementation of Amount B in Mexico, it is crucial for business groups to reassess their current transfer pricing policies for distribution activities. We strongly recommend consulting with your tax advisors to ensure you are prepared to effectively navigate these changes. At Deloitte, we are here to help you navigate these developments and ensure your company remains compliant with international regulations. Please feel free to contact us for personalized advice.

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