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Transfer pricing regulatory mechanisms in the United States of America and the United Kingdom

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Abstract. *In the context of contemporary economic globalization, transfer pricing is gaining increasing significance as one of the key issues of international taxation, exceeding the exclusive regulatory capacity of individual states. The active integration of national economies, the expansion of transnational corporations' activities, and the advancement of digital technologies have intensified the challenges related to profit shifting to low-tax jurisdictions. In response to these challenges, the international community, with the participation of OECD and G20 countries, initiated the development of the BEPS (Base Erosion and Profit Shifting) Action Plan, which aims to introduce unified approaches to tax transparency and the prevention of aggressive tax planning strategies.*

This article analyzes the regulatory mechanisms of transfer pricing in the United States and the United Kingdom - countries with well-developed tax systems that actively implement the BEPS provisions. The study examines the legal frameworks, fundamental principles, and control mechanisms, particularly with regard to documentation requirements, Country-by-Country Reporting, and the arm's length principle for related-party transactions. Special attention is paid to comparing the approaches of these two jurisdictions in implementing international standards, especially the OECD Guidelines, to identify commonalities and differences.

The use of analytical, comparative, and generalization methods made it possible to comprehensively consider both formal and substantive aspects of tax and legal control, which is essential for the accurate identification of related parties within the transfer pricing regulation framework.

The conclusions drawn outline effective regulatory practices that can be considered in Ukraine during the enhancement of its national tax policy amid global competition and the imperative of ensuring fair taxation.

Keywords: *global competition, transfer pricing, taxation, transnational corporations, national jurisdiction, tax base, tax regime, regulation.*

Регулятивні механізми трансфертного ціноутворення у Сполучених Штатах Америки та Великобританії

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Анотація. *У контексті сучасної економічної глобалізації трансфертне ціноутворення набуває все більшої значущості як одна з ключових проблем міжнародного оподаткування, що виходить за межі виключної компетенції окремих держав. Активна інтеграція національних економік, поширення діяльності транснаціональних корпорацій та розвиток цифрових технологій сприяють загостренню проблем, пов'язаних із переміщенням прибутків до юрисдикцій з пільговим оподаткуванням. У відповідь на ці виклики міжнародна спільнота, за участю країн ОЕСР та G20, ініціювала розробку Плану дій BEPS (Base Erosion and Profit Shifting), який передбачає запровадження єдиних підходів до податкової прозорості та протидії агресивним податковим стратегіям.*

У статті здійснено аналіз регулятивних механізмів трансфертного ціноутворення на прикладі Сполучених Штатів Америки та Великобританії — країн із розвинутими податковими системами, що активно впроваджують положення BEPS. Розглянуто нормативно-правові засади регулювання, базові принципи функціонування систем контролю, зокрема щодо підготовки документації, Country-by-Country Reporting та визначення відповідності трансакцій ринковому рівню. Особлива увага приділена зіставленню підходів двох юрисдикцій до імплементації міжнародних стандартів, зокрема Настанов ОЕСР, із метою виявлення спільних елементів та відмінностей.

Застосування методів аналізу, порівняння та узагальнення дозволило комплексно враховувати як формальні, так і фактичні аспекти податкового та правового контролю, що є надзвичайно важливим для адекватної ідентифікації пов'язаних осіб у межах регулювання трансфертного ціноутворення.

Зроблені висновки дозволять окреслити ефективні регулятивні практики, які можуть бути враховані в Україні у процесі удосконалення *національної податкової політики в умовах глобальної конкуренції та необхідності забезпечення справедливого оподаткування.*

Ключові слова: *глобальна конкуренція, трансфернте ціноутворення, оподаткування, транснаціональні корпорації, національна юрисдикція, податкова база, податковий режим, регулювання.*

Introduction. The current processes of globalization of the world economy necessitate the formation of collective decisions and inclusive dialogue at the intergovernmental level. One of the pressing issues that is becoming increasingly important in this context is transfer pricing. Its nature and consequences go beyond the competence of individual national governments, requiring coordinated action by the international community. In response to these challenges, for the first time in the history of tax cooperation, the member countries of the Organization for Economic Co-operation and Development (OECD), together with the G20 countries, initiated the development of a comprehensive BEPS (Base Erosion and Profit Shifting) Action Plan. More than 85 jurisdictions that are not members of the OECD or G20, including Ukraine, have also joined this initiative. The BEPS program covers a wide range of measures aimed at preventing aggressive tax practices by multinational corporations that lead to artificial reduction of tax liabilities (BEPS 2.0: What you need to know: website. (n.d.). In September 2013, these countries officially agreed on an Action Plan as a strategic response to the problem of tax base erosion and profit shifting.

The issue of transfer pricing, exacerbated by globalization processes, goes beyond national jurisdictions and requires coordinated international action, which led to the development of the BEPS Action Plan as a response to aggressive tax practices of multinational corporations. Given Ukraine's participation in the global BEPS initiative, it is now important to improve the effectiveness of its implementation in the national tax system in order to counteract the erosion of the tax base and ensure fair taxation.

Analysis of recent research and publications. An analysis of recent scientific and practical publications on transfer pricing regulation reveals key trends and approaches to solving the problem at the international and national levels, as well as outlines prospects for Ukraine. In V. Tanzi's (2000) work “Globalization, technological developments, and the work of fiscal termites” [17], the impact of globalization processes and digital transformation on tax systems, including transfer pricing are examined. The author introduces the term “fiscal termites,” which refers to factors that undermine the effectiveness of taxation, in particular, the erosion of the tax base by transnational companies.

V. Tangzi emphasizes the need for international policy coordination to overcome these challenges. Ukrainian scholars emphasize the need for further harmonization of national legislation with international standards and strengthening the institutional capacity of tax authorities. Thus, R. Jokh (2015), in his work, examines the history of the emergence of transfer pricing as a phenomenon and the development of legal regulation [5]. The author emphasizes that the emergence of such practices is a response to economic globalization, and effective regulation requires coordinated action at the intergovernmental level. T. Karnaukh (2015) focuses on the specifics of introducing transfer pricing mechanisms in Ukraine. The author notes the need to adapt international standards to the Ukrainian legal field and proposes specific steps to improve national legislation [10]. R. Melnychenko (2017) focuses on aspects of tax control. He reveals the content of transfer pricing in the context of Ukrainian legislation, analyzes the tasks of tax authorities, and emphasizes the importance of effective administration to prevent tax abuse [11].

Despite the existence of substantial developments, the issue of transfer pricing regulation, especially in terms of studying and adapting international experience,

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remains insufficiently researched, which emphasizes the relevance of further scientific research in this area.

Identification of previously unresolved parts of the overall problem. Despite the growing body of academic research dedicated to transfer pricing, several key regulatory aspects in the context of the United States and the United Kingdom remain insufficiently explored. One of the most pressing challenges is the practical application of the arm's length principle in an increasingly digitalized and globalized economy. The valuation of intangibles, intra-group services, and complex intercompany transactions continues to raise concerns due to the lack of comparable market benchmarks.

While much of the existing literature focuses on general regulatory frameworks, there is a noticeable gap in the analysis of how transfer pricing rules are implemented in specific sectors such as information technology, pharmaceuticals, and financial services. These industries often involve high-value intangibles and integrated business models, which complicate the functional analysis and the allocation of profits.

Finally, the emergence of the digital economy has revealed structural inadequacies in the traditional transfer pricing model. Digital business models, including cloud computing and online services, challenge existing methods for profit attribution and functional analysis, calling for a reassessment of current regulatory approaches. In light of these factors, a deeper and more nuanced comparative analysis of the regulatory mechanisms of transfer pricing in the United States and the United Kingdom is necessary.

Purpose of the article. The purpose of the article is to analyze international experience in transfer pricing regulation and identify key trends, approaches, and issues in this area in the context of globalization and increased international tax cooperation. In particular, the article details the specifics of the application of regulatory mechanisms in the United States and the United Kingdom.

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Results and Discussion. After the initial adoption of the BEPS Action Plan in 2013, work on its improvement continued for a long time. Given the scale and global nature of the transfer pricing issue, the European Commission and a number of developing countries also joined the initiative of the OECD and the G20 countries. Leading international financial institutions, including the International Monetary Fund, the World Bank, and the United Nations, provided significant support to the process. During the period of refinement of the BEPS Plan, it underwent more than 1,400 editorial and conceptual changes. As a result of two years of joint work, the OECD and G20 approved 15 analytical reports, each of which was devoted to a separate aspect of combating tax base erosion and profit shifting. The overall architecture of the BEPS project is based on three key principles (BEPS 2.0: What you need to know: website, (n.d.):

1) unification of tax regimes in different countries to prevent abuse by taxpayers;
2) reform of international taxation principles;
3) increasing transparency and trust in international tax information exchange processes.

It is impossible to determine the direction for further development of the Ukrainian transfer pricing model without a thorough analysis of the foreign experience of leading countries that are currently shaping global standards in the field of preventing tax evasion by transnational corporations and fighting money laundering. These countries include the United States and the United Kingdom, which are members of the G7 and play a key role in the transformation of tax systems on a global scale. These countries are not only carrying out comprehensive reforms of their own tax legislation but are also actively promoting relevant international initiatives, highlighting the limited effectiveness of isolated actions by individual jurisdictions in combating aggressive tax practices by multinational businesses. It is the regulatory and legal approaches and practical experience of the US and the UK that have formed the basis for the recommendations of the Organization for Economic Cooperation and Development (OECD) and the mechanism introduced under the BEPS Plan to prevent artificial erosion of the tax base through transfer pricing tools. It should be noted that the US became a pioneer in this area, initiating the systematic formation of a legislative framework to fight tax avoidance by multinational corporations at the congressional level as early as 1917. The principles developed in the US, in particular the arm's length principle, became the foundation for further OECD recommendations, which were implemented in many jurisdictions (Barker, Asare & Brickman (2006).

The origins of transfer pricing regulation in the United States date back to World War I, when on October 3, 1917, the US Congress passed the War Revenue Act. This regulatory act initiated a fundamental change in approaches to tax control, for the first time empowering the US Internal Revenue Service to assess additional tax liabilities within affiliated groups of companies operating in different tax jurisdictions. This approach was motivated by the desire to ensure an objective and fair determination of the investment capital and taxable income of transnational entities.

The further development of this practice was legislated on November 23, 1921, when the new Revenue Act 1921 was passed, which explicitly granted the US Internal Revenue Service the authority to investigate transactions between related parties and adjust tax liabilities in the case of abuse. Subsequently, the issue of transfer pricing remained the focus of American lawmakers, which led to the gradual improvement of tax control mechanisms for transnational transactions. This process culminated in the codification of all provisions of federal tax law in the Internal Revenue Code in 1986, which remains the fundamental document for tax regulation in the US to this day (Tanzi, 2000).

The central norm regulating transfer pricing in the US tax legislation system is Section 482 of the Internal Revenue Code. Its key objective is to prevent artificial

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understatement of tax liabilities by multinational corporations by ensuring a reasonable and fair distribution of income between related parties. Section 482 establishes both general requirements for the nature and terms of intercompany transactions and special provisions for the transfer of intangible assets.

A distinctive feature of the American model is that regulatory influence extends to all legal relationships between related parties, regardless of the form of control — legal or factual — and regardless of the intentions of the parties. Thus, the emphasis is not on the subjective motivation of taxpayers, but on the objective content and economic substance of transactions. Tax control covers the entire spectrum of transactions that have signs of a connection between the parties, which allows for the effective identification of attempts to manipulate pricing in a transnational business environment.

The fundamental provision of Section 482 of the US Tax Code is to grant the Internal Revenue Service (IRS) the authority to redistribute income, expenses, credits, or subsidies among companies that are part of a controlled group (Internal Revenue Code of 1986, Title 26 of the United States Code, (n.d.). This mechanism aims to ensure the accurate reflection of financial results and prevent tax evasion through the manipulation of internal group transactions.

In addition to general provisions on intercompany transactions, Section 482 of the US Tax Code contains mandatory rules governing the transfer of intangible assets, including the granting of licenses for their use. According to these provisions, income received as a result of such transfer or licensing must be correlated with the potential income that could be received by the owner from the independent use of the relevant assets (Internal Revenue Code of 1986, Title 26 of the United States Code, (n.d.). This approach involves an economic assessment of the benefit transferred along with the intangible asset and ensures tax compliance by establishing a commensurate level of income. This makes it possible to avoid artificial understatement of taxable income through the transfer of high-yield

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intangible assets to jurisdictions with preferential taxation and, accordingly, contributes to a more accurate distribution of tax liabilities in transnational corporate structures.

In the context of transfer pricing regulation for intangible assets, the commensurate-with-income standard is important, according to which the actual income generated from the subsequent use of an intangible asset is considered a criterion for determining compliance with the arm's length principle. This means that the initial terms of the transfer of such assets must correspond to the expected economic benefits that could be obtained by an independent party under similar market conditions.

Although Section 482 of the US Tax Code defines the general principles of transfer pricing regulation, the practical implementation of this mechanism is detailed in the subordinate acts of the US Department of the Treasury, in particular in regulations № 1.482-1–1.482-9. These acts form the operational basis for tax control in the field of transfer pricing, establishing specific valuation methods, adjustment procedures, and documentation requirements. Thus, the regulatory environment for transfer pricing in the United States is characterized by a combination of general legislative principles and detailed regulatory provisions at the executive level.

It is important to emphasize that the United States' national approach to transfer pricing regulation differs significantly from models based on the implementation of the recommendations of the Organization for Economic Cooperation and Development (OECD). Unlike the United Kingdom, where OECD provisions have a significant impact on tax policy, in the United States, the recommendations of this organization are not obligatory and are perceived more as analytical guidelines than as a regulatory framework. At the same time, it would be incorrect to say that the US ignores the OECD's position: the United States consistently implements its own

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internally consistent system of tax control over transfer pricing, which has deep historical and regulatory roots.

The US takes an autonomous position on the issue of reporting by multinational corporations. In particular, the state has refused to fully implement Step 13 of the BEPS Plan, which provides for the international exchange of consolidated reporting by multinational corporations (Text of the OECD Declaration on International Investment and Multinational Enterprises, (n.d.). This approach led to the United States' decision not to join the Multilateral Competent Authority Agreement on the automatic exchange of such reports, reserving the right to independently determine the scope and format of tax information disclosure. This position reflects the US's strategic desire to maintain control over information flows within the limits of tax sovereignty (Melnychenko, 2017).

In the context of tax information exchange, the US Department of the Treasury adheres to its own concept, based on the principle of tax sovereignty and a selective approach to the implementation of international standards. At the same time, it should be noted that the United States has not remained aside from the implementation of certain provisions of the OECD within the BEPS Plan. In particular, on June 29, 2016, the US Department of the Treasury adopted Regulation № 1.6038-4, which introduced mandatory country-by-country reporting for US residents that are parent companies of multinational groups.

This regulatory step was officially justified in the US Internal Revenue Bulletin of July 18, 2016, which stated that failure to implement such reporting could result in US multinational corporations being required to report in foreign jurisdictions where their controlled entities operate. This development follows from the requirements of Step 13 of the BEPS Plan, which provides for global transparency of multinational activities through the exchange of information between tax administrations (Text of the OECD Declaration on International Investment and Multinational Enterprises, (n.d.). Thus, although the US is not a party to multilateral

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agreements in this area, it has effectively adapted its domestic legislation to the basic provisions of international practice in order to avoid regulatory conflicts.

The submission of consolidated reporting to the US Internal Revenue Service provides a higher level of legal protection for US residents, as it allows them to control the further use of this information by foreign tax authorities under existing bilateral tax information exchange agreements. In the event of a violation by a foreign jurisdiction of confidentiality, information retention requirements, or permitted limits on its use, the US reserves the right to terminate tax cooperation with the relevant state, which functions as a preventive mechanism against misuse of the transferred data (Internal Revenue Code of 1986, Title 26 of the United States Code, (n.d.). Unlike the UK, which has implemented a broader reporting model, the US system provides for the limited application of consolidated reporting rules only to US residents that are parent companies of multinational corporate groups with annual revenues exceeding USD 850 million. This means that foreign parent companies, as well as US residents that do not have parent company status within a multinational group, are not required to submit such reports. This approach demonstrates the US's desire to maintain control over information flows and minimize the regulatory burden on entities that are not key decision-making centres in multinational structures.

Within the framework of national transfer pricing reporting regulations in the US, a subsidiary may submit consolidated reports, provided that it has been granted the appropriate authorization by its US-resident parent company (Final US country-by-country reporting regulations analyzed in-depth, 2016). Such reports are submitted simultaneously with the tax return using the approved Form 8975, which is the official instrument for implementing the Country-by-Country Reporting requirements in the US.

The difference between the American approach and the British approach is that the US has a clearer deadline for submitting reports: in the US, consolidated reports

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must be submitted before the end of the reporting period, while British law provides for a 12-month period after the end of the reporting period. The report must contain a complete overview of the financial performance of the multinational corporation in each jurisdiction where its affiliated companies operate. All information declared must be properly verified by primary accounting and financial documentation.

A system of financial penalties has been established for violations of the requirements for submitting a consolidated report. The amount of the fine varies from USD 10,000 to USD 50,000, depending on the nature and degree of the taxpayer's guilt, which indicates the significant attention of the US legislator to compliance with transparency standards in the field of multinational taxation.

It is important to emphasize that the US has not fully harmonized its legislation with the OECD recommendations on the format and structure of tax reporting within the framework of international information exchange. In particular, the format for submitting consolidated financial statements in the US does not comply with the standardized XML format provided by the OECD for automated data exchange between tax administrations of different countries. In addition, the American model does not provide for the submission of master files and local files, which, together with Country-by-Country Reporting, form a three-tier documentation system recommended by the OECD under Step 13 of the BEPS Plan.

Given that the United States is not a party to the Multilateral Competent Authority Agreement on Automatic Exchange of Consolidated Tax Information, the transfer of consolidated reports of US taxpayers to foreign tax authorities is possible only on the basis of existing bilateral intergovernmental agreements on the exchange of tax information (Text of the OECD Declaration on International Investment and Multinational Enterprises, (n.d.). This approach gives the US maximum control over the international distribution of tax data, but at the same time creates certain limitations for integration into the global system of automatic information exchange.

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An important element of the American model of tax control in the field of transfer pricing is the mechanism for applying sanctions for violations of established norms. One of the key grounds for imposing fines is the establishment of significant deviations in transfer prices used in transactions between related parties from market indicators determined in accordance with the arm's length principle. This type of liability is called a transactional penalty.

In particular, a penalty of 20% of the amount of additional tax liabilities is applied if the price declared by the taxpayer in a controlled transaction exceeds 200% or is less than 50% of the market price. If the deviation reaches 400% or more (or, conversely, 25% or less of the market value), the penalty increases to 40% of the corresponding amount (Raby & Verlinden, 2023). This penalty scale serves a preventive function, encouraging taxpayers to adhere to economically reasonable conditions when conducting intra-group transactions and ensuring a high level of tax discipline.

The second significant basis for applying financial sanctions within the US transfer pricing tax control system is the determination of the total amount of unpaid taxes on all controlled transactions of the taxpayer for the reporting period — the so-called net adjustment penalty rule. In such cases, the US Internal Revenue Service (IRS) independently recalculates transfer prices in accordance with the arm's length principle and determines the total amount of tax liabilities subject to additional assessment.

If this amount exceeds USD 5 million or is more than 10% of the taxpayer's total gross income for the relevant reporting period, a penalty of 20% of the unpaid amount is imposed. If the unpaid taxes exceed USD 20 million or amount to more than 20% of gross income, the penalty increases to 40% (Raby & Verlinden, 2023). This approach allows for a systematic assessment of the scale of violations, focusing not only on individual transactions but also on their cumulative impact on the tax

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base, which is a sign of a consistent and comprehensive US tax policy in the area of transfer pricing.

The application of penalties in the US transfer pricing tax control system is mandatory, even if the taxpayer voluntarily fulfils their tax obligations after the violations are detected. An exception to this rule is possible only if the taxpayer can convincingly prove the good faith of their conduct and the existence of reasonable grounds that caused the deviation from the arm's length principle.

In this context, a key factor taken into account by the US Tax Service is the proper preparation of transfer pricing documentation. Such documentation must contain objective evidence that the taxpayer had every reason to believe that the prices in the transactions were consistent with market conditions. The requirement for completeness, reliability, and timeliness of the provision of such documentation is critical, as it must be submitted to the US Internal Revenue Service within 30 days upon request (Raby & Verlinden, 2023). Compliance with these requirements may serve as a basis for exempting the taxpayer from penalties, which further encourages the development of good practices in the documentation of cross-border transactions.

Unlike the United States, the UK tax system is highly integrated with international standards, including those of the Organization for Economic Cooperation and Development (OECD). UK national legislation on transfer pricing is based on the latest OECD recommendations (Final US country-by-country reporting regulations analyzed in-depth, 2016), the provisions of the OECD Model Tax Convention on Income and Capital, and the principles set out in the BEPS Action Plan (OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, 2010). The main regulatory body responsible for implementing and enforcing tax legislation is Her Majesty's Revenue and Customs (HMRC). The legislative basis for the transfer pricing mechanism is the Taxation (International and Other Provisions) Act 2010 (Taxation (International and Other

Provisions) Act 2010, (n.d.), which replaced the previous regulatory act — the Income and Corporation Taxes Act 1988. Article 164 of the current act expressly states that when exercising tax control over transfer pricing, HMRC must be guided by the relevant recommendations and guidelines of the OECD. Although these documents do not formally have the status of a source of law, in practice they are a mandatory reference for the application of tax rules and regulatory decisions in the UK (Taxation (International and Other Provisions) Act 2010, (n.d.).

Similar to the legal model of the United States of America, UK tax legislation imposes on residents the obligation to independently verify their business transactions for compliance with the arm's length principle. In particular, if transactions between related parties result in the taxpayer generating income that is subject to lower taxation or incurring expenses that exceed economically reasonable limits, such entities are recognized as advantaged persons.

In such cases, legislation requires companies and partnerships to independently adjust their tax indicators, in particular profits, in order to bring them into line with the conditions that would have arisen if similar transactions had been carried out between independent parties. This approach reflects the principle of self-regulation in the context of transfer pricing, which aims to prevent fiscal risks at the stage of declaring tax liabilities.

A distinctive feature of transfer pricing regulation in the UK is the application of the “one-way street” principle, according to which tax adjustments may be made only if they result in an increase in the taxpayer's tax liability in the UK. In other words, tax legislation does not provide for the possibility of reducing the tax base or increasing expenses on the basis of transfer adjustments. This approach enshrines the priority of the state's fiscal interest in the system of transnational taxation.

According to Article 147 of the Taxation (International and Other Provisions) Act 2010, transfer pricing rules can only be applied if three conditions are met at the same time:

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1) a legal transaction involving one or more transactions has been concluded between two persons;

2) the parties to the transaction have the status of related parties in accordance with legally defined criteria;

3) the terms of the transaction do not correspond to market conditions that would be typical for similar transactions between independent parties in accordance with the arm's length principle.

If these conditions are met and the transaction results in an understatement of taxable profits in the UK, HMRC has the power to make adjustments by increasing the taxpayer's tax liability. This mechanism ensures the preventive effect of transfer pricing rules and at the same time excludes the possibility of their use for tax optimization in the interests of the taxpayer.

According to British tax legislation, related parties are determined based on control criteria, which may be direct or indirect. In particular, a relationship arises when one party exercises direct control over another or when several entities are under the joint control of a third party. Both legal entities (companies, partnerships) and individuals may act as controlling entities.

An important criterion for establishing relatedness is that each person owns at least 40% of the authorized capital of the same joint venture. In addition, the law recognizes relatedness in cases of joint participation in the financing of a third company if the relevant persons act in concert and have the right to vote on the financial decisions of that company. Such cases are defined as "acting together in relation to the financing arrangements," as enshrined in Articles 157–160 of the Taxation (International and Other Provisions) Act 2010. These provisions create a broad regulatory framework for identifying controlled transactions between related parties in the context of transfer pricing.

The legal concept of "control" in British tax law is set out in detail in section 1124 of the Corporate Tax Act 2010. The main substantive criterion for determining

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control is the actual ability of a person to exercise decisive influence over the management of another person's activities. Such influence may take various forms, including through the ownership of corporate rights that give a share in the authorized capital of an enterprise or through voting rights in the governing bodies of a legal entity.

In addition, control may be exercised on the basis of other legal mechanisms provided for in the constituent documents or internal regulations of the company, which give a person the power to influence the strategic or operational decisions of the enterprise. This comprehensive approach allows for both formal and actual aspects of control to be taken into account, which is extremely important for the adequate identification of related parties within the scope of transfer pricing regulation.

Conclusions. Taking into account the experience of these countries is critically important for Ukraine, which is currently integrating into the global tax architecture. Based on the experience of the US and the UK, Ukrainian lawmakers have the opportunity to develop an effective transfer pricing control model that will not only meet current challenges but also integrate best international practices into the national legal framework. This approach will ensure an adequate level of tax fairness, reduce the risks of aggressive tax planning, and increase confidence in the tax system among both domestic and international market participants.

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