Quartyl — Transfer Pricing OS

Benchmarking Self-Audit Checklist

The 12 mistakes that fail transfer-pricing studies in examination — audit your file before the TPO does.

Checklist · Transfer pricing benchmarking

Work the twelve checks top to bottom against the study file. Each check is a question the file must be able to answer with evidence. A study that passes all twelve has a file an examiner can rebuild and come out the same — which is the entire standard of defensibility. A study that fails any of them knows, before the TPO does, where the adjustment will come from.

Part A — The 12 checks

Check	Evidence to show in the file
1. The industry code is pinned to the function — not the registered activity, and at the right level of detail	The code, the basis for the choice, any stepwise widening with its stated reason
2. The pool's PLIs are rebuilt from the underlying lines — not taken from the database's own definitions	The line mapping, applied identically to the tested party and the pool
3. One PLI definition throughout — the tested party and the pool on the same operating-cost definition, unchanged across the study and across years	The definition, stated in the Local File, consistent year on year
4. Related-party revenue is screened out — comparables with significant affiliate revenue are rejected or segment-adjusted	The notes screen, the reject reason, the segment evidence
5. No consolidated financials for a segment function — conglomerate group totals are not comparables for a single function	The segment data used, or the rejection: “function not separable from group”
6. Loss-makers are categorised, not handled silently — counted, categorised, treated, with the distribution shown before and after	The count, the categorisation, both distributions
7. The working-capital adjustment is on both sides — tested party and pool, same tax rate, same period	The calculation, in the file
8. No range shopping across years — the same PLI, pool logic and period; any change explained by a functional change	The year-on-year trend, with the stated reason for any change
9. Size bounds are stated — the size screen has bounds, and surviving gaps are reasoned	The bounds, the surviving gaps, the accept reasons
10. The qualitative screen is a review, not a formality — every company examined on functions, products and risks, not the name and the code	The company-by-company comparability-factor assessment
11. Outliers are examined, not merely present — extreme PLIs identified, the reason examined, the keep/exclude decision documented	The identification, the reason analysis, the decision
12. Every disposition carries a reason — each accept and reject has a specific, evidence-grounded rationale; overrides carry their own	The per-company reasons, the override rationale, the evidence references

Part B — The audit, in order

1. The code — is the tested party's NIC/NACE code the function's code, with the basis stated?
2. The lines — are the PLIs rebuilt from the lines on one definition, for tested party and pool?
3. The contamination — related-party revenue and segment leakage screened out, with the reasons?
4. The loss-makers — counted, categorised, treated, shown before and after?
5. The adjustment — working capital on both sides, computed in the file?
6. The stability — same PLI, same pool logic, same period across years, with any change explained by a functional change?
7. The size — bounds stated, surviving gaps reasoned?
8. The review — every company examined on the factors, not the name?
9. The extremes — outliers examined and decided?
10. The reasons — every disposition, including every override, carrying its grounded rationale?
