

23rd February 2026**TRANSFER PRICING SERIES, ISSUE NR. 2****TRANSFER PRICING AND VALUE CHAIN REORGANIZATION: READY, SET, GO!***Identifying the essential elements for project construction.*by Gian Luca Nieddu¹**Introduction²**

The following contribution builds on the reflections presented in the article published in this newspaper on January 12, 2026, providing further analytical insights for effectively planning business reorganization activities within multinational groups. The following points should be considered during the initial phase of the project.

Project design: essential points

Given the complexities that multinationals face in operating in a supranational context, it is certainly necessary for groups to focus on the key characteristics of an international reorganization process, even more so given that business restructuring is a multifaceted and complex subject. Indeed, this aspect is evident from the difficulty in finding a univocal definition of these operations:

"There is no legal or universally accepted definition of business restructuring. In the context of this chapter, business restructuring refers to the cross-border reorganization of the commercial or financial relations between associated enterprises, including the termination or substantial renegotiation of existing arrangements. Relationships with third parties (eg suppliers, subcontractors, customers) may be a reason for the restructuring or be affected by it".³

Generally speaking, both external and internal factors often determine the need for a multinational group to change or reorganize its business model. The pursuit of new logistics models (increasingly focused on end-customer needs and sustainability), shorter innovation cycles, and strategic proximity to supply sources (e.g., raw materials, semi-finished products, and skilled labor) are, for example, elements that increasingly characterize the current phase of international reorganization of groups. In any case, one of the primary objectives of this operation is supply chain optimization, that is, the coordination of design, production, marketing, distribution, and after-sales service activities, in order to minimize costs and

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² Automatic English translation of the article published in the EC News review (<https://www.ecnews.it/>) on 23rd February 2026.

³ OECD, "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations" (January 2022), Chap. IX, Par. 9.1.

streamline and improve the production cycle. This frees up profitability that would otherwise be lost throughout the various phases of the relevant production and distribution model.

Regardless of the needs and motivations underlying an operating model reorganization, a group wishing to undertake this process must carefully identify, including through the creation of appropriate internal controls, the elements that characterize its way of doing business within the specific economic circumstances dictated by the market and its sector. Some of the key elements include:

- **Modification of the functional (and risk) profile:** A business restructuring process, by definition, involves a change in the allocation of functions, risks, and assets among the group's subsidiaries, often with a view to centralization. For example, changes in the distribution model may lead to the conversion of fully-fledged distributors into limited-risk distributors or commission agents; or, in the case of manufacturing, fully-fledged manufacturing entities may become contract manufacturers or toll manufacturers.⁴ However, it should also be remembered that value chain reorganization projects can – conversely – lead to the implementation of so-called decentralized models in which the pivotal role of the parent company and any local headquarters is significantly reduced compared to the first option and greater decision-making and action autonomy is left to local branches;
- **Management of intangible assets:** transformation processes aimed at creating greater centralization are often accompanied by the need to transfer rights to intangible property (IP). Therefore, depending on the multinational group's core activities, the need to streamline and streamline the entire supply chain can often lead to the identification of a so-called IP company (a central entity within the group) that will manage intangible property activities.⁵;
- **Definition of the transactions involved:** a corporate restructuring may involve cross-border transfers of "something of value," such as valuable intangible or tangible assets. It may also, or alternatively, involve the termination or substantial renegotiation of existing agreements, such as manufacturing agreements, distribution agreements, licensing agreements, service contracts, etc. Consequently, the transfer of "something of value" requires a careful functional analysis and analysis of the added value created, in order to determine whether, how much, and in what form the transferor entity should be remunerated. Therefore, the first step in analyzing a reorganization process should be to carefully outline the transactions that comprise the restructuring itself, identifying the commercial or financial relationships and the conditions associated with such relationships that lead to a transfer of value between the various entities of the group.⁶;
- **Profit Allocation model definition:** through risk analysis, it is then possible to demonstrate that the entity undergoing the restructuring process, so to speak, has effectively transferred the relevant risks to one of its subsidiaries. This means verifying that the reorganization is not merely "formal" but has substantial economic substance. Indeed, the transfer of functions, skills, risks, and/or valuable assets, as well as the conversion of one

⁴OECD Transfer Pricing Guidelines (January 2022), Chapter IX, Paragraph 9.2.

⁵OECD Transfer Pricing Guidelines (January 2022), Chapter IX, Paragraph 9.3.

⁶OECD Transfer Pricing Guidelines (January 2022), Chapter IX, Paragraph 9.9.

activity into another, implies a different assumption of risks and, consequently, a different allocation of profits, consistent with the restructuring that has taken place.

- **Analysis of direct and indirect tax profiles:** although transfer pricing issues are usually initially considered from the perspective of direct taxation, it is essential to also carefully examine all the indirect tax implications (i.e., VAT and customs) that necessarily come into play when moving – so to speak – various types of goods, including in relation to existing (or to be established) intragroup relationships (e.g., production, including for third parties, subcontracting, distribution, etc.).

In light of the above, it is therefore important to remember once again that implementing a business restructuring project involves a synthesis exercise, capable of a comprehensive and integrated (i.e., holistic) vision, in which the economic, corporate, and commercial objectives are also correctly translated and optimized in terms of tax provisions, both in the laws of the individual countries involved and in supranational ones.

Final remarks

Improving the efficiency and strengthening of supply chains requires a comprehensive (and complex!) process of analyzing the operating model, characterized by strong cooperation among all stakeholders along the entire value chain and constant monitoring of all relevant risks (not just tax risks, therefore).

This, then, necessitates involvement at multiple levels and on multiple occasions of all figures (from C-level to department heads) who will be called upon to make a practical contribution to the design and implementation of the project. This concerted effort must seek to combine – one might say – the "needs of the center with those of the periphery".

About MUSE Strategy

MUSE Strategy is an international consulting firm founded in 2022 to support multinational groups, families and individuals navigating the complexity of a globalised economic landscape. Based in Milan and with offices in London and Abu Dhabi, the firm is distinguished by an integrated, boutique approach in which business transformation, transfer pricing and wealth advisory intersect with corporate, operational, legal and international tax considerations.

MUSE Strategy's work extends beyond compliance to the design of long-term strategic frameworks, combining risk analysis, performance optimisation, corporate finance, sustainability and strategic venture development. With a focus on anticipation rather than reaction, the firm advises clients on aligning enterprise, capital and governance over time — supporting decisions that are durable, coherent and internationally resilient.