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**Oleksandr Kuznyetsov**

PhD Student, Department of Financial Technology and Entrepreneurship, Educational and Scientific Institute of Business, Economics and Management, Sumy State University, Sumy, Ukraine; e-mail: [olkuzn95@gmail.com](mailto:olkuzn95@gmail.com)  
ORCID: [0009-0008-2565-4285](https://orcid.org/0009-0008-2565-4285)  
(Corresponding author)

**Iryna Vakhovych**

D.Sc. in Economics, Professor, Rector, Lutsk National Technical University, Lutsk, Ukraine;  
ORCID: [0000-0003-4912-5798](https://orcid.org/0000-0003-4912-5798)

# TRANSFER PRICING IN THE MECHANISM OF FORMING A MODERN CORPORATE GOVERNANCE SYSTEM

## ABSTRACT

The article presents a comprehensive theoretical and methodological study of transfer pricing as a key instrument of corporate governance and state regulation in the field of foreign economic activity. It is shown that transfer pricing is a mechanism that integrates economic, managerial, and regulatory processes into a single system, forming the basis for effective interaction between enterprises and state institutions, and international regulators.

The study substantiates the synergistic role of transfer pricing in the formation of an adaptive model of corporate governance, in which internal business decisions are aligned with external regulatory norms. It is revealed that through the use of transfer pricing, enterprises are able to optimally distribute functions, risks, and resources between structural units and group companies, which is a necessary condition for the effective management of global value chains. It is proven that transfer pricing acts as a mechanism for balancing the interests of participants in transnational processes.

The article shows that the implementation of effective transfer pricing policies contributes to the minimization of tax, financial, and regulatory risks, increases the level of trust on the part of international partners, and strengthens the reputation capital of the enterprise in global markets. Particular attention is paid to the role of transfer pricing in tax planning, as its use allows enterprises to align their income and expense structures with international BEPS standards, while ensuring the efficiency of business processes and compliance with regulatory norms.

The results obtained allow us to conclude that the synergy of corporate and state aspects of transfer pricing creates strategic advantages not only for individual companies but also for the development of the national economy as a whole.

**Keywords:** transfer pricing, state regulation, corporate governance, strategic management, foreign economic activity, taxation, intra-group transactions, tax planning, financial control

**JEL Classification:** 62, H25, H26, G38, O23

## INTRODUCTION

The current structure of global trade shows the dominance of transnational corporations, which account for approximately 70% of world trade. Given that more than half of these transactions take place within corporate groups, transfer pricing mechanisms, which are an integral part of regulating intra-group economic relations in a transnational environment, are of particular importance.

The period of intensive scientific and technological development was marked by the formation of new economic conditions, accompanied by a qualitative increase in the importance of transnational industrial, financial, and credit and banking structures. One of the fundamental challenges of this period was the intensification of internal decentralization within corporate management systems, which necessitated a theoretical and practical rethinking of the mechanisms for the functional division of powers between individual organizational associations.

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The issue of integration of transfer pricing with corporate finance, strategic management, data analytics, and digital control tools remains relevant, which will determine promising directions for the development of the corporate management system in the global dimension.

## LITERATURE REVIEW

In modern scientific discourse, the issue of transfer pricing is one of the key problems considered both in terms of macroeconomic policy and in the context of microeconomic mechanisms of transnational corporate structures.

Among Ukrainian scholars who have studied transfer pricing in the context of corporate governance, it is worth noting P. Horyslavets and A. Mukan (Horyslavets, Mukan, 2023), who consider transfer policy as a component of the corporate governance and tax management system of transnational corporations and directly determine its place in the structure of corporate policies and strategies.

A significant contribution to revealing the role of transfer pricing as a tool for internal control and evaluation of responsibility centers has been made by K. Shevchuk (2010), L. Tytenko et al. (2020), Mboweni, Abel Mabawuzeni. (2019) and Eden, L. (2000) who treat transfer pricing models as an element of the management accounting system and a mechanism for coordinating the interests of divisions within a corporate group.

The generalization of the approaches of Vasiuk (2017), Kasych et al. (2016), O. Nemyrovska (Nemyrovska, 2014), and other researchers allows us to consider transfer pricing policy as a meaningful element of the strategy of transnational corporations, combining tax planning, the distribution of functions, assets, and risks between related companies, and the implementation of corporate governance objectives.

Despite the gradual modernization of national transfer pricing control mechanisms, empirical data show that multinational corporations continue to actively use this tool in tax planning and business process management. In this paradigm, transfer pricing is seen not only as an object of fiscal control but also as an integral part of strategic corporate management, ensuring the rational allocation of resources and increasing competitiveness in the global market.

In Ukraine, TP is seen not only as a tool for tax regulation but also as an important component of strategic tax planning for enterprises. In this context, the research of scholars who have outlined the theoretical and applied aspects of the relationship between transfer pricing and taxation is important.

One of the first Ukrainian researchers to analyze transfer pricing in the context of tax planning is Y. Hretsa (Hretsa, 2014). In his work, he emphasizes that the implementation of legislative norms regarding transfer pricing in the domestic tax system has significantly changed approaches to tax burden planning. The author highlights the impact of transfer mechanisms on the validity of prices in intra-group transactions, which has a direct impact on tax liabilities.

Researchers A. Aleksieieva and T. Ihnatenko (Aleksieieva, Ihnatenko, 2014) consider transfer pricing not only as an element of tax planning, but also as an effective tool for tax control. They emphasize the importance of analyzing transactions between related parties as a means of counteracting aggressive forms of tax planning and minimizing the risks of tax evasion. This shapes the perception of transfer pricing as a bilateral mechanism of interaction between business and fiscal authorities. Kryvovyazyuk et al. (2020) consider transfer pricing as one of the types of managerial innovations in the methodology of solving problems of export-import activities and ensuring high quality of business of international corporations.

Research by A. Hrechko (Hrechko, 2016) also emphasizes that transfer pricing is a key tool for regulating financial flows between related entities of an enterprise. The author stresses the need for effective control over these operations, since failure to comply with the arm's length principle can lead to a reduction in the tax base and budget losses.

Particular attention should be paid to the work of M. Pasichnyi (Pasichnyi, 2024), in which transfer pricing is considered in the strategic dimension of the state's tax policy. The author emphasizes that the effective implementation of transfer pricing policy requires a balance between the fiscal interests of the state and the planning capabilities of enterprises. The researcher also stresses the need to adapt Ukrainian legislation to OECD standards in the context of the BEPS initiative.

The monograph edited by A. Kotenko (Kotenko et al., 2021) systematically analyzes the methodological foundations of transfer pricing in Ukraine. In particular, it covers aspects such as the classification of controlled transactions, the arm's length principle, methods for determining market price compliance, and reporting and documentation mechanisms. The authors emphasize that in a complex regulatory environment, enterprises must not only ensure legal compliance but also adapt their tax strategies to new realities.

The general trend in Ukrainian academic thought is to view transfer pricing as a dynamic element of interaction between state control and corporate tax planning. Most authors emphasize the risks of excessive control or an imperfect regulatory framework, which creates conditions for both abuse by companies and fiscal pressure from the state.

## AIMS AND OBJECTIVES

The article is devoted to studying the impact of transfer pricing on corporate governance. To achieve this goal, the following scientific tasks were performed:

- to determine the priorities of transfer pricing in the corporate governance structure;
- to consider the key areas in which transfer pricing has its regulatory impact in the field of foreign economic activity.

## METHODS

To achieve the objectives set, the study used a comprehensive set of scientific research methods, which ensured the comprehensiveness, objectivity, and consistency of the results obtained. In particular, methods of analysis and synthesis were used to study in detail the theoretical provisions on transfer pricing, identify its key elements, and form a comprehensive understanding of the role of this tool in the corporate governance system.

Induction and deduction became the basic logical tools for formulating reasonable conclusions about the functional characteristics of transfer prices, their impact on the effectiveness of the corporate structure, and for establishing interrelationships between individual aspects of the management activities of transnational corporations.

Methods of concretization and abstraction were used to clarify the substantive characteristics of the categories under study, which made it possible to separate the general theoretical properties of transfer pricing from its practical manifestations in corporate management.

The logical method, comparison, and critical evaluation were used to compare different scientific approaches to the interpretation of transfer pricing mechanisms, determine their advantages and limitations, and identify effective models for managing intra-corporate flows.

To systematize the results obtained and establish structural links between the theoretical and practical aspects of transfer pricing, methods of structural-logical generalization and a systematic approach were used, which ensured the formation of a coherent scientific concept of the functioning and development of transfer pricing mechanisms in the context of modern corporate governance.

## RESULTS

The use of transfer pricing in the practice of transnational corporations is economically rational, as it provides centralized management of the financial indicators of individual divisions located in different jurisdictions. This model allows for effective adaptation to the dynamics of the external environment, in particular to currency fluctuations, changes in tax and customs regulations, as well as to the global impact of political and institutional factors.

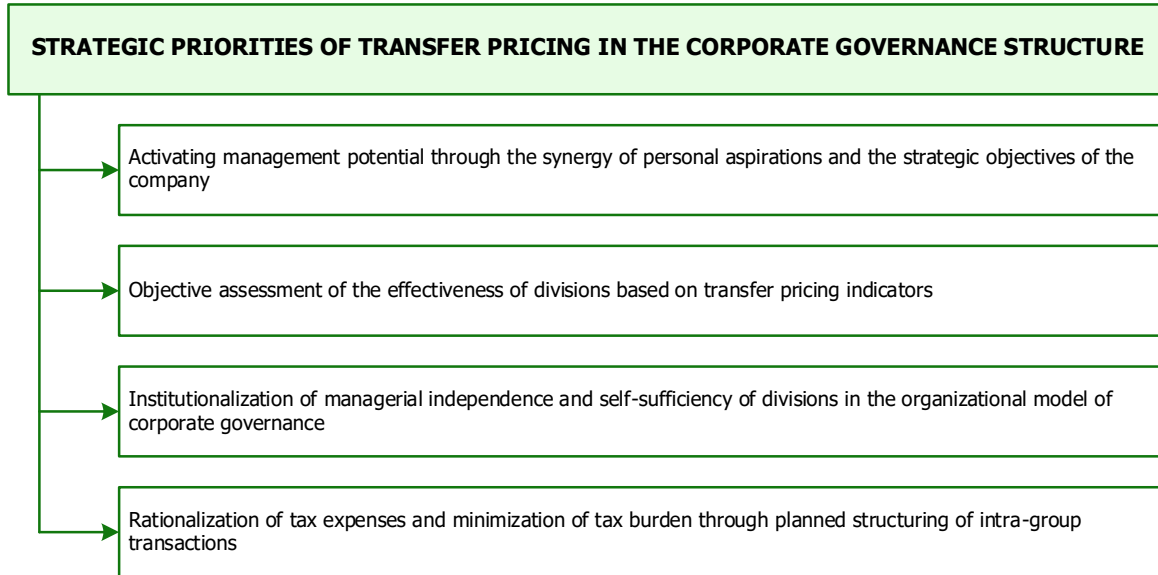
Within the framework of a centralized corporate model, transfer pricing becomes a strategic tool for managing value chains, which involves the rational performance of functions and allocation of assets in the international space. In particular, production is concentrated in countries with more favorable cost characteristics, while sales activity is focused on markets with high consumer purchasing power. This structure allows transnational companies to maximize the efficiency of global resource utilization and ensure sustainable growth in financial results.

In addition, transfer mechanisms play an important role in the internal regulation of value flows, allowing profits to be accumulated in those divisions where external economic conditions are most favorable. This approach not only increases the investment attractiveness of the company but also ensures more effective management of the tax burden and the implementation of long-term financial goals at the level of the entire corporate structure (Ivanova, 2010).

Functioning as an element of internal integration, transfer pricing mechanisms allow transnational companies to combine financial and material resources into a single management structure. This approach allows for the centralized mobilization of capital in strategically important areas of activity, which in turn contributes to the expansion of investment opportunities, the introduction of technological innovations, and the assurance of a sustainable competitive advantage.

At the same time, the adaptability of transfer pricing to national tax systems allows transnational corporations to effectively structure their financial flows in accordance with the requirements of individual jurisdictions. As a result, this contributes to reducing tax pressure by optimizing the costs associated with paying taxes and other mandatory payments.

A systematic analysis of the concept of “transfer price” helps to identify the strategic priorities of transfer pricing, reflecting its functional role in the management system of transnational and integrated corporate structures (Figure 1).



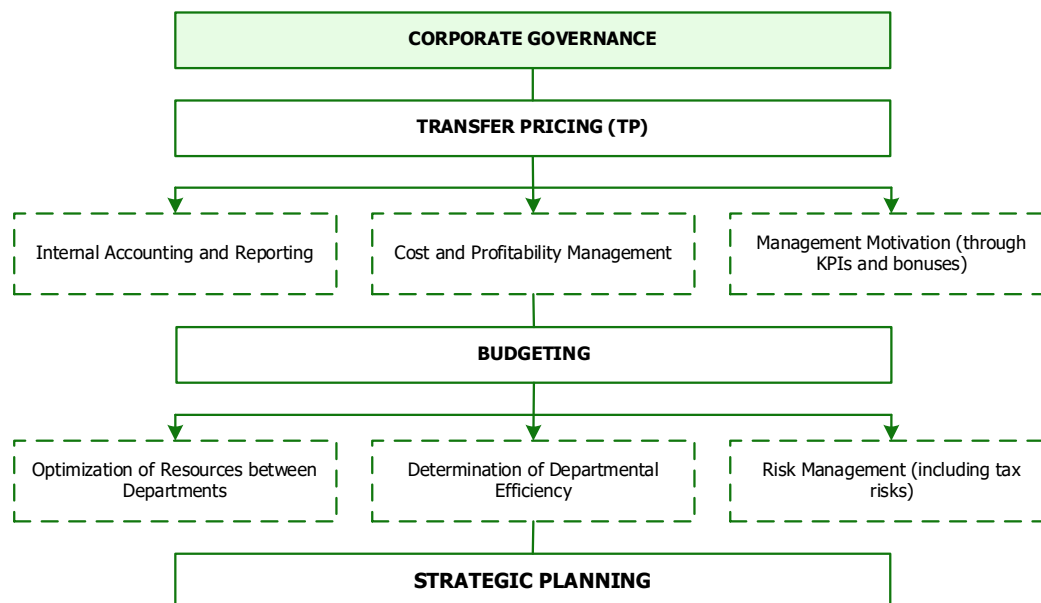
**Figure 1. Transfer pricing priorities in the corporate governance structure.**

Based on Figure 1, we can elaborate on the significance of transfer pricing as a corporate governance tool.

**Table 1. Impact of transfer pricing on corporate governance.** (Source: compiled by the author based on a summarization of works)

№	Corporate governance aspect	The essence of transfer pricing	Implementation mechanism
1	Optimization of resources between divisions	Ensures rational distribution of resources within the corporation, stimulating efficiency.	Internal transfer prices determine how branches plan production, investments, and interaction; they contribute to the achievement of strategic goals.
2	Motivation of division managers	Allows for the formation of objective performance indicators for managers.	The profitability indicators of divisions depend on internal prices; managers are interested in increasing productivity and quality.
3	Control and transparency of internal operations	It is a tool for monitoring the activities of structural units.	Proper pricing helps identify inefficiencies, internal risks, and imbalances in capacity utilization.
4	Financial reporting and planning	It ensures the formation of more accurate management reporting.	Internal prices reflect the actual contribution of divisions to business results, which is the basis for budgeting and strategic planning.
5	Tax risk management	It allows the corporation to minimize tax risks through the correct allocation of profits.	Adherence to the arm's length principle reduces the risk of additional charges, penalties, and international tax disputes.
6	Improving the competitiveness of the corporation	It allows internal prices to be adapted to the market situation.	Cost optimization and rapid response to market changes increase the effectiveness and sustainability of corporate strategy.

The proposed scheme (Figure 2) reflects the systemic role of transfer pricing as a key element of modern corporate governance.



**Figure 2. The role of transfer pricing in corporate governance.**

Transfer pricing occupies a special place in the corporate management model structure, as it ensures consistency of management decisions at all levels — from internal organization of departments to strategic planning and risk management. Transfer pricing serves as a tool that combines financial, informational, analytical, and behavioral mechanisms, forming a model of economic interaction between the structural units of a corporation.

As can be seen in Figure 2, transfer pricing is located below the general corporate governance system, as it ensures the operationalization of management decisions at the level of divisions, branches, and responsibility centers. Transfer pricing performs the role of:

- a coordination mechanism between business units;
- an instrument for forming internal incentives;
- a system for controlling the distribution of resources and performance results;
- a mechanism for aligning the interests of divisions and the parent company;
- at the same time, a compliance instrument that is important for international groups.

Thus, transfer pricing is a “bridge” between corporate strategy and operational activities.

One of the fundamental areas of influence of transfer pricing is its role in the formation of internal accounting and management reporting. Transfer prices determine the proportions of costs, revenues, and financial results distributed among divisions. This creates:

- a realistic financial “portrait” of each profit center;
- the ability to accurately assess the contribution of each structural unit;
- a basis for comparing results and monitoring effectiveness.

In fact, the transfer price is a built-in management parameter that shapes management reporting, allowing for an objective assessment of effectiveness and ensuring internal comparability of responsibility centers' activities. In this context, transfer pricing is a means of forming a sound information base that supports management analysis processes and effective internal control within the corporate structure.

An important component of the impact of transfer pricing is its integration into the cost and profitability management system. Thanks to the correct determination of transfer prices, the corporation has the opportunity not only to form the real cost of products and services, but also to regulate the level of profitability of individual structural units. That is why transfer pricing is directly linked to budgeting, production, and logistics planning, and the optimization of financial flows within a corporate group.

A separate dimension of transfer pricing concerns management motivation. The performance indicators of department heads are usually based on profitability, return on investment, budget fulfillment, and other KPIs that are formed taking

into account transfer prices. Thus, transfer pricing determines the behavioral incentives of managers, influencing the quality of management decisions, the productivity of divisions, and the overall performance of corporate activities, which allows transfer pricing to be defined not only as a financial parameter but also as a behavioral management tool.

The branching in Figure 2 into three basic directions logically transitions into blocks that demonstrate the applied management consequences of using transfer pricing. Firstly, transfer prices ensure the optimization of resource allocation between departments, allowing the company to rationally redistribute material, financial, and human resources in accordance with strategic needs. Thus, management receives a tool for optimal internal resource redistribution, maintaining the strategic balance of the group.

Secondly, transfer pricing forms the basis for evaluating the effectiveness of divisions (the ability to identify "growth points" or weak links, internal audit of divisions' activities), since the internal financial results of divisions directly depend on transfer pricing mechanisms. Thus, transfer pricing is a tool for determining the economic performance of business units.

Thirdly, transfer pricing performs a risk management function, including tax, operational, and compliance risks, which makes it possible to:

- reduce tax risks;
- ensure compliance with the arm's length principle;
- avoid penalties and additional charges;
- increase the transparency of transactions;
- develop secure profit distribution models.

Risk management is a central element of corporate control in international groups, which is particularly important for transnational corporations.

The final element in Figure 2 is strategic planning, which logically summarizes the impact of all previous functional blocks. Transfer pricing ensures the strategic consistency of a corporation's activities by influencing the choice of markets, the structure of global value chains, the optimization of international capital flows, and the definition of long-term corporate development priorities. In this context, transfer pricing is not only a technical tool for setting internal prices but also a strategic regulator that determines the direction of the corporation's development and ensures the stability of its economic model in a dynamic global environment.

Thus, Figure 2 demonstrates that transfer pricing is a system-forming element of corporate governance, integrating the functions of accounting, motivation, control, cost, and risk management into a single management architecture. Thanks to this, transfer pricing ensures a balance of interests between divisions and central management, contributes to increasing the competitiveness of the corporation, and is a key mechanism for achieving its strategic goals.

Despite the significant strengthening of state control in the field of transfer pricing, international experience shows that transnational corporations continue to actively use this tool as one of the key elements of tax planning. This is because transfer pricing, as an institutionally regulated mechanism, enables businesses not only to adapt to the requirements of the international tax environment but also to develop comprehensive strategies for optimizing their tax burden.

In Ukraine, transfer pricing is seen not only as a tax regulation tool but also as an important part of strategic tax planning for businesses.

A thorough analysis of scientific publications by Ukrainian researchers (Hretsa, 2014; Aleksieieva et al., 2014; Hrechko, 2016; Pasichnyi, 2024) on the details and in-depth study of the functional characteristics of transfer pricing shows that it performs a number of important and at the same time legitimate functions in the tax planning process, which are reflected in Table 2.

An analysis of the areas listed in Table 2 gives grounds to assert that transfer pricing occupies a central place in the tax planning system of modern enterprises, especially those operating in an international environment. All of the identified areas indicate the dual nature of transfer pricing: on the one hand, it is a tool for complying with tax legislation and the arm's length principle, and on the other hand, it is a mechanism for strategic optimization of tax expenses and increasing business competitiveness.

Transfer pricing allows enterprises to develop flexible models for distributing profits between jurisdictions, reduce the risks of tax disputes, and, at the same time, ensure compliance with international OECD and BEPS standards. Active use of transfer pricing tools, combined with proper documentation and analytical justification, creates opportunities for legal and transparent tax planning, which is an important component of corporate strategy in the context of globalization.

**Table 2. The role of transfer pricing in corporate tax planning.** (Source: compiled based on the analysis of (Hretsa, 2014, Pasichnyi, 2024, Mishyn et al., 2021))

№	Area of focus	The essence of influence	Implementation mechanism
1	Optimization of the overall tax burden	Transfer pricing makes it possible to legally influence the distribution of profits between countries with different tax rates.	A company may set transfer prices so that most of the profit is generated in a jurisdiction with a lower tax burden.
2	Compliance with the arm's length principle	Reasonable transfer prices allow companies to avoid accusations of profit manipulation.	The arm's length principle is mandatory in most tax systems, including Ukraine, which reduces the risk of additional charges and penalties.
3	Tax risk management	Transfer pricing functions as a preventive control mechanism that identifies potential risks in advance.	Preparation of transfer pricing documentation, functional and comparative analysis significantly reduces the likelihood of tax claims.
4	Legal tax planning	Transfer pricing makes it possible to conduct legal tax planning as part of corporate strategy.	The application of transfer pricing methods is based on legislation (the Tax Code of Ukraine, BEPS, OECD Guidelines), which makes such actions lawful.
5	Adaptation to international standards (OECD, BEPS)	Transfer pricing is a key element of global approaches to countering tax base erosion.	The implementation of BEPS in Ukraine ensures transparency, unification, and strategic tax planning.
6	Reduction of tax dispute costs	Well-founded transfer pricing documentation increases the company's security during audits.	Clearly prepared pricing methods and approaches reduce the risk of penalties and litigation costs.

Thus, transfer pricing should be viewed not only as an element of tax regulation but as a comprehensive strategic management tool that shapes a balanced model of interaction between a company and the international tax environment and ensures the sustainability of its financial results in the long term. At the same time, the significance of transfer pricing goes far beyond the tax sphere, covering a wider range of economic processes related to foreign economic activity. That is why it is advisable to further disclose transfer pricing as a multifunctional tool that not only affects the taxation of transnational transactions but also performs key regulatory functions in the field of international trade and economic relations. This allows us to move on to considering transfer pricing as a mechanism for regulating the foreign economic activity of enterprises, as it determines the price relationships between related companies engaged in international transactions involving goods, works, services, intangible assets, and financial instruments, ensures the transparency of such international transactions, the fair distribution of profits between jurisdictions, and the improvement of the efficiency of global value chains.

It should be noted that in recent years, Ukrainian scientific thought has gradually focused on researching the specifics of the impact of transfer pricing mechanisms on various aspects of foreign economic activity of enterprises: customs regulation, tax optimization, financial security, and strategic planning.

Summarizing scientific and theoretical approaches, it should be noted that domestic research demonstrates a growing interest in transfer pricing issues in the field of foreign economic activity in the following areas:

1. Development of accounting, analytical, and information support for transfer pricing in foreign economic transactions.
2. Resolution of contradictions between customs value and transfer prices.
3. Harmonization of Ukrainian legislation with international tax standards.
4. Improvement of the security of foreign economic activity through effective regulation of transfer pricing.

These scientific approaches form the basis for further research aimed at improving transfer pricing regulation mechanisms in the context of increasing global competition, international cooperation, and fiscal pressure.

Within globalized supply chains, transfer pricing acts as an institutional regulator that ensures the alignment of the economic interests of business and the state, creates transparency in financial flows, and minimizes the risks of distortions in the transnational movement of capital. In this context, it is advisable to take a closer look at the key areas in which transfer pricing exerts its regulatory influence in the field of foreign economic activity (Table 3).

**Table 3. Transfer pricing as a mechanism for regulating the foreign economic activity of enterprises.** (Source: compiled based on research)

№	Regulatory aspect of transfer pricing	The essence of transfer pricing's impact on enterprises' foreign economic activity	Result
1	Compliance with the arm's length principle	Establishing market prices in controlled international transactions	Prevention of manipulation of export and import prices, fair competition
2	State control over transnational flows	Monitoring prices, royalties, financial transactions, and capital movements between jurisdictions	Counteracting tax base erosion and profit shifting
3	Impact on the foreign economic strategy of the enterprise	Forming approaches to the distribution of functions, risks, and value chains	Optimization of foreign economic activity, increasing the efficiency of international operations
4	Reduction of tax and regulatory risks	Documentation of transfer pricing policy, demonstration of transaction transparency	Improving compliance, reducing fines, and the risk of additional charges
5	Support for macroeconomic security	Impact on foreign exchange earnings, repatriation of income, and balance of payments	Strengthening the financial stability of the state and control of foreign economic activity at the macro level
6	Harmonization with international standards	Alignment of foreign economic activity of enterprises with OECD rules, BEPS, customs, and tax regulations	Increasing the trust of foreign partners and access to global markets

Let us consider the regulatory aspects of transfer pricing in more detail.

1. Transfer pricing *ensures that foreign economic activity complies with the arm's length principle and international trade rules*. The transfer pricing system aims to bring prices in controlled transactions to a level that corresponds to market conditions. This prevents hidden price manipulation in foreign economic activity, which may take the form of:
  - understatement of export prices to transfer profits abroad;
  - overstatement of import prices to minimize income tax;
  - distortion of the value of intangible assets or services of the group.

Thus, transfer pricing performs a regulatory function, maintaining balance in international markets and establishing fair rules of competition for enterprises engaged in foreign economic activity.

2. Transfer pricing *is a tool for state control over transnational capital flows*. Within the framework of foreign economic activity, a significant part of transactions takes place between companies of the same group, where there is a high risk of artificial redistribution of income. The transfer pricing system allows the state to:
  - control the movement of capital between jurisdictions;
  - prevent the erosion of the tax base;
  - track the transfer of technology, royalties, and financial services.

In this way, transfer pricing becomes a mechanism for regulating the international economic behavior of enterprises, ensuring compliance with both national and international standards.

3. Transfer pricing *affects the foreign economic strategy of enterprises*. Decisions on the structure of exports, imports, financing, localization of production, and optimization of global value chains directly depend on the company's approach to transfer prices. In particular, transfer pricing regulates:
  - the distribution of functions and risks between companies in different countries;
  - the formation of export and import priorities;
  - contract volumes and contract models;
  - the location of profits within the group.

Thus, transfer pricing determines the economic logic of a company's international activities and influences investment and commercial decisions in the field of foreign economic activity.

4. Transfer pricing minimizes the risks of violations in foreign economic activity and increases the company's compliance. The existence of a documented transfer pricing policy:

- ensures transparency of foreign economic operations;
- reduces tax and regulatory risks;
- creates a positive image of the enterprise among international counterparties and financial institutions;
- contributes to the growth of investment attractiveness.

Companies that adhere to the arm's length principle have lower risks of tax credit blocking, fines, additional charges, and reputational losses, which is critical in international transactions.

5. Transfer pricing *supports budget security and currency regulation in foreign economic activity*. Correct determination of transfer prices is of macroeconomic importance, as it affects:
- foreign currency revenues;
  - control over the repatriation of income;
  - the state's balance of payments;
  - the formation of foreign exchange reserves.

Thus, transfer pricing becomes an element of macroeconomic regulation of foreign economic activity, preventing the transfer of profits to low-tax jurisdictions and ensuring a fair distribution of the tax burden between countries.

6. *Harmonization of the national transfer pricing system with international standards*. First of all, this concerns the provisions of the OECD Guidelines and the BEPS Action Plan, which are key regulatory documents on transfer pricing in the field of foreign economic activity.

Harmonization with international standards is particularly important to prevent distortions in cross-border transactions, which may manifest themselves in the form of:

- discrepancies between approaches to determining market indicators in different jurisdictions, creating risks of double taxation or double non-taxation;
- the use of inappropriate or manipulative transfer pricing methods that are not consistent with OECD principles;
- non-standardized approaches to the valuation of intangible assets, which may lead to an unjustified redistribution of profits between countries;
- different interpretations of the economic substance of transactions, creating unequal conditions for companies in global supply chains.

The introduction of international rules into national transfer pricing practice ensures uniformity of control procedures, improves the quality of documentation, simplifies interaction with tax authorities in other countries, and promotes the effective resolution of disputes within the framework of mutual agreement procedures (MAP) and advance pricing agreements (APA).

An extended comparative analysis of the functions of transfer pricing as a corporate governance tool and as a mechanism for regulating the foreign economic activity of enterprises has demonstrated the significant multidimensionality of this economic institution. The characteristics presented in Table 4 show that transfer pricing simultaneously performs internal management, external regulatory, and integrative synergistic functions, forming a comprehensive mechanism for influencing the effectiveness of enterprises in the global business environment.

First and foremost, as an element of corporate governance, transfer pricing ensures the rational distribution of functions, assets, risks, and profits among the structural units of the group, increasing internal manageability and transparency of internal processes. In this context, transfer prices act as a tool for balancing the interests of subsidiaries, profit centers, and owners, promoting the most efficient use of resources within the corporate structure.

At the same time, as a mechanism for regulating foreign economic activity, transfer pricing performs fundamentally different external functions: it ensures compliance with the arm's length principle, prevents manipulation of export and import prices, limits the transfer of profits abroad, and supports the macroeconomic security of the state. State regulation of transfer pricing is becoming a key tool in combating the erosion of the tax base and the artificial redistribution of income between jurisdictions.

**Table 4. Synergistic role of transfer pricing in corporate governance and foreign economic activity regulation.** (Source: compiled based on research)

Criterion	Transfer pricing as a corporate governance tool	Transfer pricing as a mechanism for regulating the foreign economic activity of enterprises	Synergy of transfer pricing in management and foreign economic activity
Intended purpose	Optimization of internal efficiency and profit distribution between divisions	Ensuring compliance of international transactions with the arm's length principle	Formation of a unified pricing management system that harmonizes internal and external financial flows
Main focus	Coordination of divisions and business units	Control of export and import transactions between related non-residents	Ensuring consistency of management decisions with external regulatory requirements
Objects of influence	Subsidiaries, branches, internal profit centers	Transactions involving goods, services, royalties, and lending between residents and non-residents	A unified approach to internal and external operations that minimizes conflicts of interest within the group
Implementation tools	Internal regulations, internal prices, and management methods	OECD methodologies, state control, tax, and customs reporting	Creating a comprehensive transfer pricing policy that meets the requirements of both the corporation and government regulators
Regulatory nature	Internal management function of the group	External state and international regulation	Balancing strategic business goals with compliance with international rules
Impact on business structure	Distribution of functions, risks, and assets within the corporation	Optimization of supply chains and asset allocation in different countries	Forming a global value creation model that is both competitive and compliant
Advantages	Improving management efficiency and internal transparency	Reduction of tax and regulatory risks in international activities	Strengthening financial stability, increasing investor and partner confidence, and improving global manageability
Risks in case of violation	Conflicts between divisions, inefficiency of internal flows	Fines, additional charges, blocking of foreign economic activity, and reputational losses	Disruption of synchronization between internal and external processes, double risk – managerial and international
Result of the application	Improving the manageability of the business group	Transparency and controllability of foreign economic activity	An integrated system for managing global value flows, ensuring the stable development of the enterprise

The synergistic column of the table shows that the interaction of these two planes — internal (corporate) and external (state and international) — forms a holistic system of global value flow management, within which transfer prices are a common denominator for aligning the interests of the company and the regulatory environment. It is the synergy of transfer pricing that ensures the effective combination of the company's management goals with the requirements of international standards and national tax policy, creating the conditions for sustainable business development in global supply chains.

Having a comprehensive transfer pricing policy helps to develop a unified approach to pricing that takes into account both the group's internal strategic priorities and external regulatory standards. This minimizes conflicts of interest between business units and jurisdictions, reduces tax and compliance risks, and increases the trust of international counterparties and financial partners. As a result, the company gains a competitive advantage, as it becomes able to effectively structure its global financial and economic flows in accordance with the requirements of the institutional environment.

## DISCUSSION

The results of the study confirm the multidimensional nature of transfer pricing (Pasichnyi, 2024; Kraievskyi, Polishchuk, 2025), but at the same time raise a number of controversial issues related to its dualistic nature and role in modern corporate governance models. On the one hand, transfer pricing is an internal management tool for enterprises, ensuring

the optimization of resource allocation, the formation of pricing policy, and the management of the profitability of structural units. On the other hand, it is subject to strict state regulation aimed at preventing aggressive tax planning and ensuring the transparency of foreign economic operations. It is the combination of these two functions that forms the basis for debate on the determination of internal prices and the extent of state intervention in corporate processes.

The synergistic effect of transfer pricing, which is formed as a result of the interaction of corporate management decisions with external regulatory requirements, deserves special attention. Despite the obvious advantages of an integrated management system, some scholars emphasize the risks of excessive regulation, which can reduce the flexibility of companies in strategic planning (Kang, Ma, Tian, Wu, 2025). At the same time, other researchers emphasize that it is the harmonization of internal management models with international standards (in particular, the arm's length principle, OECD recommendations, and BEPS requirements) that creates the basis for the sustainable functioning of enterprises in the global economic environment (Asare, Mahmood, 2021; Hines, Rice, 2019).

Another controversial aspect is the impact of transfer pricing on the transparency and compliance of foreign economic operations. On the one hand, the introduction of reporting, control, and analysis mechanisms increases fiscal discipline and reduces financial and regulatory risks. On the other hand, it increases the burden on businesses, which require significant expenditures on administration, documentation, and compliance with regulatory requirements. Thus, the question arises of the advisability of finding an optimal model that would minimize transaction costs while ensuring a sufficient level of transparency.

It is also important to emphasize that the synergy of corporate and state aspects of transfer pricing creates new opportunities for the sustainable development of enterprises, because it contributes to strengthening their competitiveness, managerial consistency, and reputational reliability. However, at the same time, it requires the adaptability of the regulatory environment and the ability of businesses to quickly respond to transformations in the global tax landscape.

## CONCLUSIONS

Thus, the results of the systematic theoretical and methodological analysis allow us to form the following scientific conclusions:

1. Transfer pricing is a dualistic tool that simultaneously performs the functions of corporate management and state regulation of foreign economic activities of enterprises.
2. The synergistic role of transfer pricing consists of the formation of an integrated management system that ensures coordination of internal management decisions with external international and national regulatory requirements.
3. Transfer pricing is a key tool for managing global value chains, as it determines the locations of profits, the distribution of risks, and the optimization of transnational resource flows.
4. The use of transfer pricing increases the transparency and compliance of foreign exchange, which minimizes financial, tax, and regulatory risks, and also contributes to the formation of a positive business reputation of the enterprise in the international environment.
5. The synergy of corporate and regulatory aspects of transfer pricing creates prerequisites for the sustainable development of enterprises and the strengthening of the economic security of the state, which makes transfer pricing an important tool of modern economic policy.

In general, the discussion around transfer pricing indicates the need for further scientific research aimed at deepening the understanding of its regulatory, managerial, and strategic role.

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*Кузнецов О., Вахович І.*

## **ТРАНСФЕРТНЕ ЦІНОУТВОРЕННЯ В МЕХАНІЗМІ ФОРМУВАННЯ СУЧАСНОЇ СИСТЕМИ КОРПОРАТИВНОГО УПРАВЛІННЯ**

У роботі здійснено комплексне теоретико-методологічне дослідження трансфертного ціноутворення як ключового інструмента корпоративного управління та державного регулювання в царині зовнішньоекономічної діяльності. Показано, що трансфертне ціноутворення є механізмом, який інтегрує економічні, управлінські та регуляторні процеси в єдину систему, формуючи підґрунтя для ефективної взаємодії підприємств із державними інституціями та міжнародними регуляторами.

У дослідженні обґрунтовано синергетичну роль трансфертного ціноутворення у формуванні адаптивної моделі корпоративного управління, де внутрішні бізнес-рішення узгоджуються із зовнішніми регуляторними нормами. Розкрито, що через використання трансфертного ціноутворення підприємства отримують можливість оптимально розподіляти функції, ризики та ресурси між структурними підрозділами й компаніями групи, що є необхідною умовою для ефективного управління глобальними ланцюгами створення вартості. Доведено, що трансфертне ціноутворення є механізмом балансування інтересів учасників транснаціональних процесів.

У статті показано, що впровадження ефективних політик трансфертного ціноутворення сприяє мінімізації податкових, фінансових і регуляторних ризиків, підвищенню рівня довіри зі сторони міжнародних партнерів, а також зміцненню репутаційного капіталу підприємства на глобальних ринках. Особливо акцентовано увагу на ролі трансфертного ціноутворення в податковому плануванні, оскільки його використання дозволяє підприємствам узгоджувати структуру доходів і витрат із вимогами міжнародних стандартів BEPS, забезпечуючи одночасно ефективність бізнес-процесів і відповідність регуляторним нормам.

Отримані результати дозволяють сформулювати висновок, що синергія корпоративних і державних аспектів трансфертного ціноутворення створює стратегічні переваги не лише для окремих компаній, а й для розвитку національної економіки загалом.

**Ключові слова:** трансфертне ціноутворення, державне регулювання, корпоративне управління, стратегічне управління, зовнішньоекономічна діяльність, оподаткування, внутрішньогрупові операції, податкове планування, фінансовий контроль

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