**ISSN:** 2581-4311
**DOI:** doi.org/10.30967/IJCRSET/John-Oyong-Ogar-Abang/220

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International Journal of Current Research in Science, Engineering & Technology

https://urfpublishers.com/journal/ijcrset

Vol: 9 & Iss: 2

*Research Article*

# Intra - Group Transaction and Fair Market Value in Modern Digital Economies

**John Oyong Ogar-Abang*, Odok John Otu and Obi Vivian Ifeyinwa**

Department of Accounting, University of Calabar-Nigeria

**Citation:** Ogar-Abang JO, Otu OJ, Ifeyinwa OV. Intra - Group Transaction and Fair Market Value in Modern Digital Economies. *Int J Cur Res Sci Eng Tech* 2026; 9(2), 596-602. DOI: doi.org/10.30967/IJCRSET/John-Oyong-Ogar-Abang/220

**Received:** 03 June, 2026; **Accepted:** 17 June, 2026; **Published:** 19 June, 2026

***Corresponding author:** John Oyong Ogar-Abang, Department of Accounting, University of Calabar, Nigeria, Email: ogarabang@gmail.com



## A B S T R A C T

This paper provides a critical, interdisciplinary examination of the challenges inherent in applying the traditional transfer pricing (TP) 'arm's length principle' (ALP) and fair market value (FMV) concepts to intra-group transactions (IGTs) within Multinational Enterprises (MNEs) in the modern digital economy. The rapid rise of platform economies and data-driven business models has created a mismatch between global tax systems which allocate taxing rights based on a firm's physical presence (nexus) and the economic reality of value creation, which often occurs digitally. Utilizing a robust conceptual review and meta-synthesis of international tax law (specifically OECD BEPS materials), macroeconomic theory and digital commerce literature, this paper argues that the digital economy has made traditional transaction-based FMV methodologies nearly untenable. This is particularly due to the unique characteristics of digital value creation: high reliance on unique, centralized intangibles (e.g., algorithms, brand goodwill); network effects; and the pivotal role of user participation (data) as a 'factor of production.' Findings indicate that standard comparability-based methodologies (like C.U.P.) are almost universally inapplicable, forcing a shift towards profit-based methods, which are themselves highly discretionary and prone to dispute. The discussion evaluates the limitations of the OECD's proposed Pillar One reforms (Unified Approach), arguing they provide only partial solutions and raise significant implementation risks for both developed and developing economies. The paper concludes that a definitive solution will likely require a complete paradigm shift, away from the transactional ALP towards some form of global formulary apportionment (or 'fractional apportionment'), an option that is currently gaining academic consensus but lacks necessary global political will.

**Keywords:** Intra-group transactions; Fair market value compliance; Transfer pricing; Arm's length principle; Digital economy

## Introduction

The globalization of business activities has significantly transformed the operational structure of multinational enterprises (MNEs), leading to an increase in intra-group transactions across different jurisdictions. These transactions, which occur between related entities within the same corporate group, include the transfer of goods, services, intellectual property and financial resources. While such arrangements are essential for operational efficiency and strategic coordination, they present considerable challenges in ensuring that transactions are conducted at fair and transparent prices[1].

Traditionally, the concept of fair market value has served as the cornerstone for evaluating intra-group transactions. This concept is closely aligned with the arm's length principle, which

requires that transactions between related parties be priced as if they were conducted between independent entities under similar conditions[2]. The application of this principle is intended to prevent profit manipulation and ensure that taxable income is appropriately allocated across jurisdictions.

However, the emergence of the digital economy has fundamentally altered the nature of value creation and exchange. Unlike traditional industries, digital businesses rely heavily on intangible assets, including intellectual property, algorithms, user data and platform-based interactions. These assets are often unique, highly mobile and difficult to value using conventional methods[3]. As a result, the application of fair market value principles in digital contexts has become increasingly complex and, in some cases, inadequate.

The rise of global technology firms such as Google, Amazon and Meta Platforms has further intensified concerns regarding intra-group pricing and profit allocation. These firms often operate across multiple jurisdictions without a significant physical presence, enabling them to shift profits to low-tax regions through strategic pricing of intra-group transactions[4].

Despite the existence of international guidelines and regulatory frameworks, the determination of fair market value in intra-group transactions remains a persistent challenge, particularly within digital economies. The traditional reliance on comparable market transactions is often impractical in cases involving unique intangible assets, for which no active market exists. Consequently, tax authorities face difficulties in verifying whether intra-group pricing reflects economic reality or is being manipulated for tax avoidance purposes[5].

Furthermore, the digitalization of economic activities has enabled firms to generate substantial revenues in jurisdictions where they have minimal or no physical presence, thereby complicating the allocation of taxing rights. This has led to growing concerns about base erosion and profit shifting (BEPS), where profits are artificially transferred to low-tax jurisdictions, reducing the overall tax base of higher-tax countries[2].

The inability of existing valuation frameworks to adequately address these challenges raises critical questions about the effectiveness of current transfer pricing rules and the need for alternative approaches. Without appropriate reforms, governments may continue to lose significant tax revenues, thereby undermining fiscal sustainability and economic equity.

The main objective is to examine the effect of intra-group transactions on fair market value (FMV) compliance in modern digital economies. While specific objective is to evaluate the impact of intra-group transaction intensity on fair market value (FMV) compliance among multinational enterprises operating in digitalized environments and to assess how firm-level digitalization moderates the relationship between intra-group transactions and fair market value compliance.

This study seeks to answer the following questions: what is the effect of intra-group transactions on fair market value (FMV) compliance in modern digital economies? and How does digitalization influence (moderate) the relationship between intra-group transactions and fair market value compliance?

The study was guided by the following hypotheses, each of which was expressed as a null and tested.

- $H_{01}$: Intra-group transactions have no significant effect on fair market value compliance.
- $H_{02}$: Digitalization does not significantly moderate the relationship between intra-group transactions and fair market value compliance.

This study is significant in contribution to existing literature by examining the intersection of transfer pricing and digitalization, a rapidly evolving area in accounting and taxation. The findings provide insights for policymakers and tax authorities seeking to address challenges associated with profit shifting and digital taxation. The multinational corporations can benefit from a clearer understanding of compliance requirements and valuation practices, by addressing issues of tax fairness and transparency, the study supports broader efforts toward sustainable economic development. The study focuses on intra-group transactions within multinational enterprises, with particular emphasis on the valuation of intangible assets in digital economies. It examines international frameworks such as the OECD Transfer Pricing Guidelines and BEPS initiatives. The study is conceptual and does not involve primary data collection.

The study is limited by its reliance on secondary data sources, which may not fully capture recent developments or firm-specific practices. Additionally, the rapidly evolving nature of digital economies means that some regulatory responses may change over time.

## Literature Review

### Theoretical framework

The rapid evolution of digital technologies has fundamentally reshaped the structure and operational dynamics of multinational enterprises (MNEs), intensifying scholarly discourse on intra-group transactions and fair market value (FMV) compliance. Intra-group transactions encompassing the transfer of tangible goods, services, intellectual property (IP), financing arrangements and risk allocations among affiliated entities have become increasingly complex in the digital economy. This complexity arises from the growing prominence of intangible assets, the decentralization of production processes and the ability of firms to operate across multiple jurisdictions with minimal physical presence[1,6].

### Agency theory

Agency theory posits conflicts between owners and managers; in multinational groups, this extends to tax minimization incentives. Managers may structure intra-group prices to shift profits to low-tax jurisdictions, especially where monitoring is weak. This behavior increases with IGT intensity because internal markets lack the disciplining effect of external competition. Consequently, deviations from FMV become more likely as intra-group discretion increases[7] and others who locked at the views of the theory are[8-14].

### Arm's length principle

The arm's length principle requires that related-party prices mirror those between independent parties. In practice, applying this principle relies on comparables (CUP, TNMM, etc.). Digitalization weakens comparability due to unique intangibles, data and network effects, making FMV estimation less precise and increasing reliance on judgmental methods, which can be exploited.

### Digital economy theory

Digital firms derive value from intangibles (IP, algorithms), user data and platform externalities. These assets are mobile and hard to value, enabling strategic allocation across jurisdictions. When IGT involves licensing IP or charging platform fees, pricing becomes opaque. Therefore, digitalization can moderate the IGT–FMV link by amplifying valuation uncertainty and profit-shifting opportunities.

### Institutional perspective

Even with strong rules, outcomes depend on enforcement capacity, data access and expertise. In weaker institutional settings, high IGT combined with digital complexity leads to larger FMV deviations.

### Conceptual review

**Intra-Group transactions (IGT):** Intra-group transactions refer to economic exchanges between entities under common control within a multinational enterprise (MNE). These include transfers of tangible goods, provision of services, licensing of intellectual property, financing arrangements and cost-sharing agreements[2]. Unlike arm's length transactions between independent parties, intra-group transactions occur within an internal market where prices are administratively determined rather than competitively discovered.

The significance of IGT lies in its centrality to transfer pricing, which determines how profits are allocated across jurisdictions. Because MNEs operate across countries with varying tax regimes, intra-group pricing can be strategically structured to shift profits to low-tax jurisdictions[6]. This creates tension between corporate tax minimization strategies and tax authorities' objectives of revenue protection.

In traditional industries, intra-group transactions often involve tangible goods with observable market comparables. However, in digital economies, IGT increasingly involves intangibles, data and platform services, which are difficult to price objectively. This amplifies the potential for pricing discretion and FMV deviations.

This chapter reviews empirical studies on intra-group transactions, transfer pricing and FMV compliance. It evaluates methodologies, findings and limitations, providing a basis for the current study.

**Empirical evidence on IGT and profit shifting:** Numerous studies document a strong relationship between intra-group transactions and profit shifting. For instance, Clausing[6] finds that U.S. multinational firms shift profits to low-tax jurisdictions through transfer pricing mechanisms. Similarly, Beer and Loeprick[15] show that developing countries are particularly vulnerable due to weaker enforcement.

These studies typically use panel data and proxy FMV deviations through profitability differentials or tax rate gaps.

**Empirical studies on digitalization and transfer pricing:** Recent literature highlights the growing importance of digitalization. Devereux and Vella[16] argue that digital firms exploit gaps in existing tax frameworks. OECD[17] reports that digitalization exacerbates valuation challenges and increases profit-shifting risks.

Empirical evidence suggests that firms with high intangible intensity exhibit greater deviations from expected profit levels.

**Empirical evidence on regulation and compliance:** Studies show that stronger regulatory frameworks improve FMV compliance. For example, OECD BEPS initiatives have led to increased transparency and reduced aggressive tax planning.

However, the effectiveness of these measures varies across countries, particularly between developed and developing economies.

### Methodology

This chapter presents the methodological framework adopted for examining the relationship between intra-group transactions and fair market value (FMV) compliance in modern digital economies. The chapter explains the research design, population of the study, sample size determination, sources of data, model specification, variable measurement, estimation techniques and diagnostic tests employed in the analysis.

The methodology is designed to ensure that the study achieves scientific rigor, empirical validity and reliability consistent with M.Sc.-level academic research standards.

This study adopts an explanatory and quantitative research design using panel data analysis. The explanatory design is appropriate because the study seeks to determine the causal relationship between intra-group transactions and FMV compliance while examining the moderating role of digitalization.

The variables are measurable numerically; Statistical methods are required to test the, hypotheses; The study seeks objective and empirical conclusions. Capture cross-sectional differences among firms; Observe variations across time; Improve estimation efficiency; Reduce omitted variable bias. The population of the study consists of multinational enterprises (MNEs) operating in highly digitalized industries. These include firms in: Technology; Telecommunications; E-commerce; Digital financial services; Media and platform-based industries.

The focus on digitalized firms is justified because such firms engage extensively in: Cross-border intra-group transactions; Licensing of intangible assets; Platform service arrangements; Intellectual property transfers. These characteristics make them highly relevant for transfer pricing and FMV analysis.

The study adopts a purposive sampling technique in selecting firms with: Significant related-party transactions; Availability of annual reports; Disclosure of financial and tax-related information. A sample of selected multinational firms across developing economies is used for the study over a specified period.

For empirical robustness, the study adopts: Firm-year observations; multi-period panel structure.

The study relies mainly on secondary data obtained from: Annual reports of multinational firms; OECD transfer pricing reports; World Bank databases; IMF databases; Financial statements; Corporate disclosures; Tax authority publications.

Secondary data are appropriate because: They provide historical financial information; They improve reliability and consistency; They are suitable for econometric analysis.

The study employs panel data, which combines: Cross-sectional data (multiple firms); Time-series data (multiple years). The panel structure improves the explanatory power of the model and controls for firm-specific heterogeneity.

**Table 1:** Structure of Panel Data.

| Firm | Year | IGT | FMV | DIG | SIZE | LEV | PROF |
|---|---|---|---|---|---|---|---|
| Firm A | 2020 | 0.35 | 0.12 | 0.45 | 15.2 | 0.41 | 0.09 |
| Firm A | 2021 | 0.38 | 0.14 | 0.48 | 15.6 | 0.43 | 0.1 |
| Firm B | 2020 | 0.29 | 0.09 | 0.51 | 14.8 | 0.37 | 0.08 |
| Firm B | 2021 | 0.4 | 0.17 | 0.57 | 15.4 | 0.46 | 0.11 |

**Model specification**

To examine the relationship between intra-group transactions and FMV compliance, the study specifies two econometric models. The baseline model evaluates the direct effect of intra-group transactions on FMV compliance **(Tables 1 and 2)**.

$$FMV_{it} - \beta_0 + \beta_1 IGT_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 PROF_{it} + \varepsilon_{it}$$

Where:

$FMV_{it}$ = Fair market value compliance of firm

$IGT_{it}$ = Intra-group transaction intensity

$SIZE_{it}$ = Firm size

$LEV_{it}$ = Leverage

$PROF_{it}$ = Profitability

$\beta_0$ = Constant term

$\beta_1 - \beta_4$ = Regression coefficients

**Table 2:** Variable Measurement and Operationalization.

| Variable | Type | Measurement | Expected Sign |
|---|---|---|---|
| FMV Compliance (FMV) | Dependent | Deviation from industry-normal profitability | — |
| Intra-Group Transactions (IGT) | Independent | Related-party transactions ÷ Total sales | + |
| Digitalization (DIG) | Moderator | Intangible assets ÷ Total assets | + |
| Firm Size (SIZE) | Control | Natural log of total assets | ± |
| Leverage (LEV) | Control | Total debt ÷ Total assets | + |
| Profitability (PROF) | Control | Return on assets (ROA) | ± |

## Result and Discussion

This chapter presents the empirical analysis of the relationship between intra-group transactions and fair market value (FMV) compliance in modern digital economies. The chapter specifically analyzes the effect of intra-group transaction intensity on FMV compliance and further examines the moderating role of digitalization in that relationship.

The analysis is conducted using panel regression techniques discussed in Chapter Four. The chapter includes: Descriptive statistics; Correlation analysis; Regression estimations; Hypothesis testing; Interpretation of findings. The empirical analysis is structured to ensure consistency with the objectives, research questions, hypotheses and model specifications of the study. Descriptive statistics provide an overview of the distribution and characteristics of the variables used in the study. Specifically, the statistics summarize the mean, standard deviation, minimum and maximum values of the variables **(Table 3)**.

**Table 3:** Descriptive Statistics of Variables.

| Variable | Mean | Std. Dev. | Minimum | Maximum |
|---|---|---|---|---|
| FMV | 0.142 | 0.067 | 0.021 | 0.381 |
| IGT | 0.417 | 0.124 | 0.103 | 0.702 |
| DIG | 0.364 | 0.151 | 0.071 | 0.691 |
| SIZE | 15.276 | 1.448 | 11.923 | 18.644 |
| LEV | 0.438 | 0.137 | 0.102 | 0.793 |
| PROF | 0.094 | 0.051 | -0.032 | 0.241 |

The descriptive statistics reveal that the average FMV deviation among sampled firms is approximately 14.2%, suggesting moderate levels of deviation from industry-normal pricing structures. The mean value of intra-group transactions (IGT) is 41.7%, indicating that a substantial proportion of firm transactions involve related-party arrangements. This supports the argument that multinational firms rely heavily on internal markets for operational and tax planning purposes. The digitalization variable (DIG) shows a moderate average value, reflecting significant but varying levels of digital asset intensity across firms. The relatively high standard deviation for IGT and DIG suggests considerable variation in transaction structures and digitalization intensity among firms.

Correlation analysis is conducted to examine the degree of association among variables and to provide preliminary insight into the direction of relationships **(Table 4)**.

**Table 4:** Correlation Matrix.

| Variable | FMV | IGT | DIG | SIZE | LEV | PROF |
|---|---|---|---|---|---|---|
| FMV | 1 | | | | | |
| IGT | 0.541 | 1 | | | | |
| DIG | 0.467 | 0.512 | 1 | | | |
| SIZE | 0.193 | 0.276 | 0.301 | 1 | | |
| LEV | 0.282 | 0.194 | 0.167 | 0.218 | 1 | |
| PROF | -0.134 | -0.091 | -0.072 | 0.148 | -0.117 | 1 |

The results indicate a positive relationship between intra-group transactions and FMV deviation. This suggests that firms with higher related-party transaction intensity tend to exhibit greater deviations from fair market value compliance.

Digitalization also shows a positive association with FMV deviation, implying that firms with higher intangible intensity may face greater valuation complexities.

Importantly, none of the correlation coefficients exceed 0.80, suggesting the absence of severe multicollinearity among explanatory variables.

**Regression analysis**

The regression analysis examines the effect of intra-group transactions on FMV compliance and evaluates the moderating role of digitalization **(Table 5)**.

The coefficient of intra-group transactions (IGT) is positive and statistically significant at the 1% level. This indicates that increased intra-group transaction intensity significantly increases deviations from fair market value compliance. Specifically, a

one-unit increase in IGT is associated with a 28.7% increase in FMV deviation. This finding supports the argument that higher internal transaction activity increases opportunities for transfer pricing manipulation. The digitalization variable is also positive and significant, indicating that firms operating in more digitalized environments experience greater valuation challenges. Importantly, the interaction term between IGT and digitalization is positive and statistically significant. This suggests that digitalization strengthens the adverse effect of intra-group transactions on FMV compliance. This finding is consistent with the theoretical argument that intangible assets and digital business models amplify pricing discretion and reduce comparability.

**Table 5:** Fixed Effects Regression Results.

| Variable | Coefficient | Std. Error | t-Statistic | Probability |
|---|---|---|---|---|
| Constant | 0.041 | 0.019 | 2.158 | 0.033 |
| IGT | 0.287 | 0.071 | 4.042 | 0 |
| DIG | 0.196 | 0.063 | 3.111 | 0.002 |
| IGT × DIG | 0.144 | 0.052 | 2.769 | 0.007 |
| SIZE | 0.011 | 0.004 | 2.554 | 0.012 |
| LEV | 0.083 | 0.037 | 2.243 | 0.027 |
| PROF | -0.057 | 0.028 | -2.036 | 0.044 |

| Statistic | Value |
|---|---|
| $R^2$ | 0.684 |
| Adjusted $R^2$ | 0.659 |
| F-Statistic | 27.31 |
| Prob(F-statistic) | 0 |

The control variables also exhibit meaningful relationships: Larger firms show slightly higher FMV deviations; Highly leveraged firms exhibit greater transfer pricing incentives; More profitable firms display lower deviations, suggesting stronger compliance incentives. The adjusted $R^2$ value of 65.9% indicates that the explanatory variables collectively account for a substantial proportion of variations in FMV compliance.

**Hypothesis testing**

**Hypothesis one**

Null hypothesis ($H_{01}$): Intra-group transactions have no significant effect on FMV compliance.

Decision

Since:

p=0.000<0.05p = 0.000 < 0.05p=0.000<0.05

The null hypothesis is rejected.

Intra-group transactions significantly affect FMV compliance in modern digital economies.

**Hypothesis two**

**Null Hypothesis ($H_{02}$):** Digitalization does not significantly moderate the relationship between intra-group transactions and FMV compliance.

Decision

Since:

p=0.007<0.05p = 0.007 < 0.05p=0.007<0.05

The null hypothesis is rejected.

Digitalization significantly moderates the relationship between intra-group transactions and FMV compliance.

The findings of this study are consistent with prior empirical literature on transfer pricing and profit shifting. The positive relationship between intra-group transactions and FMV deviation supports the argument that multinational enterprises use internal pricing structures strategically to allocate profits across jurisdictions.

The moderating role of digitalization further highlights the limitations of traditional transfer pricing frameworks in addressing digital business models. The increasing reliance on intangible assets and platform-based services creates significant valuation difficulties, thereby reducing the effectiveness of conventional comparability methods.

These findings reinforce the need for stronger transfer pricing regulations and updated valuation frameworks capable of addressing the realities of digital economies.

This chapter presented the empirical findings of the study. The results demonstrate that intra-group transactions significantly influence FMV compliance and that digitalization amplifies this relationship.

## Conclusion and Recommendations

This chapter presents the summary of findings, conclusion, recommendations, contribution to knowledge, limitations of the study, suggestions for further studies and references. The chapter synthesizes the major empirical findings of the study on intra-group transactions and fair market value (FMV) compliance in modern digital economies. The study specifically examined the effect of intra-group transactions on FMV compliance and further investigated the moderating role of digitalization in that relationship.

The increasing globalization and digitalization of economic activities have transformed the operational structures of multinational enterprises (MNEs). One of the most significant consequences of this transformation is the growing complexity of intra-group transactions and transfer pricing arrangements.

Modern multinational firms increasingly rely on: Licensing agreements; Intellectual property transfers; Platform-based services; Intercompany financing arrangements; Digital asset management.

These developments have complicated the determination of fair market value (FMV), particularly within digital economies where intangible assets dominate value creation. Against this background, the study examined the relationship between intra-group transactions and FMV compliance in modern digital economies.

The study adopted: An explanatory research design; Quantitative methodology; Panel-data econometric approach. The variables examined included: Intra-group transactions (independent variable); FMV compliance (dependent variable); Digitalization (moderating variable). Control variables included: Firm size; Leverage; Profitability.

Secondary data were sourced from: Financial statements; OECD reports; World Bank databases; IMF databases; Corporate disclosures.

The study employed: Descriptive statistics; Correlation analysis; Fixed effects regression analysis; Diagnostic tests.

The Hausman specification test confirmed the appropriateness of the fixed effects model.

The study generated several important findings: Intra-Group Transactions and FMV Compliance

The empirical results revealed that intra-group transactions have a positive and statistically significant effect on FMV deviation. This implies that, Higher levels of related-party transactions increase the likelihood of deviations from arm's length pricing; Internal pricing discretion contributes to transfer pricing manipulation; Multinational firms may strategically allocate profits through intra-group arrangements. The findings support existing transfer pricing literature, which argues that related-party transactions create opportunities for tax planning and profit shifting.

The study further found that digitalization significantly moderates the relationship between intra-group transactions and FMV compliance. Specifically: Digitalized firms experience greater valuation difficulties; Intangible assets reduce pricing transparency; Platform-based business models weaken comparability. The interaction effect between intra-group transactions and digitalization suggests that digital economies intensify the complexity of transfer pricing compliance.

The findings also revealed that: Larger firms exhibit higher FMV deviations due to operational complexity; Highly leveraged firms possess stronger incentives for tax minimization; More profitable firms demonstrate relatively stronger compliance behavior.

This study concludes that intra-group transactions significantly affect fair market value compliance in modern digital economies. The findings indicate that as multinational enterprises increase their reliance on related-party transactions, the risk of transfer pricing distortions and deviations from arm's length pricing also increases. The study further concludes that digitalization amplifies these challenges by: Increasing dependence on intangible assets; Reducing the availability of comparable market prices; Expanding cross-border digital operations. Consequently, traditional transfer pricing frameworks face growing limitations in effectively addressing valuation challenges within digital economies. The study therefore establishes that, Intra-group transactions remain a major channel for profit shifting; Digitalization intensifies transfer pricing risks; Existing regulatory systems require modernization.

Based on the findings of the study, the following recommendations are proposed; Strengthening Transfer Pricing Regulations, Tax authorities should strengthen transfer pricing regulations to address the complexities of digital business models. This can be achieved through: Improved transfer pricing documentation requirements; Updated valuation guidelines for intangible assets are stronger disclosure obligations.

Adoption of Digital Tax Monitoring Systems, Governments and tax authorities should adopt advanced digital monitoring systems capable of: Tracking cross-border transactions; Detecting profit-shifting patterns; Enhancing transparency, Artificial intelligence and data analytics should be integrated into tax administration systems.

Capacity Building for Tax Authorities Developing economies should invest in: Technical training;

Digital tax expertise; International tax administration capacity. This will improve the ability of tax authorities to evaluate complex transfer pricing structures.

International Cooperation Countries should strengthen international cooperation through: OECD BEPS initiatives; Information-sharing agreements; Harmonized transfer pricing frameworks. This will reduce opportunities for regulatory arbitrage.

Improved Valuation Frameworks. There is a need for more sophisticated valuation approaches for: Intangible assets; Digital services; Platform-based transactions. Traditional comparability methods alone may no longer be sufficient in digital economies.

This study contributes to knowledge in several ways. First, the study expands existing literature by examining fair market value compliance as a dependent variable rather than focusing solely on profit shifting. Second, the study introduces digitalization as a moderating variable, thereby providing deeper insight into how digital economies influence transfer pricing behavior. Third, the study provides empirical evidence from the perspective of modern digital economies, which remains relatively underexplored in developing-country literature.

Despite its contributions, the study has certain limitations. These include: Limited availability of firm-level transfer pricing data; Reliance on proxy measures for FMV compliance; Challenges associated with measuring digitalization accurately.

Future studies may: Examine industry-specific digital tax behaviors; Investigate country-by-country reporting effects; Explore artificial intelligence and blockchain applications in transfer pricing compliance. The transformation of the global economy through digitalization continues to challenge traditional tax systems and valuation frameworks. As multinational enterprises become increasingly dependent on intangible assets and digital platforms, ensuring fair market value compliance becomes both more important and more difficult. This study emphasizes the urgent need for: Stronger transfer pricing regulations; Enhanced international collaboration; Modernized valuation systems capable of addressing the realities of digital economies.

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