

Steve Dixon Comments on CUT Method in Law360

"Tax Court Hewed Too Closely To CUT In Medtronic, Atty Says"

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Steve Dixon commented on the Eighth Circuit's decision to vacate a U.S. Tax Court's ruling in a Medtronic transfer pricing case last year in which the Eighth Circuit interpreted the requirements of the comparable uncontrolled transaction (CUT) method. In response to a suggestion that too many adjustments to a CUT impermissibly weakens its reliability, Dixon said that a transactional method with adjustments is preferable to methods that are not anchored in real transactions. "Transactional evidence is the sine qua non of the arm's-length standard. If you have some transactional evidence and it requires some manipulation in order to enhance comparability, then that still might be closer to the right arm's-length answer than another method detached entirely from transactional evidence," Dixon said.