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Reform of the French General Accounting Plan: when accounting upends transfer pricing!

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The entry into force of the 2025 General Accounting Plan (PCG), resulting from ANC Regulation 2022-06, marks a significant development for businesses. Applicable to financial years commencing on or after 1 January 2025, this reform thoroughly modernises the presentation of financial statements and fundamentally redefines the concept of **extraordinary profit.** It is aimed at enhancing the comparability of accounts and reserving extraordinary profit on events that are genuinely non-recurring, unusual and unrelated to day-to-day operations. This new definition leads to a significant reclassification of income and expense items and has direct consequences for profit indicators, reconciliation with accounting and, ultimately, the tax certainty of **transfer pricing.**

A new distinction between operating and extraordinary items.

Only income and expenses relating to a **major and unusual** event – that is to say, a non-recurring event not linked to normal operations and resulting from a circumstance outside the scope of day-to-day management – are now classified as extraordinary items. This applies, for example, to extraordinary legal disputes, major incidents (fire, natural disaster) or internal restructuring costs. The reform brings about a paradigm shift: many costs traditionally considered extraordinary will now have to be recognised as operating expenses. This will be the case, for example, with costs related to a job protection plan or collective redundancy payments.

This change is significant as it may create a disconnect between business reality and financial statements. These costs are sometimes considered extraordinary because they do not reflect recurring performance, distort management indicators, or are linked to one-off events. The calculation of profit indicators may be directly and significantly affected.

A direct and critical impact on transfer pricing.

French transfer pricing regulations impose an obligation to reconcile transfer prices with company accounts (*link to our tax alert*).
The reclassification of certain costs can create differences, sometimes significant ones, between the accounts and transfer pricing.

In practical terms, restructuring costs—which are often excluded from operational models—margin discrepancies with comparables, and the increased complexity of year-end adjustments heighten the risk of challenge by the tax authorities.

An increased tax risk.

As we have recently observed during tax audits in France, as well as in Europe and Japan, the reform of the PCG provides the tax authorities with a new argument for making disputes. They can propose adjustments or reject the adjustments made by the taxpayers to justify that their profit indicators were in line with those of comparables. At a time when transfer pricing is a key focus of audits, the reform creates fertile ground for adjustments based on accounting approaches.

There is no doubt that the tax authorities will rely on this new definition to justify adjustments based on the non-compliance of transfer pricing policies described in the documentation with company accounts. **This is a major issue in light of the enforceability of transfer pricing documentation against the taxpayer introduced by the 2024 Finance Act** (*link to our tax alert*).

The number of recent decisions handed down by the administrative courts demonstrates that the tax authorities are taking a very close interest in these issues, particularly in the context of restructuring (see, in this regard, TA Montreuil, 1ère , 27 Feb. 2026 and CAA Lyon, 2ème , 15 Jan. 2026).

Key considerations / Priority actions

Without alignment of contracts, invoices, corporate accounting and transfer pricing, the risk of a tax reassessment becomes significant and immediate.

The 2025 Corporate Tax Reform (PCG) further increases this risk if companies do not take care. It is strongly recommended that a **comprehensive review** of transfer pricing and all related legal documentation be carried out.

Intragroup contracts, which constitute usually and together with the local file the first line of defence, can become the first point of weakness. Indeed, we regularly find that:

- Contracts are either non-existent, out of date, or insufficiently specific;
- Contracts do not take into account the impacts of the PCG reform;
- Cost bases are not aligned with company accounts;
- Exclusion or restatement mechanisms are neither formalised nor justified;
- The documentation describes models that the contracts no longer support.

In the event of an audit, these weaknesses will be immediately exploited by the authorities. An in depth review of contracts, cost bases and restatements is now essential.

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