

Allocation keys for services:

What does the market say?

140 contributions • 14 functions • 47 allocation keys



Allocation keys for Services: What does the market say?

A Comprehensive Survey of Allocation Keys for Intercompany Services

Choosing the right allocation key is rarely straightforward: no single metric fully captures the value or intensity of a shared service, and the most defensible choice is often a matter of judgement given the specific facts of the arrangement. This note does not resolve that judgement call - it maps how the market itself is currently exercising it.

The OECD opened its public consultation on revisions to Chapter VII of the Transfer Pricing Guidelines on 1 June 2026, with a deadline of 22 July 2026. The comments were published on 24 August 2026. The published collection analysed here contains 140 contributions, most of which discuss allocation keys for intra-group services¹.

This note uses that material to determine, quantitatively, which keys are most commonly cited for each function, and examines selected alternative proposals and limitations raised in the contributions.

Our methodology is as follows:

- The 140 contributions were screened for allocation-key references. The coded dataset contains 82 distinct contributor names.
- Each mention was assigned to a Business Function. The initial taxonomy has 15 categories; grouping IT and Cybersecurity produces the 14 categories used here.
- The dataset contains 1,219 mentions and 47 key labels. Several keys in one sentence generate several rows. Mentions include proposals, observations of practice, criticisms and reproductions of OECD text; frequencies do not measure endorsements or market prevalence.²

This note presents, for each of the 14 Business Functions cited across the sample, the allocation keys most frequently associated with it.

The 14 functions addressed are:

- | | |
|---------------------------|----------------------|
| 1. General | 5. HR |
| 2. Executive / Management | 6. Marketing / Sales |
| 3. Finance / Accounting | 7. IT / Cyber |
| 4. Treasury | 8. Legal |

¹OECD (2026), public comments on revisions to Chapter VII of the Transfer Pricing Guidelines, published 24 August 2026. Collection available on the [OECD consultation page](#).

² Raw key names were normalised where contributors used close variants of the same underlying metric (e.g., “FTE” and “Full-time equivalent”, or “turnover” and “net sales”). 47 canonical allocation keys are used throughout this note.

- | | |
|-------------------|----------------|
| 9. Tax | 12. Logistics |
| 10. Manufacturing | 13. Facilities |
| 11. Procurement | 14. Insurance |

Reading the tables

In each table, the Harvey ball reflects the share of that function's coded mentions the key accounts for:

- very common for this function ($\geq 22\%$ of the function's mentions)
- also common (14% to $<22\%$)
- moderately common (9% to $<14\%$)
- minor / occasional use (3% to $<9\%$)
- below 3%, no ball

Dark rows highlight leading keys; pale rows retain additional mentions. Category colours identify key families (such as Financial, HR or Service Volume), not strength of support.

Please note as well that:

- The "General" function (Section 1) captures mentions not tied to any single service; the keys listed there may, when relevant and applicable, apply just as well to any of the other functions covered below.
- Throughout this note, the keys shown are illustrative of what contributors actually cited - not a prescriptive or exhaustive list.
- For readability, key names and concepts are simplified. For example, "Turnover / Sales revenue" does not specify whether intra-group revenue is included or excluded - contributors were not always explicit on this point, and the underlying practice may vary.
- As with the General section, every table in this note is implicitly read "when relevant": a listed key is not proposed for every entity or every fact pattern within that function - contributors gave context-specific answers that a ranked list necessarily compresses.
- The headlines and commentary throughout this note reflect our own reading of what contributors meant; where a submission was terse or ambiguous, we have interpreted it as best we could, and a different reading of the same passage may sometimes be equally defensible.
- This note is descriptive only and does not reflect Athena Economics' own views on the matter.

1. General: *Turnover and headcount: the usual suspects, under scrutiny*

The table below shows the allocation keys most frequently mentioned for this function.

Table 1: General - top allocation keys cited (251 mentions; 68 contributor names)

General			
1	Financial	Turnover / Sales revenue	
2	HR	Headcount	
3	HR	Time spent (timesheets)	
4	Financial	Total assets	
5	Service Volume	Number of transactions processed	
6	Other	Other service-specific key (non-standard)	
7	IT	Number of IT users / active accounts	
8	Financial	Operating expenses (opex)	
9	Other	Composite / weighted key (combination of several factors)	
10	IT	Storage volume / computing capacity (cloud, AI)	

- **No single key is universal, but turnover remains a common fallback**

No key fits every service. Turnover / revenue is described as an administrable fallback, while headcount provides a measure of the workforce served when the service relates to people.

Turnover can distort outcomes where recipients differ materially in margin or maturity. One contribution recommends testing it against a usage-based alternative.

Contributions emphasise expected service consumption or benefit as the basis for selecting a key.

- **A visible discomfort with timesheets**

A number of contributors question the reliability or implementation of time records and ask for practical guidance.

Time records are criticised as subjective or difficult to implement, particularly where there is no business incentive to maintain them.

One contribution also argues against requiring time records that are not maintained in the ordinary course of business, or rejecting a reasonable, consistently applied key solely because alternatives produce different results.

- **Composite keys are endorsed in principle, but weighting them is an unaddressed gap**

Contributions identify a gap in the draft's guidance on weighting composite keys and raise concerns about documenting the weights in an audit.

- **Turnover can distort allocation where activity or cash intensity does not track revenue**

Turnover can misrepresent treasury activity where cash intensity differs across business models, or compliance work where obligations depend on regulated activity rather than revenue.

2. Executive / Management: Looking for the right key

The table below shows the allocation keys most frequently mentioned for this function.

Table 2: Executive / Management - top allocation keys cited (51 mentions; 28 contributor names)

Executive / Management			
1	Financial	Turnover / Sales revenue	
2	HR	Time spent (timesheets)	
3	Other	Composite / weighted key (combination of several factors)	
4	Other	Other service-specific key (non-standard)	
5	HR	Headcount	
6	HR	Estimated % of time (C-level / executives)	
7	Financial	Operating expenses (opex)	
8	Financial	Assets under management / financial position (financial sector)	
9	HR	Full-time equivalent (FTE)	
10	Service Volume	Number of supported legal entities	

■ A composite-key share that stands out

Executive / Management has the highest composite-key share in the coded sample (11.8%). This measures mentions, not independent contributors or market prevalence:

- A three-factor formula combining turnover, assets and headcount is reported for general management services as a way to reduce distortions arising from a single key.
- A compensation-based contribution factor is suggested for a profit split involving professional services or management consulting firms. This concerns the value contributed by partners and consultants, rather than a general allocation key for headquarters costs.

■ Time spent is one option, with reliability depending on the facts

As an example:

- Recording hours spent on management, direction and strategic services is recommended in one contribution as a basis for calculating remuneration.
- Time spent, revenue, operating expenses or a blended key may be more reliable for regional management support, depending on the facts.

3. Finance / Accounting: *So many metrics*

The table below shows the allocation keys most frequently mentioned for this function.

Table 3: Finance / Accounting - top allocation keys cited (123 mentions; 41 contributor names)

Finance / Accounting			
1	Service Volume	Number of transactions processed	●
2	Financial	Total assets	◐
3	Service Volume	Number of invoices / invoice lines (AP/AR)	◐
4	Service Volume	Accounting entries / reconciliations	◐
5	Financial	Turnover / Sales revenue	◑
6	Service Volume	Number of supported legal entities	◑
7	Financial	Total balance sheet / loans and deposits	
8	Financial	Assets under management / financial position (financial sector)	
9	IT	Support ticket / helpdesk volume	
10	HR	Headcount	

- Finance / Accounting's leading keys measure transactions and assets rather than revenue.

As an example:

- Total assets are presented as preferable for controlling and planning services, and transaction volumes for operational services.
- Invoice counts for accounts payable and receivable are described as a direct usage measure that is rarely disputed.
- The measures cited for finance and accounting include accounting entries, transactions, invoices and entities. Transaction volumes are distinguished from asset-based measures according to the activity.

These examples match the key to the sub-activity rather than defaulting to revenue.

- Transaction complexity, not just transaction count, is flagged as what the key should actually capture

Raw transaction or invoice counts can understate workload where complexity differs materially across entities.

- Accounting transactions, invoices, entities and assets are listed for finance and accounting. Significant differences in transaction complexity are identified as a limitation of these measures, rather than a reason to use an unweighted count.

4. Treasury: *Unbundling Services and Financial Transactions*

The table below shows the allocation keys most frequently mentioned for this function.

Table 4: Treasury - top allocation keys cited (25 mentions; 19 contributor names)

Treasury			
1	Service Volume	Treasury transaction volume / financial balances	
2	Financial	Total assets	
3	Financial	Turnover / Sales revenue	
4	Financial	Assets under management / financial position (financial sector)	
5	Financial	Total balance sheet / loans and deposits	

- Treasury's top key, transaction and balance data, comes with unusually concrete detail:

The measures listed for non-financing treasury administration include the value of loans, borrowings or cash managed, account counts and transaction volume.

Treasury cost drivers cited include the value of financing arrangements, transaction counts, average balances, guarantees managed and forex hedging volumes. Borrowing-cost synergies are also mentioned; sharing those benefits raises a separate question from allocating administrative service costs.

Treasury activity generates much of this data itself, which may explain the limited range of alternatives proposed.

- Treasury raises a recurring boundary between administrative services and financial transactions

Administrative treasury charges must remain distinct from the pricing of loans, guarantees or cash pooling, addressed under Chapter X.

5. HR: *Headcount is king, but not unchallenged*

The table below shows the allocation keys most frequently mentioned for this function.

Table 5: HR - top allocation keys cited (126 mentions; 55 contributor names)

HR			
1	HR	Headcount	
2	HR	Full-time equivalent (FTE)	
3	Financial	Payroll cost	
4	HR	Recruitment / open positions	
5	HR	Training hours / participants	
6	Service Volume	Number of transactions processed	
7	Service Volume	Number of invoices / invoice lines (AP/AR)	
8	Service Volume	Accounting entries / reconciliations	
9	Other	Composite / weighted key (combination of several factors)	
10	HR	Time spent (timesheets)	

FTE is recommended where part-time populations are material; raw headcount can otherwise obscure the workforce served.

HR keys include headcount, payroll entries, hires, employees served and training participants

Several contributors implicitly reject a one-size-fits-all HR key, splitting the function into sub-services with distinct measures: headcount / salary for remuneration,

hires / open positions for recruitment, participants / hours for training, transaction volume for payroll.

For example, headcount weighted by grade is listed for compensation and benefits design, on the rationale that senior-heavy entities tend to consume more design effort.

6. Marketing / Sales: *Turnover dominates, engagement metrics knock*

The table below shows the allocation keys most frequently mentioned for this function.

Table 6: Marketing / Sales - top allocation keys cited (82 mentions; 36 contributor names)

Marketing / Sales			
1	Financial	Turnover / Sales revenue	
2	Market	Marketing / advertising budget	
3	HR	Time spent (timesheets)	
4	Market	Market size / target market share	
5	Other	Other service-specific key (non-standard)	
6	HR	Headcount	
7	Financial	Gross margin / commercial contribution	
8	Service Volume	Number of transactions processed	
9	Service Volume	Customer/support-related volume (complaints, contacts)	
10	Market	Third-party sales / marketing expenditure	

Time spent attracts both support and objections over compliance costs

The positions differ on whether the expected-benefit advantage justifies the recording burden:

- Some contributions support the time-spent example where markets are at different stages of maturity, considering relative time devoted to each market a potentially more reliable approximation of expected benefit. Another requests deletion of the example because time records impose disproportionate compliance costs.

Turnover-based allocation is the most contested point in the whole dataset for this function

Actual sales can understate expected benefit in a developing market. Some submissions endorse the draft's time-spent example; others quote it to request changes or deletion.

- One contribution reproduces the OECD draft at paragraph 7.48: actual sales in the year marketing services are performed may be inappropriate as an allocation key, whereas the share of time spent on each market may align more closely with expected benefit.

- Where one recipient operates in a new market and others in mature markets, actual sales in the year may understate the benefit delivered to the new market. A time- or activity-based key may better align with the activities performed and expected benefit.

Gross margin, not turnover, is proposed where markets differ in profitability rather than just size

Gross margin may better reflect benefit where recipient markets differ materially in profitability.

- Turnover is described as the most widely used key, with gross margin potentially more appropriate where markets have significantly different profitability characteristics.

For PR / communications, turnover is reframed as a proxy for reputational exposure, not size

The rationale connects turnover to reputational exposure, with a qualification on which revenue belongs in the measure.

- In one contribution, turnover is treated as a proxy for reputational exposure in PR / communications, generally excluding intra-group revenue because the services face external markets and stakeholders.

7. IT / Cyber: *Counting users is only the beginning*

The table below shows the allocation keys most frequently mentioned for this function.

Table 7: IT / Cyber - top allocation keys cited (299 mentions; 62 contributor names)

IT / Cyber			
1	IT	Number of IT users / active accounts	
2	IT	Number of devices / workstations (PCs)	
3	IT	Number of IT licences	
4	IT	Support ticket / helpdesk volume	
5	IT	Storage volume / computing capacity (cloud, AI)	
6	IT	Measured IT usage/consumption (%)	
7	IT	IT security (protected endpoints, incidents)	
8	Financial	Turnover / Sales revenue	
9	HR	Headcount	
10	Other	Other service-specific key (non-standard)	

Turnover-based IT allocation is criticised for ignoring purchasing-power and currency effects across markets

Nominal turnover differences across markets can distort IT allocation even where usage or headcount is comparable.

- Allocating IT costs by turnover across high-income and lower-income markets can produce results with little relation to actual usage. Nominal turnover in lower-income markets may be structurally smaller even where usage or headcount is comparable.

Device, licence and active-account counts distinguish cost drivers obscured by a generic IT-user key

- One contribution proposes distinguishing device count, licence count and active account count in the discussion following draft paragraph 7.51, tying each measure to the IT service's actual cost driver.

It refers to Tanzanian regulatory criteria for software and IT costs.

For cybersecurity specifically, "risk surface" (monitored endpoints / assets) is argued to be the right cost driver - not headcount or turnover

- A proposed cybersecurity-monitoring example allocates costs by monitored endpoints and assets to reflect the systems protected for each subsidiary.

Cloud / compute usage keys can still fail to reflect real benefit distribution when usage is "bursty"

- Compute hours may be inappropriate where usage is highly bursty and a small number of entities run group-wide experiments. For example, one entity may run a central proof-of-concept for the whole group while the logs sit only under that entity, so compute hours do not map well to sustained benefit.

8. Legal: *Counting matters, weighing complexity*

The table below shows the allocation keys most frequently mentioned for this function.

Table 8: Legal - top allocation keys cited (127 mentions; 41 contributor names)

Legal			
1	Service Volume	Legal matters / contracts	
2	Service Volume	Number of supported legal entities	
3	Financial	Turnover / Sales revenue	
4	HR	Time spent (timesheets)	
5	HR	Headcount	
6	Service Volume	Tax returns / compliance obligations	
7	Other	Other service-specific key (non-standard)	
8	Other	Composite / weighted key (combination of several factors)	
9	Service Volume	Number of transactions processed	
10	Service Volume	IP filings	

Turnover is used as a stopgap for legal work, with a clear roadmap to replace it once systems improve

One example concerns a back-office legal team handling relatively standard customer contracts. Contract counts would be the most appropriate key, but turnover can serve as a proxy until global systems provide consistent and accurate contract data.

A minority position: legal matter counts should be complexity-weighted, not treated as fungible units

A flat matter count can understate the effort required for M&A work compared with boilerplate NDAs.

- A complexity-weighted legal key is proposed, based on cases handled for each entity during the year. Negotiating and reviewing a merger agreement would carry more weight than work involving boilerplate templates such as non-disclosure agreements.

IP filings / registrations are carved out from general “legal matters” as their own distinct key

Two contributors identify IP filings / registrations separately from general legal matters, illustrating the scope for more granular service pools.

- The number of filings or registrations is listed for IP registration and protection.

9. Tax: Matching the key to the compliance task

The table below shows the allocation keys most frequently mentioned for this function.

Table 9: Tax - top allocation keys cited (23 mentions; 8 contributor names)

Tax			
1	Financial	Turnover / Sales revenue	●
2	Service Volume	Tax returns / compliance obligations	●
3	Service Volume	Number of supported legal entities	◐
4	HR	Time spent (timesheets)	◐
5	Service Volume	Number of transactions processed	◐
6	Financial	Total assets	◐
7	Financial	Operating expenses (opex)	◐
8	Financial	Total balance sheet / loans and deposits	◐
9	Service Volume	Number of invoices / invoice lines (AP/AR)	◐

A recurring compliance platform can be allocated across filings, entities or jurisdictions. Advice on a particular transaction may instead have a directly identifiable recipient. As an example:

- One contribution distinguishes direct charging for local compliance and advisory projects from returns, jurisdictions or entities for shared compliance platforms.

- Entities and filings are listed for tax, alongside time spent on tax matters.

Some turnover mentions relate to a combined finance, accounting and tax function. Their inclusion in the Tax category records that context; it does not establish that revenue is suitable for every tax task.

10. Manufacturing: *Output, capacity and cost as distinct measures*

“Manufacturing” here captures shared services supporting industrial / production activity itself (e.g., production engineering, quality, plant support) - not the manufactured goods or the production process as such.

The table below shows the allocation keys most frequently mentioned for this function.

Table 10: Manufacturing - top allocation keys cited (12 mentions; 7 contributor names)

Manufacturing			
1	Physical	Production volumes/units (manufacturing)	
2	HR	Headcount	
3	Other	Other service-specific key (non-standard)	
4	HR	Time spent (timesheets)	
5	Physical	MW capacity (renewable assets)	

Physical volume is only one of the measures cited

Examples cover output, capacity and production cost. The database groups some cost measures with production measures, so the ranking covers several units of measurement.

- One manufacturing-service example allocates by units produced, including an allocation to the provider's own manufacturing department where it benefits from the service.
- Cost of goods sold and cost of manufactured or processed goods are listed for manufacturing. These are cost measures, rather than physical output or sales-value measures.

Production-volume keys can distort allocations where “quality effort” doesn't scale with units

- A contribution warns that quality-support effort may vary with product complexity rather than unit count.

No universal key exists even within manufacturing - it depends on ERP design, not just industry

- No universally accepted key is identified. Organisation size, ERP design, data and model-

maintenance resources can justify different approaches; manufacturing examples include volume, capacity and headcount.

Headcount as a manufacturing key is sometimes tied to a specific regulatory regime, not general practice

The Mexican maquiladora example links headcount to a specific regime, rather than establishing a general benefit-based rationale.

- Average headcount is cited for a manufacturing service provider, with Mexican contract manufacturers and relevant maquila services as the example.

Manufacturing and quality support call for distinct measures of activity

- Output, machine or support hours, lines and sites are listed for manufacturing support. Quality-support measures instead include inspected volumes, sites, lines, audits, tests and non-conformities, reflecting the activity performed for each entity.

11. Procurement: Workload measures and purchasing synergies

The table below shows the allocation keys most frequently mentioned for this function.

Table 11: Procurement - top allocation keys cited (38 mentions; 27 contributor names)

Procurement			
1	Service Volume	Purchase volume / purchase orders	
2	Other	Other service-specific key (non-standard)	
3	Financial	Turnover / Sales revenue	
4	Service Volume	Number of transactions processed	
5	HR	Estimated % of time (C-level / executives)	
6	Physical	Number of vehicles / fleet	
7	Physical	Production volumes/units (manufacturing)	

One key label, two different things being measured

"Purchase volume / purchase orders" is this note's single largest Procurement key (71%), but the underlying quotes split between counting transactions and measuring spend:

- Procurement spend and purchase-order counts are listed as illustrative measures observed in practice, distinguishing a monetary amount from a transaction count.
- Spend and purchase-order counts are listed for low-value-adding purchasing support. Other workload drivers cited include purchase volume or spend, supplier counts, orders or documents and SKU numbers.

Savings generated raise a separate question of purchasing-synergy allocation

OECD Guidelines paragraph 1.182 distinguishes purchasing synergies from service remuneration. Savings from deliberate concerted purchasing action should generally be shared according to each member's contribution; purchasing economies of scale should typically be shared by purchase volumes after appropriate remuneration of the coordinator. Paragraphs 1.188–1.189 illustrate the distinction.

- The contributions list both procurement workload measures and savings generated. Whether a

reference to savings concerns service-cost allocation or synergy sharing requires a separate assessment.

High purchase volume is not, by itself, evidence of value creation - and shouldn't automatically trigger a higher mark-up

A pass-through procurement intermediary differs from one performing vendor selection, negotiation or quality control; the distinction concerns remuneration as well as allocation.

- One contribution argues that third-party cost volume alone does not establish value creation or justify a mark-up. An intermediary's return should reflect its own value-adding functions; third-party costs may still pass through without a mark-up.

Managed spend and purchase-order counts measure different aspects of procurement

- Purchase value and purchase-order counts appear in separate columns for procurement support within a low-value-adding-services illustration.

Even "purchase volume" is ambiguous - the unit of measurement itself is a live design decision

- Procurement / sourcing support may be allocated by purchase volume, measured in tonnage, units, volume or purchase price.

12. Logistics: *Fleet composition, flows and documentation*

The table below shows the allocation keys most frequently mentioned for this function.

Table 12: Logistics - top allocation keys cited (38 mentions; 25 contributor names)

Logistics			
1	Physical	Number of vehicles / fleet	
2	Physical	Shipment volume/weight, logistics orders	
3	Other	Other service-specific key (non-standard)	
4	Physical	Floor space / floor area	
5	Financial	Turnover / Sales revenue	
6	Financial	Total assets	
7	Financial	Operating expenses (opex)	
8	Physical	Production volumes/units (manufacturing)	
9	Physical	Number of sites/facilities	

A simple vehicle-count key can misallocate when fleet composition differs materially

- One contribution proposes ton-kilometres or route distance where light and heavy vehicles make a simple fleet count unreliable.

Inventory value is flagged as a poor proxy for planning complexity in supply-chain support

- A contribution questions inventory value as a proxy for planning complexity.

The vehicle-share example often reproduces the OECD draft

Vehicle-share mentions often reproduce the existing OECD fleet-management illustration. Their repetition

measures discussion of that example, rather than independent evidence of market practice.

- The fleet-management example is paragraph 7.59 of the 2022 OECD Guidelines, reproduced in the consultation questions following draft paragraph 7.51 and in draft paragraph 7.90.

Customs / trade administration uses shipment and documentation measures.

- Measures listed for customs and foreign-trade administration include shipments, customs declarations, tariff lines or document sets.

13. Facilities: *Matching space and people to the service*

The table below shows the allocation keys most frequently mentioned for this function.

Table 13: Facilities - top allocation keys cited (14 mentions; 10 contributor names)

Facilities			
1	Physical	Floor space / floor area	●
2	HR	Headcount	●

Floor area is the obvious key, but contributors attach an explicit disproportionate-use caveat

A facilities illustration pairs floor area with headcount per location and flags disproportionate use as a limitation.

Facilities is one of the few functions where contributors converge on the SAME two keys named together, rather than offering a long list of alternatives

Floor space and headcount recur in the facilities examples, although their suitability still depends on the service and pattern of use.

- *Floor space or headcount are reported among commonly observed keys for facilities management.*

14. Insurance: What is being insured, and what is being served

The table below shows the allocation keys most frequently mentioned for this function.

Table 14: Insurance - top allocation keys cited (10 mentions; 7 contributor names)

Insurance			
1	Service Volume	Insured value / insurance premiums	
2	HR	Headcount	
3	Other	Other service-specific key (non-standard)	

Insurance premium is explicitly justified as directly reflecting risk, not just entity size

- Corporate insurance premium amounts are listed on the rationale that premiums directly reflect each entity's coverage and risk profile.

Material risk-profile differences can limit insured-assets or headcount keys

One illustration identifies materially different risk profiles as a limitation of insured-asset value or headcount.

Insured-asset value or headcount are listed for group insurance administration, with a qualification where risk profiles differ materially.

Industry-specific metrics are explicitly recommended over generic size proxies for insurance / financial-services groups

The following examples concern services within insurance and financial-services businesses, rather than administration of an ordinary group's own insurance cover.

- One contribution proposes gross written or net earned premium for relevant business activities, reserves for actuarial or risk-related services, and business-unit or product alignment where services are managed at that level.