

# WTS Global Country TP Guide

A comprehensive survey on Transfer Pricing  
from 73 countries



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## Preface

Dear Reader,

It is our pleasure to present to you this global survey on TP documentation and related practical questions following numerous local OECD BEPS Action 13 implementation initiatives. This WTS Global Country Guide on TP Documentation and Related Practical Issues is the third WTS consecutive survey, following the Survey on Intra-Group (Management) Services and the WTS Global PE Study. The aim of this survey is to investigate the implementation status of the OECD BEPS Action 13 in 73 countries and to highlight various transfer pricing-related practical issues.

In October 2015, the Organization for Economic Cooperation and Development (“OECD”) issued 15 BEPS Action items. BEPS (**B**ase **E**rosion and **P**rofit **S**hifting) refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low-or no-tax jurisdictions where there are little or no economic activities<sup>2</sup>. One of the aims of OECD BEPS is to create increased transparency along the global value-chain of multinational enterprises (“MNE”s). For this purpose, OECD BEPS Action item 13 introduced a three-tiered transfer pricing documentation approach consisting of a Master File (“MF”), a Local File (“LF”) and Country-by-Country Reporting (“CbCR”) that are each connected to different threshold requirements.

The MF provides a global footprint of the MNE and consists of five sections according to the suggestions of the OECD: (i) the MNE group’s organisational structure, (ii) a description of the MNE’s business or businesses, (iii) the MNE’s intangibles, (iv) the MNE’s intercompany financial activities and (v) the MNE’s financial and tax positions. One MF is generally centrally prepared for the MNE group with the purpose to be submitted by each group entity of the MNE that falls under the locally implemented threshold criterion.

The need to prepare a MF is generally based on a revenue threshold of the local group entity varying from below EUR 50 million up to over EUR 100 million.

The LF represents the transfer pricing documentation of the respective country. In contrast to the MF, the LF contains detailed information on significant I/C transactions and demonstrates the arm’s length nature of the individual I/C transactions. The LF is an addition to the MF and is only submitted to the local tax administration in line with local submission rules. The threshold and also the content requirements for preparing a LF deviate substantially across countries.

As part of CbCR, aggregate financial information on a per-country basis and a list of all group entities worldwide including the naming of their business activities have to be prepared. According to the suggestions of the OECD, CbCR is to be prepared if the consolidated group revenues amount to at least EUR 750 million and is to be submitted within 12 months after the end of the fiscal year to which the CbCR refers. Under the primary reporting obligation, CbCR is to be prepared by the (parent) company preparing the consolidated financial statements which then must submit CbCR to the relevant responsible tax office. Under the secondary reporting obligation, a (i) domestic designated company or (ii) included subsidiary of a foreign parent company in case of no submission abroad may (be required to) submit CbCR. CbCR is shared by the receiving tax authority with all relevant national tax authorities to which CbCR relates via information exchange. Several countries have implemented notification measures under which the taxpayer has to indicate in the tax return if and by which entity CbCR is prepared and submitted.

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<sup>2</sup> [www.oecd.org](http://www.oecd.org)

Prior to this three-tiered transfer pricing documentation approach, transfer pricing documentation often only consisted of a local transfer pricing documentation report, similar to the LFs under OECD BEPS 13. It is apparent that these updated transfer pricing documentation requirements strongly affect the documentation practice. While this uniform and broadened transfer pricing documentation approach could provide companies with simplifications in the long-term, it first and foremost results in significant additional work and costs for transfer pricing documentation.

These new transfer pricing documentation requirements have entered the updated OECD Transfer Pricing Guidelines of July 2017. Since the publication of the final BEPS reports, there has been a wave of local implementation initiatives. In light of these developments, WTS Global prepared a study demonstrating the implementation status of OECD BEPS 13 and related practical transfer pricing questions in more than 70 countries as of the end of the year 2017. It is envisaged that this survey will be updated on a regular basis. Updates will be available on the following website:

<https://www.wts.com/global/insights/country-tp-guide>.

We hope that you enjoy reading this survey. Should you have any questions on transfer pricing or tax issues, please feel free to contact one of the colleagues in the relevant countries mentioned in the contact list. We will be happy to assist you.

## Your Contact Persons

If you have any queries regarding our global TP study, please contact one of the authors mentioned below:



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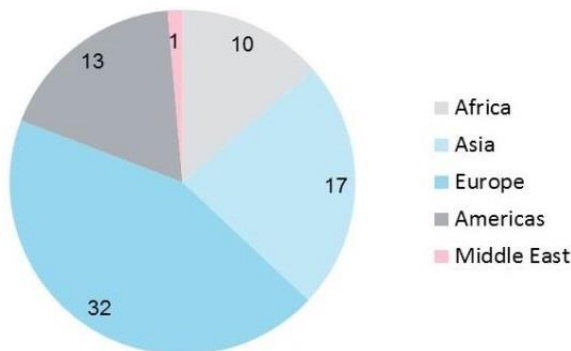
Maik Heggmaier



## 1. About the survey and key findings

### 1.1. Introduction

The regional distribution of the countries covered in the survey is illustrated in the following pie chart.<sup>2</sup>



The individual country overviews are provided throughout this report from pp. 14 to 301 and cover 6 broad sections:

- » Legal basis of TP documentation rules;
- » Implementation status of OECD BEPS 13 at the level of the MF, LF and CbCR and legal consequences for non-compliance;
- » TP disclosure in tax and TP-specific returns and legal consequences for submitting incorrect information;
- » Benchmarking requirements;
- » Permissibility of year-end adjustments;
- » TP audits and APAs.

Our study confirms a large-scale roll-out especially of CbCR. Various countries have already implemented the MF and LF documentation concept but to a lesser degree than CbCR. It is also apparent that several countries have tightened up rules on penalties for non-compliance.

Specifically, in six countries, non-compliance with the CbCR requirements could lead to imprisonment.

In almost all countries a large penalty and/or imprisonment is imposed, if a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low, due to incorrect transfer pricing. In many countries the same applies for the advisor/accountant/ administrator who drafts and files the tax return of a client and understands or should understand that the result reported is too low due to incorrect transfer pricing.

Local tax authorities focus on transfer pricing during tax audits, especially on the low hanging fruit such as loss making companies and inter-company charges for services. In addition an increased tax audit focus is seen on the remuneration of intellectual property and on inter-company financing. WTS Global expects an increased transfer pricing audit focus on financing, also given the discussion draft on financial transactions that has been issued by the OECD recently.

Details on some of our key findings are provided in the following.

<sup>2</sup> The following countries are covered under Africa: Angola, Benin, Burkina Faso, Ghana, Kenya, Madagascar, Mauritius, Senegal, South Africa and Tanzania. The following countries are covered under Asia and Oceania: China, Georgia, Hong Kong, India, Indonesia, Japan, Kyrgyzstan, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, South Africa, Taiwan, Thailand, Vietnam. The following countries are covered under Europe: Albania, Austria, Belarus, Belgium, Bulgaria, Czech Republic, Croatia, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Spain, Sweden, the UK and Ukraine. The following countries are covered under Americas: Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, USA and Venezuela. Middle East includes the United Arab Emirates.

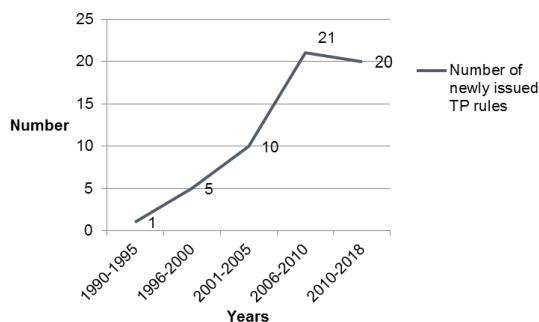


## 1.2. Transfer pricing documentation requirements

Out of the 73 countries that have been covered, 56 countries have introduced mandatory transfer pricing documentation rules. For 12 out of the 17 countries where no mandatory transfer pricing rules have been implemented, it is advisable, inter alia, to prepare transfer pricing documentation to avoid penalties. This implies that transfer pricing documentation is either mandatory or advisable for about 90% of the countries covered in the survey.

Transfer pricing documentation rules were implemented from 1995 onwards for the covered countries. A peak in the implementation of local transfer pricing documentations rules can be observed from 2006 onwards as demonstrated in the figure below.<sup>3</sup>

### Historic overview of issued TP rules



<sup>3</sup> In addition to the 56 countries that have implemented mandatory transfer pricing documentation rules, this chart includes the provisions in Chile that legally require the preparation of transfer pricing returns.

## 1.3. Application of the arm's length principle and of the OECD TP Guidelines

At the time this survey was prepared, **Brazil** was the one exception that did not apply the arm's length principle. Unlike in other countries, Brazil's transfer pricing rules are inspired by the arm's length principle, but do not necessarily result in its application. On 29 May 2017, Brazil presented a formal request to join the OECD. If approved, the accession of Brazil as a member of the OECD could have a significant impact on the Brazilian transfer pricing rules within a few years. Details regarding this can be read in the October 2017 issue of the WTS Global Transfer Pricing Newsletter<sup>4</sup>.

For over 80% of the covered countries, transfer pricing policies of multinational enterprises are, in principle, accepted by the tax authorities, if they are in line with the OECD TP Guidelines. With the exception of the US, all additional countries for which this does not apply are not (yet) OECD member countries. These countries are Argentina, Bolivia, Brazil, China, Ecuador, Kyrgyzstan, Laos, Madagascar, Paraguay, Taiwan, the United Arab Emirates and Uruguay.

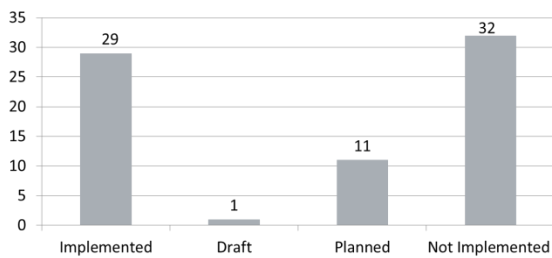
<sup>4</sup> WTS Global TP Newsletter: <https://www.wts.com/global/knowledge>



### 1.4. Implementation status of the MF

As at the date on which the specifications of this study were compiled, more than one third of the covered countries had either implemented local rules requiring the preparation of a MF or had draft provisions in place<sup>5</sup>. A further 11 countries plan on implementing the MF.

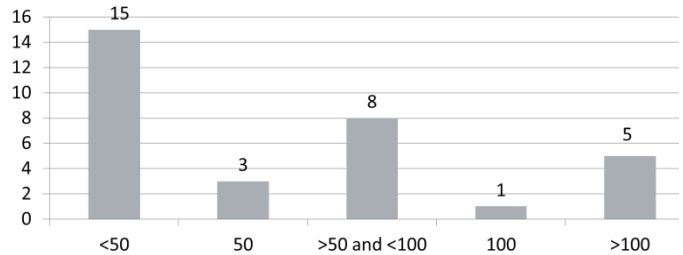
OECD BEPS Implementation Status : Master File



Certain countries allow or even welcome the submission of a MF even though there is no requirement to do so. In **Ireland**, for example, the preparation of a MF is not yet mandatory under domestic legislation but it is considered best practice to prepare a MF. Similarly, in the **UK**: whilst there was no requirement to prepare a MF or LF in line with OECD BEPS 13 at the time this study was compiled, HMRC may anticipate that MNEs will have prepared a MF given that many countries have already implemented Action 13 requirements. HMRC also issued guidance stating that documentation should be proportionate to the size and complexity of the transactions or business involved and should be the same as that specified in Annexes I and II of the OECD BEPS Action 13 report. Furthermore, in **New Zealand**, the Inland Revenue shall in practice expect a MF / LF documentation approach to be prepared by certain multinationals, even though there are no legislative requirements in place concerning the thresholds or requirements of the local or master file. Inland Revenue communicates directly with affected taxpayers to ensure that these taxpayers provide the required information.

For almost half of the countries for which a threshold is provided for the local rules or draft rules, the applicable threshold triggering the preparation of a MF lies below EUR 50M.

OECD BEPS Master File: Threshold



Out of the 30 countries that implemented the MF or have draft provisions, Italy Romania and Uruguay, have no thresholds. The following countries have intentions for implementing the MF and already have information available on envisaged thresholds to be applied: Greece, Hong Kong, Malaysia and Norway. Ireland has not yet implemented the MF, but, given that it is considered best practice to prepare a MF, and Ireland provided information on thresholds. This equals a total of 32 countries.

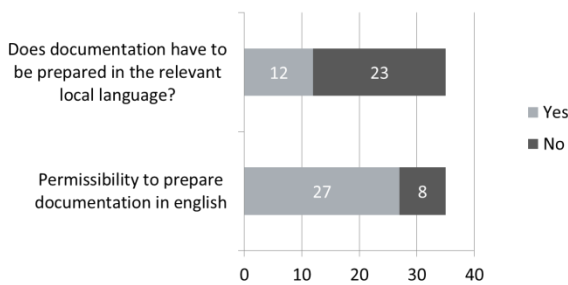
<sup>5</sup> Countries with a local variation of the MF in place largely consistent with the template of the OECD have been considered accordingly (e.g. Albania, Italy, France and Romania).



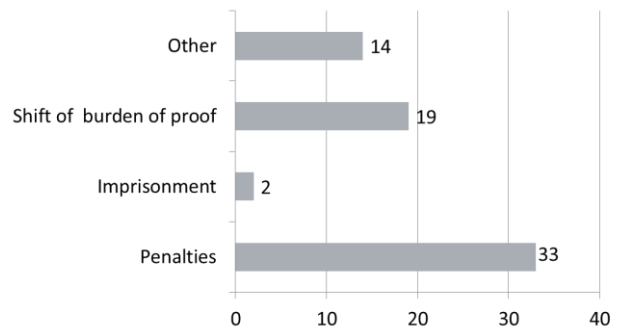
Over 40% of the covered countries in principle foresee that the MF should be prepared in the relevant local language. That said, most countries permit submission of the MF in English language. In some of these countries, a MF in the English language must be accompanied by a legal translation, following approved by the tax authorities or may be requested to be translated into English in an audit. Burkina Faso, China, Greece, Italy, Peru, Poland, Uruguay and Romania do not accept a MF in the English language. Italy provides an exception for submission in English, provided that the MF is prepared by an EU holding company and submitted by an Italian sub-holding company.<sup>6</sup>

If the MF is not available or does not meet the appropriate standard and if this fact leads to insufficient tax being levied, imprisonment of a maximum of 4 years is possible. In Singapore, a jail term not exceeding 6 months in lieu of payment may apply. Further possible consequences in the event of non-compliance with the relevant MF requirements relate, first and foremost to the estimation of income and/or adjustment of related party pricing.

### Master File



### Consequences of not having the required Master File available



Almost all covered countries apply penalties in the event of non-compliance. Approximately half of the covered countries foresee a shift of the burden of proof in certain cases. Interestingly, in the Netherlands and Singapore, non-compliance with the MF requirements could eventually result in imprisonment. In the case of the Netherlands, not having the MF available could lead to imprisonment for a maximum of 6 months<sup>7</sup>.

<sup>6</sup> The chart on MF documentation language includes information on Greece, Hong Kong, Malaysia, Norway and the UK which only had intentions to implement the MF, in addition to Ireland, which had not yet implemented the MF at the time this survey was compiled. Uruguay has not yet determined the filing language for MF. Together with the 29 countries that have implemented the MF, this leads to a total of 35 countries under analysis.

<sup>7</sup> The MF forms part of the administration required by Dutch tax law. Not complying with such tax law requirement is penalized with imprisonment of a maximum of 6 months or a penalty of up to EUR 8,200.





### 1.5. Implementation of the LF

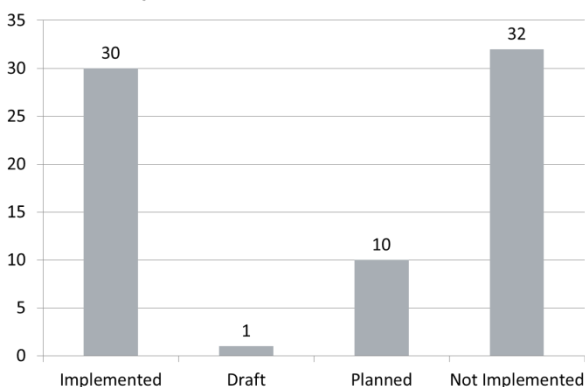
The implementation status of the LF provides for an almost identical picture as for the MF. As at the date on which the specifications of this study were compiled, 40% of the covered countries had either implemented local rules requiring the preparation of a LF or had draft rulings in place.

Out of the 31 countries that implemented LF or have draft provisions; Malaysia and Italy (currently) have no rules on thresholds.

The following countries have intentions for implementations and already information available on envisaged thresholds to be applied: Greece, Hong Kong and Norway. Ireland has not yet implemented the LF but it is considered best practice to prepare a LF and as such Ireland provided information on thresholds. This equals to a total of 33 countries being considered in the chart on the thresholds for the LF.

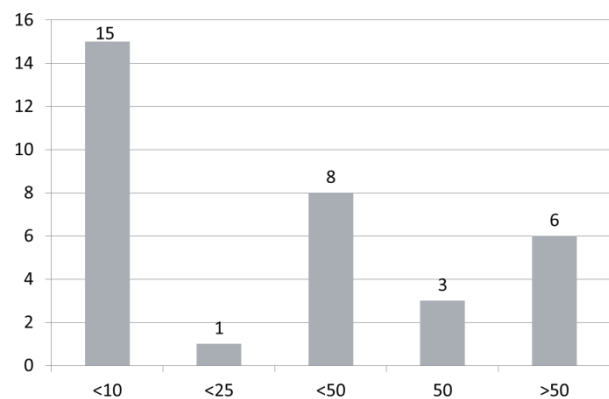
Further 10 countries plan on implementing the LF.

OECD BEPS implementation status : Local File



As expected, the threshold criteria for preparing a LF deviate from those applicable to the MF and are lower as shown in the following bar chart.

OECD BEPS Local File : Threshold



Given that the LF is the documentation of the relevant local country and as such primarily destined for the local tax authorities only, slightly more countries, eighteen in total, do not allow that the LF is prepared in English compared to the MF.

The countries that require that the MF is submitted in the local language (Burkina Faso, China, Greece, Italy, Peru, Poland, Uruguay and Romania) also require that the MF is prepared in the local language. In addition, Latvia, South Korea, Serbia, Nicaragua, Madagascar, Benin, Bolivia, Argentina, Albania and Ukraine also require that local transfer pricing documentation is prepared in the local language.

Some of these countries have implemented the LF in line with OECD BEPS 13 while others simply have local transfer pricing documentation rules in place.



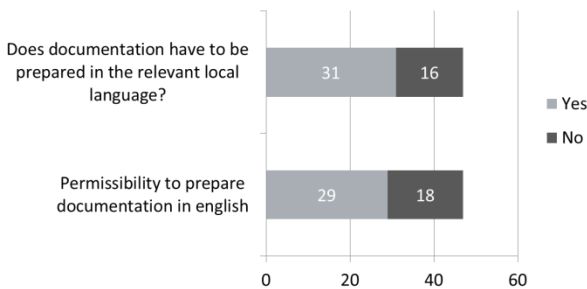
### 1.6. Implementation status of CbCR

A large proportion of the countries generally permit to prepare documentation in English. Several countries may request that at least certain parts of the documentation are translated into the local language during an audit.

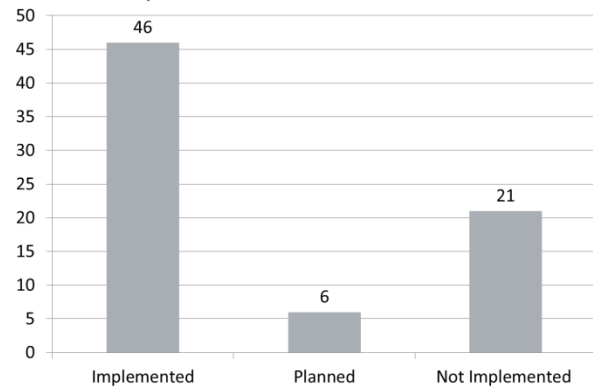
In Vietnam and Taiwan, a submission in English is possible but has to be approved. In Russia and in Ireland, an English local transfer pricing documentation should be accompanied by a translated version of the documentation.

A total of 46 countries have implemented CbCR, which are almost twice as many countries compared to those having implemented the MF or LF. An additional 6 countries plan on implementing CbCR as exemplified in the following bar chart:

#### Local File



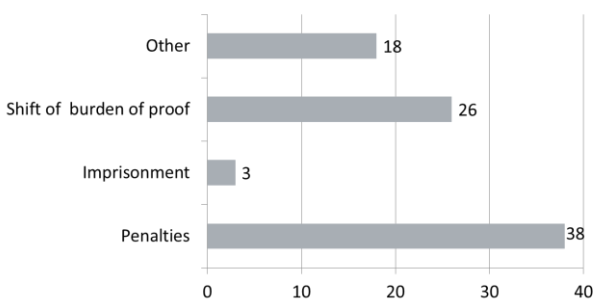
OECD BEPS implementation status : CbCR



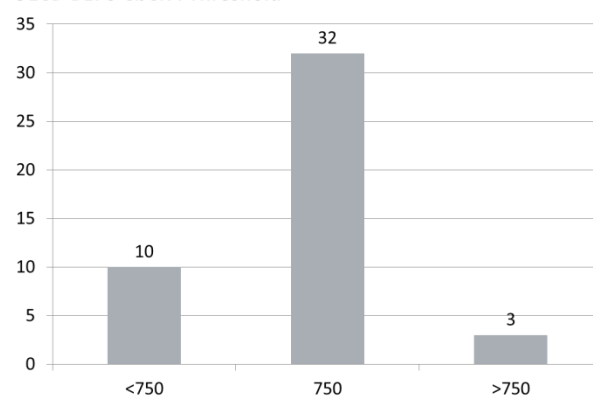
The consequences of not having local transfer pricing documentation in place overall provides a similar picture as for the MF with a greater focus on the shift of the burden of proof. For the Netherlands, Serbia and Singapore, non-compliance may lead to imprisonment based on the same rules that apply for the MF.

For the majority of these countries, the threshold criterion for preparing the CbCR amounts to EUR 750M or the local currency equivalent in line with the suggestions of the OECD<sup>8</sup>. For the remaining countries, the threshold is (mostly slightly) below EUR 750M which might also partly be driven by exchange rate effects.

#### Consequences of not having the required Local File available



OECD BEPS CbCR : Threshold



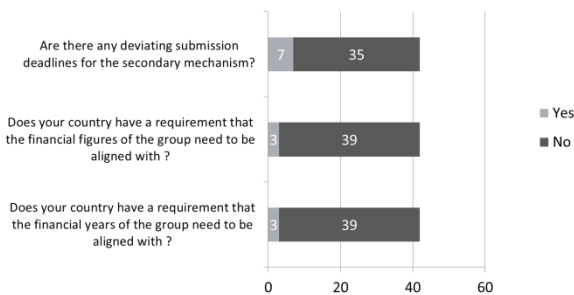
<sup>8</sup> Out of the 46 countries that implemented the CbCR or have draft provisions, Uruguay and Peru, have no thresholds. Hong Kong has intentions for implementations of the CbCR and already has information available on envisaged thresholds to be applied. This equals to a total of 45 countries being considered for the chart on the thresholds for CbCR.



Just over a handful of countries have implemented deviating submission deadlines for the secondary mechanism. This includes the mechanism provided in some countries where only the first submission deadline for secondary reporting is one year later than for primary reporting.

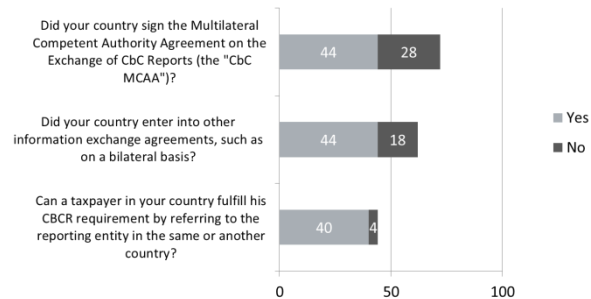
Very few countries have guidance in place on the alignment of the financial figures or financial years of the group. Brazil and Denmark, for instance, have rules or guidance requiring that the financial year of the group must be aligned with the fiscal year of the ultimate parent entity. Singapore requires that the financial information is compiled on a consistent basis.

**CbCR (1)**



The great majority of the countries signed the Multilateral Competent Authority Agreement on the Exchange of CbC Reports (“CbC MCAA”). Out of those countries having implemented CbCR or enacted draft provisions and/or intentions on CbCR, Benin, Kenya, Ukraine, the U.S., Hong Kong, Gibraltar, Peru, Taiwan and Vietnam are the few exceptions not having signed CbC MCAA as of 31 December 2017. The US for instance has signed various bilateral competent authority agreements to exchange companies’ global tax and profit reports with foreign jurisdictions. Many of the countries that signed the CbC MCAA also entered into other exchange agreements. Practically all taxpayers having implemented CbCR can fulfill their CbCR requirement by referring to the reporting entity in the same or in another country, except for in Chile, China, New Zealand and the US.

**CbCR (2)**

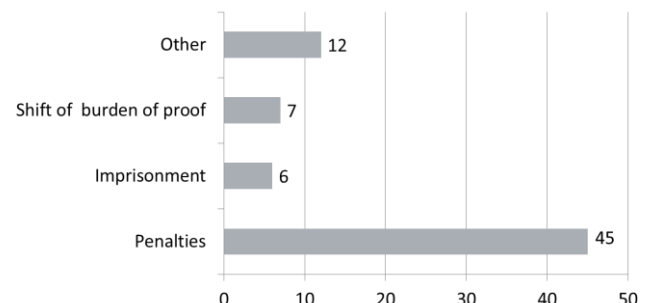


Almost all countries have penalties that apply for non-compliance with the CbCR requirements which vary substantially from one another. The Netherlands is one of the countries applying one of the highest penalties which may amount up to EUR 820,000.

In 6 countries non-compliance with the CbCR requirements may lead to imprisonment in the following countries: Chile, the Netherlands<sup>9</sup>, New Zealand, Singapore, Lithuania and Malaysia.

In some countries, the burden of proof is shifted to the taxpayer. Other consequences are amongst others that the domestic subsidiary may be obliged to submit CbCR if the domestic tax office does not receive CbCR by the foreign tax office.

**Consequences of not having the required CbCR available**



<sup>9</sup> In case of gross negligence or wilful intent. This likely also applies to more countries.



### 1.7. TP disclosure in tax and TP-specific returns and legal consequences for submitting incorrect information

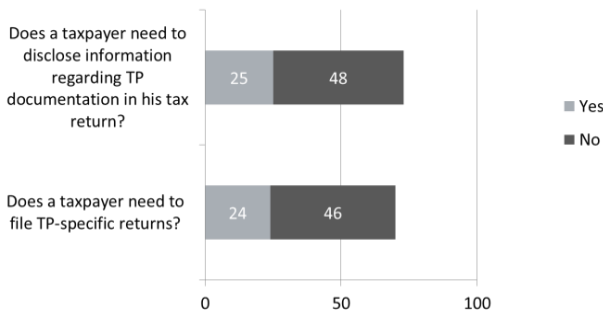
About 40% of the covered countries require that the local taxpayer discloses transfer pricing information in the tax return and/or to file TP-specific return(s). This especially applies to Middle and Latin America but also selected European and Asian countries.

An overview of the legal consequences for filing a tax return that is too low due to incorrect transfer pricing is provided in the individual country sections.

Unintentionally submitting incorrect information where income is understated usually results in income adjustments, penalties and interest.

Intentionally submitting incorrect information where income is understated usually represents a tax crime which may lead to imprisonment.

TP disclosure in tax return or transfer pricing specific returns



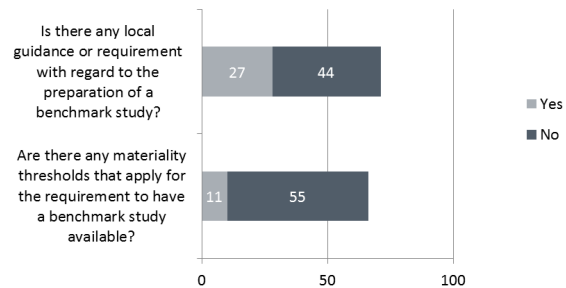
### 1.8. Benchmarking requirements

While there is general guidance at the level of the OECD on the preparation of benchmarking studies, only approximately 40% of the covered countries have issued local rules or guidance on the preparation of benchmarking studies. Few countries have materiality thresholds in place that apply for preparing benchmarking studies.

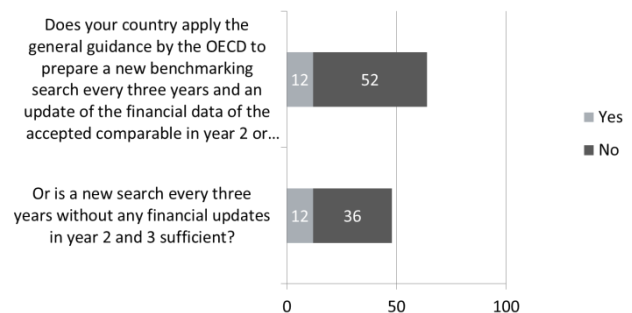
There is also a mixed picture on the guidance of the OECD to prepare a new study every three years and an update of the benchmarking study in year 2 and 3. Only about 15% of the covered countries follow this guidance while for about the same proportion it is sufficient to only prepare a benchmarking study every three years without any financial updates in the meantime.

This suggests that there is currently no homogeneous guidance on benchmarking studies.

Benchmarking



Benchmarking



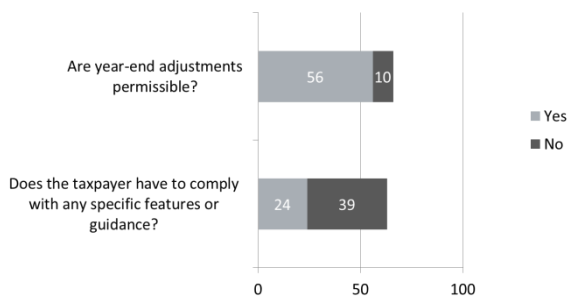


### 1.9. Permissibility of year-end adjustments

It can be summarized that while year-end adjustments tend to be scrutinized in several jurisdictions, year-end adjustments are permitted in over three quarters of the covered countries.

In about a third of these countries the taxpayer has to comply with certain guidance. Some countries require that year-end adjustments follow a pre-determined mechanism. Other countries have rules in place on the permissible timing of year-end adjustments. China, for instance, only allows upward adjustments as part of the annual filing that increase tax payable in China. Albania, Argentina, Lithuania, Angola, Estonia, Georgia, Belarus, Paraguay, and Taiwan are among the countries that do not accept year-end adjustments.

Year-End Adjustments

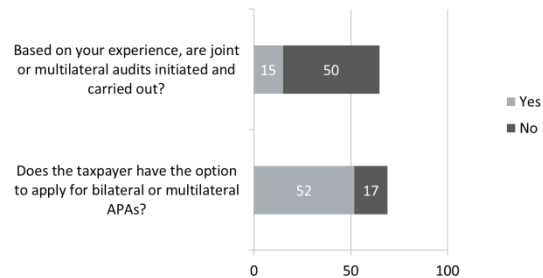


### 1.10. TP audits and APAs

Recurring topics of TP audits among the covered countries are I/C financing, losses, services, royalties and intangibles. At the time this report was compiled, joint audits have not been that prevalent yet but are overall expected to increase in the future. Countries with joint audit experience are concentrated in Europe based on the country feedback received.

Bilateral or multilateral APAs are permissible in approximately 70% of the covered countries. Argentina, Brazil, Bulgaria, Latvia, Serbia, Angola, Benin, Ecuador, Estonia, Ghana, Kyrgyzstan, Laos, Madagascar, Mauritius, Belarus, Panama and South Africa do not provide for the option to apply for a bilateral or multilateral APA (yet). No detailed APA rules are applicable in Kenya yet.

Year-End Adjustments



Please refer to the following country overview for detailed feedback on a jurisdictional basis.



## 2. Country Transfer Pricing Guide for 73 Countries



### About WTS Global

With representation in over 100 countries, WTS Global has **already** grown to a leadership position as a global tax practice offering the full range of tax services **and aspires to become the preeminent non-audit tax practice worldwide**. WTS Global deliberately refrains from conducting annual audits in order to avoid any conflicts of interest and to be the long-term trusted advisor for its international clients. Clients of WTS Global include multinational companies, international mid-size companies as well as private clients and family offices.

The member firms of WTS Global are carefully selected through stringent quality reviews. They are strong local players in their home market who are united by the ambition of building a truly global practice that develops the tax leaders of the future and anticipates the new digital tax world.

WTS Global effectively combines senior tax expertise from different cultures and backgrounds and offers world-class skills in advisory, in-house, regulatory and digital, coupled with the ability to think like experienced business people in a constantly changing world.



## Albania

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2014
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The applicable transfer pricing methods are: Comparable Uncontrolled Price Method (CUP), Resale Price Method (RPM), Cost Plus Method (CPM), Profit Split Method (PSM), Transaction Net Margin Method (TNMM). Transfer pricing methods other than those approved may apply, under certain circumstances.
Are any TP methods preferred over others?	The most appropriate transfer pricing method will be selected. The tax administration, in examining the arm's length character of a transaction, should use the same transfer pricing method applied by the taxpayer, to the extent that it is the most appropriate one for that transaction.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR, local variant of MF and LF implemented in the past in line with the EU code of conduct.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Master file and Local file: Point no. 15 of Instruction "On transfer pricing". There is no legislation regarding this matter.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 2 paragraph 4 and 36 to 36/7 of the law "On income tax" (Information on transfer pricing); point 15 of the instruction "On transfer pricing", annexes of instruction no. 5, dated 30.01.2006 "On income tax", amended; Will generally follow the Master File approach; annexes of Instruction no. 5, dated 27.02.2005 "On advance price agreement"; instruction no. 24, dated 02.09.2008 "On tax proceedings"

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes ALL 50,000,000
Euro Equivalent	EUR 375,128
As from which year does this obligation exist?	As from the year following the year that the threshold is met (so that the Master File is prepared for the year in which the threshold is exceeded).
When does the Master File need to be available?	From the fiscal year ending, 31 December. Applicable for controlled transactions that took/ take place on 4 June 2014 or later and for recurring transactions continuing after that date.
When does it need to be submitted?	30 days after the request by the tax authorities.
How and where should the MF be filed?	TP documentation can be submitted in hard copy or via electronic means to the tax authorities.
Does the MF have to be prepared in the relevant local language ?	No
Is documentation in English permissible?	Yes

Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the 2017 OECD TP Guidelines?	Transfer pricing documentation prepared based on the approach detailed in the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union and the Annex thereof, approved by Resolution 2006/c176/01 of 27 June 2006 from the EU Council and government representatives of Member States, will be considered to satisfy the requirements of Article 36/5, provided the “master file” and “country specific documentation” for Albania.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	As from the year following the year that the threshold is met (so that the Master File is prepared for the year in which the threshold is exceeded).
Euro Equivalent	EUR 10,000,000
As from which year does this obligation exist?	From the fiscal year ending, 31 December. Applicable for controlled transactions that took/ take place on 4 June 2014 or later and for recurring transactions continuing after that date.
When does the LF need to be available?	30 days after the request by the tax authorities.
When does the LF need to be submitted?	TP documentation can be submitted in hard copy or via electronic means to the tax authorities.
How and where should the LF be filed?	The documentation can be prepared in Albanian.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No, the documentation for TP will not be considered as submitted.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Transfer pricing documentation prepared based on the approach detailed in the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union and the Annex thereof, approved by Resolution 2006/c176/01 of 27 June 2006 from the EU Council and government representatives of Member States, will be considered to satisfy the requirements of Article 36/5, provided for the “master file” and “country specific documentation” for Albania.

<b>4. Country-by-Country Reporting</b>	Not implemented
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<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There are no specific provision.



What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There are no specific provision.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	The form is called: "Annual Controlled Transactions Notice", as stated in point 14 of the Instruction "On transfer pricing".
What would be the filing deadline?	The filing deadline is the same as the deadline for filing the annual tax return on 31 March of the next month.
What would be the penalties for non-compliance?	In case the "Annual Controlled Transactions Notice" has not been submitted on time, the taxpayer will receive a fine amounting ALL 10 000 (ten thousand) for every month of delay.

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	Yes. Subject of to regulation of point 12 of the Instruction "On transfer pricing".

## 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	No information.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA can be entered into for a maximum of 5 (five) years. The controlled transaction shall exceed the amount of EUR 30 million for all the covered period, be it 1, 3, or 5 years.

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## Angola

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general :	<p>The legislation calls for the obligation of documentation applicable to tax years and transactions beginning or occurring on or after 1 January 2013. Taxpayers will have to justify arm's-length pricing in the cases of commercial transactions of the taxpayer with other "special relations" entities, regardless if these transactions are subject to Industrial Tax (this concerns domestic and cross-border transactions). The proposed rules generally cover commercial transactions including any transaction of goods, rights or services and they also include financial transactions. An entity-specific transfer pricing file would have to be prepared and submitted to the tax administration within six months of the end of the tax year. This transfer-pricing file, which must be prepared on an annual basis, must detail the relationships and prices established by the large taxpayers with the companies and entities with which they have "special relations."</p> <ul style="list-style-type: none"> <li>• Describe the taxpayer and the group structure,</li> <li>• Describe the industry/sector,</li> <li>• Identify the related entities with which the taxpayer has carried out transactions and characterise the special relationship existing between them,</li> <li>• Describe and quantify the related transactions, by nature of transaction and by counterparties,</li> <li>• Analyse the split of functions and risks of each transactions between the involver parties,</li> <li>• Select the transfer pricing method to validate the terms and conditions applied, &amp;</li> <li>• Present the transfer pricing economic analyses to validate each transaction.</li> </ul> <p>Under the legislation, the Transfer Pricing Dossier will have to be prepared according to the following structure:</p> <ol style="list-style-type: none"> <li>a) Summary</li> <li>b) Macro-economic environment</li> <li>c) Presentation of the entity</li> <li>d) Functional analysis of the entity</li> <li>e) Identification of the related party operations</li> <li>f) Economic analysis of the related party transactions</li> </ol>
2. Master File (MF)	
	Not implemented

3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	The LF in line with OECD BEPS 13 has not been implemented but local transfer pricing documentation requirements exist which are detailed in the following. The transfer pricing legislation (Presidential Decree n.º 147/13, dated one of October 2014) set forth that the taxpayer should have a turnover/revenue during the respective FY above the seven thousand million Kwanzas (approximately USD 45,000). Only one file must be submitted.
As from which year does this obligation exist?	This obligation is applicable to tax years and transactions beginning or occurring on or after 1 January 2013.
When does the LF need to be available?	6 months after year-end
When does the LF need to be submitted?	15 days upon request, usually in a tax audit
Imprisonment?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

4. Country-by-Country Reporting	
	Not implemented

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	If the Tax Authorities conclude the CIT is lower than it should be due to incorrect transfer pricing, they can perform the necessary corrections to Taxable Basis of the Corporate Income Tax.
Does a taxpayer need to file TP-specific returns?	No

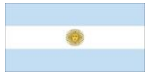
6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	As far as we are aware, there is no main areas of scrutiny since this legislation is very recent and currently has not been a target for inspections from the Revenue Authority. However, the companies operating in the oil and gas industry should be in theory the main target for this scrutiny.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Argentina

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	1998
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. The OECD Transfer Pricing Guidelines do not represent a binding law in Argentina. There are certain differences between the OECD Transfer Pricing Guidelines and Argentinean transfer pricing rules regarding the possibility of choosing the tested party and the method applicable to commodity export transactions. In the aspects not covered by the local regulations, the OECD Guidelines could be considered as a soft law.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	Art. 15 of the ITL states the methods to control transfer pricing. Under the wording of that norm, the diagram of applicable methods can be divided into two types; the methods that match those in the OECD Guidelines and the method contemplated only in the Argentine legislation. In the first group, are the methods of the Comparable Uncontrolled Price (CUP) Method, the Resale Price (RP) Method, Cost Plus (CP) Method, Profit Split Method and Transactional Net Margin (TNM) Method. In the second group is the Quotation Price at the Shipment Date Method,
Are any TP methods preferred over others?	No. The best method rule applies.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Articles 8, 14, 15, 129 and 130 of the Income Tax Law. Regulatory Decrees of the Executive Branch: 485/99, 290/00, 1037/00, 916/04, 589/13. General Resolutions of AFIP: 1122/01, 1633/04, 1918/05, 3132/11 and 3579/13.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	There is no threshold established. The LF in line with OECD BEPS 13 has not been implemented. The answers provided refer to local transfer pricing documentation requirements.
As from which year does this obligation exist?	Since 1999
When does the LF need to be available?	It must be filed with the ARS within eight months after the closure of the fiscal year.
When does the LF need to be submitted?	TP Report must be filed with the ARS within eight months after the closure of the fiscal year.
How and where should the LF be filed?	It must be filed through the ARS web site.
Does the LF have to be prepared in the relevant local language?	Yes. It must be prepared in Spanish.
Or is documentation in English permissible?	No
Penalties?	Yes

Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>The Argentinean Local File must include the following information:</p> <ul style="list-style-type: none"> <li>• Activities and functions performed by the taxpayer.</li> <li>• Risks borne and assets used by the taxpayer in carrying out such activities and functions.</li> <li>• Detail of elements, documentation, circumstances, and events taken into account for the analysis or transfer price study.</li> <li>• Detail and quantification of all transactions performed (no matter materiality).</li> <li>• Identification of the foreign parties with which the transactions being declared are carried out.</li> <li>• Method used to justify transfer prices, indicating the reasons and grounds for considering them to be the best method for the transaction involved. (Tested party must always be the Argentinean company)</li> <li>• Identification of each of the comparables selected for the justification of the transfer prices.</li> <li>• Identification of the sources of information used to obtain such comparables.</li> <li>• Detail of the comparables selected that were discarded, with an indication of the reasons considered.</li> <li>• Detail, quantification, and methodology used for any necessary adjustments to the selected comparables.</li> <li>• Determination of the median and the interquartile range.</li> <li>• Transcription of the income statement of the comparable parties corresponding to the fiscal years necessary for the comparability analysis, with an indication as to the source of the information.</li> <li>• Description of the business activity and features of the business of comparable companies.</li> <li>• Conclusions reached.</li> </ul>

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	750 -Argentina has joined the OECD / G20 BEPS Project. This is why the AFIP is expected to provide rules towards the need to produce a Country by Country Report and the automatic exchange of information as soon as possible.
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	From the year following the year that the threshold is met
When and how do the tax authorities need to be notified who the reporting entity is?	Until the second month after the end of the fiscal year of the reporting entity
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Until the twelfth month after the end of the fiscal year of the reporting entity
Where is the CBCR to be submitted ?	Through the AFIP website (afip.gov.ar): option "Country-by-Country Information Regime" / "Presentation Report ". As evidence of the filing, the system shall issue the affidavit form F-8097.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Filing the information requested trough the AFIP website (this hasn't been implemented yet)
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes

To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	AFIP General Resolution 4130-E regulates information to be submitted to the Fiscal Authority in the CBC Report. Although this information does not substantially differ from that required by the OECD, in cases where the parent company has designated a substitute company to perform the reports on its behalf the Argentine rules request full details about the parent company and the substitute company.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	First, double tax treaties in general, especially those framed after the OECD Model Tax Convention, article 26, which protect public policy in each country in general terms. This much applies, for example to the treaties with Australia, Belgium, Canada, Chile, Denmark, United Arab Emirates, Spain, Finland, France, Italy, México, Norway, The Netherlands, United Kingdom, Russia, Sweden, Switzerland. Secondly, the OECD tax information exchange framework, including to the Multilateral Competent Authority agreement for the automatic exchange of Country-by-Country reports ("CbC MCAA"), which was signed by Argentine in 2016.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment but are reduced as/if it is only a participation in the tax fraud of the taxpayer.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form 742, Form 743, Form 969.
What would be the filing deadline?	F-742 must be filed with the ARS within eleven months after the opening of the fiscal year. F-969 must be filed 15 days after the Income Tax Return. F-743 must be filed with the ARS within eight months after the closure of the fiscal year.

<p>What would be the penalties for non-compliance?</p>	<p>The law punishes the failure to submit on due time the transfer pricing obligations (transfer pricing returns along with the transfer pricing report and financial statements of the taxpayer for the fiscal year under study) with a fine arising to AR \$ 20.000 when the taxpayer is a company of foreign capital and AR\$ 10.000 for domestic companies. Additionally, in cases of failure to comply with the due dates established, and when the ARS specifically requires the filing of the mentioned returns and there was also failure to comply with the deadline given for the special term, the fines described above are combined with another adjustable between AR\$ 500 and AR\$ 45.000. Finally, in cases of repeated requests by the fiscal authority, the fine is increased to at least AR\$ 90.000 and a maximum of AR\$ 450.000 if the taxpayer (i) does not answer the third requirement of the ARS, and (ii) has gross annual income equal to or greater than AR\$ 10,000,000. It is provided that this fine accumulates with those previously applied.</p>
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**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. The Annex II of General Resolution 1122/01 states specifications the Transfer Pricing Report must comply with. Among this specifications are the following:          Identification of the method used for the justification of transfer prices, indicating the reasons for which it was considered as the best method for the transaction under analysis.          Identification of each of the comparables selected for the justification of the transfer prices.          Identification of the sources of information from which the comparable were obtained.          Details of the selected comparables that were discarded with indication of the reasons that were taken into account.          The detail, quantification and methodology used to make the necessary adjustments to the selected comparables.          The determination of the median and interquartile range.          The transcription of the income statement of the comparable corresponding to the business years that are necessary for the analysis of comparability, indicating the source of information.</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>No</p>

**7. Year-end adjustments**

<p>Are year-end adjustments permissible?</p>	<p>No</p>
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**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

<p>What are currently the main TP areas of scrutiny by the tax authorities in your country?</p>	<p>In the Latin American region, Argentina probably conducts the most tax audits and imposes the largest number of tax assessments related to transfer pricing matters. Currently, more than a hundred cases are being litigated before the Tax Court, the Federal Justice of the First Instance and the Federal Court of Appeals. These transfer pricing cases involve industrial manufacturing, the pharmaceutical industry and the commodity export sector. In addition, a number of transfer pricing adjustments made by the ARS were challenged as being in violation with the Brazilian, Chilean, Swiss, Dutch and Spanish Tax Treaties. All of these challenges motivated Competent Authority proceedings. Another case of note is one related to allocation of profits in mining ventures in the Argentine-Chilean border, which was resolved for the first time in the Argentine tax history by a bilateral agreement between the Chilean and the Argentine treaty competent authorities.</p>
<p>Based on your experience, are joint or multilateral audits initiated and carried out?</p>	<p>No</p>
<p>Does the taxpayer have the option to apply for bilateral or multilateral APAs?</p>	<p>No</p>

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## Austria

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	VPDG, BGBl I 77/2016 of 1.8.2016 and VPDG-DV, BGBl II 419/2016 of 21.12.2016.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general :	VPDG, BGBl I 77/2016 of 1.8.2016 and VPDG-DV, BGBl II 419/2016 of 21.12.2016. Additionally, there is an Administrative Circular on various transfer pricing matters, VPR 2010, which gives the sight of the financial authorities. In light of BEPS, VPR 2010 will be updated likely in 2018.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	EUR 50,000,000 (in the previous two financial years).
As from which year does this obligation exist?	01.01.2016
When does the Master File need to be available?	There is no contemporaneous documentation requirement in Austria. This implies that in theory documentation can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 30 day time limitation between the submission request and the submission deadline.
When does it need to be submitted?	Within 30 days after the request by the tax authorities, usually during a tax audit.
Does the MF have to be prepared in the relevant local language ?	No. English is also acceptable.
Is documentation in English permissible?	Yes
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	EUR 50 million (in the previous two financial years).
As from which year does this obligation exist?	01.01.2016
When does the LF need to be available?	There is no contemporaneous documentation requirement in Austria. This implies that in theory documentation can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 30 day time limitation between the submission request and the submission deadline.
When does the LF need to be submitted?	30 days upon request, usually in a tax audit.
a. Does the LF have to be prepared in the relevant local language?	No. English is also acceptable.
b. Or is documentation in English permissible?	Yes, according to VPDG.
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750,000,000
As from which year does this CbCR obligation exist?	01.01.2016
When and how do the tax authorities need to be notified who the reporting entity is?	The Austrian taxpayer has to declare via FinanzOnline if it is a (a) parent company of MNE, (b) designated surrogate parent company or (c) subsidiary of MNE. The subsidiary has to declare the name of the MNE's headquartered entity and the competent authority to which it has submitted the CbCR. Notification is required annually and was already due till 31.12.2016 for regular business year. Failure to provide this information may cause the Austrian subsidiary to be required to submit CbCR by itself.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates. First submission deadline is therefore 31.12.2017 for regular business year.
Are there any deviating submission deadlines for the secondary mechanism?	No, but first submission deadline for secondary reporting is one year later than for primary reporting, therefore 31.12.2018.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically via FinanzOnline to the Austrian Tax Office.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	CbCR is to be submitted using the officially prescribed xlm-standard in line with the OECD. Data will be submitted electronically using FinanzOnline.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes

To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines ?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	The EU Directive was implemented in Austria with BGBl I 77/2016.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No (also no CbCR notification requirement in tax return).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment.
Does a taxpayer need to file TP-specific returns?	No

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. TPG 2010 mention some general requirements in respect to databases. As already mentioned TPG 2010 will be updated due to BEPS-project.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. In the past, it has often been sufficient to prepare a new benchmarking study every three years (without any updates of the financial data of the accepted comparable companies in year 2 and 3) as long as there have not been any changes to factors affecting transfer prices or the value chain contribution.

### 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Based on our experience, Austrian tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, especially cash pools, losses, umbrella brand and compliance with OECD BEPS. We also expect that data alignment issues will be further scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No. APA is only based on Double Tax Agreements and no specific procedural Austrian law is available.

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## Belarus

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The comparable uncontrolled price (CUP), resale price and cost-plus methods, the comparable profitability method and the profit split method
Are any TP methods preferred over others?	The order of preference is specified above.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	TP regulations are contained in Art. 30-1 of the Tax Code of Belarus. Additionally, tax authorities clarifications and guidance are exhibited at the official website of the Ministry of Taxes and Duties of Belarus.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
	Not implemented
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Additional tax assessments. Fines or criminal responsibility may also be imposed.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Administrative fines or criminal responsibility may be imposed.
Does a taxpayer need to file TP-specific returns?	No
What would be the filing deadline?	Within 5 or 10 days after the respective submission notice of the tax authorities
What would be the penalties for non-compliance?	Administrative fines

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Transactions with real estate, export import operations
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Belgium

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	In accordance with OECD TP Guidelines
Are any TP methods preferred over others?	No formal hierarchy; In practice, CUPs, if CUPs exist
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<a href="https://financien.belgium.be/nl/ondernemingen/internationaal/verreken/prijzen-beps-13">https://financien.belgium.be/nl/ondernemingen/internationaal/verreken/prijzen-beps-13</a>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	<ul style="list-style-type: none"> <li>• Program Law ("Programmawet") of 01/07/2016 (art. 53 - 64, Belgian Official Gazette ("Belgisch Staatsblad" / "BS") 4/7/2016);</li> <li>• 3 Royal Decrees of 28/10/2016 (prescribing the content and form of MF, LF and CbCR), BS 02/12/2016</li> <li>• Article 321 WIB 92</li> </ul>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>Yes</p> <p>BE taxpayers that, in the previous financial year, exceeded one of the following criteria (to be determined on the basis of the unconsolidated financial statements of the Belgian company or permanent establishment):</p> <ul style="list-style-type: none"> <li>- gross revenues (operating+financial) &gt; EUR 50 million, OR</li> <li>- total balance sheet &gt; EUR 1 billion, OR</li> <li>- average FTEs &gt; 100</li> </ul>
As from which year does this obligation exist?	Statutory TP documentation requirement has been introduced effectively for accounting years starting as from 1 January 2016 (before no statutory requirement, yet recommended)
When does the Master File need to be available?	Must be filed no later than 12 months after the last day of the reporting fiscal year of the MNE Group, using a form prescribed by Royal Decree (to which MasterFile can be attached)
When does it need to be submitted?	Actively filed before aforementioned deadline
How and where should the MF be filed?	It should be filed electronically using the electronic form issued by the tax administration
Does the MF have to be prepared in the relevant local language ?	No, in one of the formal languages, but English is also permissible
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The contents of the Master file follows the OECD standard.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	(Same as Master File) BE taxpayers that in the previous financial year exceeded one of the following criteria (to be determined on the basis of the unconsolidated financial statements of the Belgian company or permanent establishment): - gross revenues (operating+financial) > EUR 50 million, OR - total balance sheet > EUR 1 billion, OR - average FTEs > 100
As from which year does this obligation exist?	(Same as the Master File, in principle) Statutory TP documentation requirement has been introduced effectively for accounting years starting as of 1 January 2016 (before no statutory requirement, yet recommended) (However!) !) For the section referred to as Section B (note that there are 3 sections: A, B & C) should be filed only for the financial year starting on or after 1 January 2017 (hence, an exceptional postponement has been granted for this section - relating to financial year 2016 - which is the most detailed of the form)
When does the LF need to be available?	Should be filed together with (and as integral part of) the Belgian income tax return for the covered year, using a form prescribed by Royal Decree (to which additional documentation can be attached).
When does the LF need to be submitted?	Actively filed before a deadline
How and where should the LF be filed?	It should be filed electronically using the electronic form issued by the tax administration, together with (and as integral part of) the tax return for the concerning year. The exception to file per email was only allowed for assessment year 2017. As all forms need to be submitted electronically on a specific platform, ready now, we suggest to delete the exception.
Does the LF have to be prepared in the relevant local language?	No, in one of the formal languages, but English is also permissible
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes



<p>To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?</p>	<p>The implementation of the OECD TP Guidelines in respect of the Local File into Belgian tax law, has been interpreted by the Belgian legislator to consist of a prescribed form, which does not follow the contents of a Local File as per the OECD TP Guidelines.</p> <p>The Belgian Local File Form is composed of three parts, i.e.:</p> <ul style="list-style-type: none"> <li>• Section A) A first more general, but not less important, part where one has to provide detailed information as to a.o. the management structure of the Belgian entity/PE concerned, its legal ownership structure (1 step up/1 step down), its national and international reporting structure, description of the main activities per business unit and strategy, list of competitors, identification of ultimate parent entity, existence of PEs, and notification of restructurings which took place during the year concerned.</li> <li>• Section B) A second, more quantitative, part (applicable as from financial year starting on or after 1/1/2017, focuses on the cross-border intercompany transactions (or dealings for PEs) themselves, and the applied transfer pricing methods. More specifically, the second part requires, amongst others, the following information: detailed description of business unit activities, the sales/gross margins/operating margins earned per business unit over the past three years (third and related party financial information), list of cross border intercompany transactions for goods, services, financial and other transactions (including parties involved, transfer pricing policy applied and volume of transactions), information on cost contribution arrangements, list of Advanced Pricing Agreements and captive insurance.</li> <li>• Section C) A third and optional part provides for the possibility to attach other documents which the taxpayer may deem useful. In the commentary of the tax administration this may be used to attach information which did not fit the form well, but also to submit contracts and a transfer pricing study that would be drafted in line with the recommendations of the OECD TP Guidelines</li> </ul>
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<p><b>4. Country-by-Country Reporting</b></p>	<p>Yes</p>
<p>What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?</p>	<p>At least EUR 750,000,000 gross consolidated group revenues (operating+financial+extra-ordinary) in the previous financial year</p>
<p>As from which year does this CbCR obligation exist?</p>	<p>Statutory TP documentation requirement has been introduced effectively for accounting years starting as from 1 January 2016, including for CBCR</p>
<p>When and how do the tax authorities need to be notified who the reporting entity is?</p>	<p>In principle, before the end of the accounting period. However, for financial year 2016, an extension until 30 September 2017 has been granted to file the notification</p>
<p>If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?</p>	<p>Must be filed no later than 12 months after the last day of the financial year of the MNE Group (In the transition period where certain (OECD member) countries have not yet introduced formal CbC reporting requirements, Belgium is prepared to accept voluntary CbC reporting in these countries provided that a qualifying exchange of information agreement is in place within 12 months after the reporting period)</p>
<p>Are there any deviating submission deadlines for the secondary mechanism?</p>	<p>No</p>
<p>Does your country have a requirement that the financial figures of the group need to be aligned with?</p>	<p>No. The same information sources should be used on a consistent basis to compile the CbCR. The group can use consolidated accounts, stand alone financial statements or internal reports to collect the requested financial data. In case statutory accounts are used, all information must be converted to the same currency at the average exchange rate. No adjustments must be made for GAAP differences</p>
<p>Does your country have a requirement that the financial years of the group need to be aligned with?</p>	<p>No</p>

Where is the CBCR to be submitted ?	Online reporting system (available as from 1 July 2017)
How is the CBCR to be submitted, specifically, is there any prescribed standard?	OECD's XML Scheme standardisation is anticipated
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD guidelines
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. In the sense that the Local File Form is considered to be an integral part of the tax return.
What would be the filing deadline?	The Local File is to be submitted with the tax return
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Adjustment of taxable income and penalties, which could lead to fraud and director's liability investigations.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Fraud investigations.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	In principle, this would be the Belgian Local File Form, however, the Belgian legislator has considered this to be the OECD-aligned Local File, and therefore we have treated this form above
What would be the filing deadline?	See above: Local File
What would be the penalties for non-compliance?	See above: Local File

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No, mere consistency with OECD TP Guidelines is expected
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No (however, indirect tax scrutiny may apply)

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Restructurings and IP-related matters, Financial transactions, Recuperation of losses
Based on your experience, are joint or multilateral audits initiated and carried out?	No, however, an increase in joint or multilateral transfer pricing audits can be expected due to the huge data flow that is available at the level of the tax authorities
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Benin

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR intended; No MF / LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Under Beninese law, transfer pricing issues are governed essentially by Articles 21-5-f and 1085 ter-2 of the General Tax Code

2. Master File (MF)	
	Not implemented
As from which year does this obligation exist?	In Benin, there is no obligation to transmit transfer pricing data and the MF in line with OECD BEPS 13 has not been implemented. However, in the context of an accounting verification procedure, the Administration may request information and documents specifying how the transfer price may be assessed between an undertaking established in Benin and one or more undertakings operating outside Benin or companies or groups established outside Benin.

3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	In Benin, there is no obligation to transmit transfer pricing data and the LF in line with OECD BEPS 13 has not been implemented. However, in the context of an accounting verification procedure, the Administration may request information and documents specifying how the transfer price may be assessed between an undertaking established in Benin and one or more undertakings operating outside Benin or companies or groups established outside Benin. The answers provided in the following relate to information requests by the tax administration.
When does the LF need to be submitted?	Upon request (as part of an accounting verification procedure) - the deadline is thirty (30) days. - this period may be extended on a reasoned request not exceeding forty-five (45) days. if the answer is insufficient, the administration must issue a formal notice. The company has a period of thirty (30) days to provide additional information.
Does the LF have to be prepared in the relevant local language?	Yes. All documents provided to the tax authorities must be written in French. Failing this, a translation into French is mandatory
Or is documentation in English permissible?	No, documents written in English must be translated into French
Imprisonment?	No

Shifting of the burden of proof?	Yes
Other?	Yes

4. Country-by-Country Reporting	
	Intentions
Does your country have a requirement that the financial figures of the group need to be aligned with?	Separate to any CbCR requirement, in terms of presentation of financial statements, the rules applied in Benin are those in force in the OHADA area. These rules are in conformity with: - the international accounting standards approved by I.A.S.C. (International Accounting Standards Committee); - European standards (7th Directive of the Council of the European Communities)
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Benin acceded to the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes in May 2017

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Inaccurate income tax returns subject to tax adjustments following the procedures defined in the General Tax Code with penalties and fines
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Any independent professional (accountant, tax adviser, business agent, etc.) who has assisted in the preparation or use of documents or information found to be inaccurate is liable to a fine of CHF 500,000 for the first offense charged to him, 1,000,000 francs for the second offense, 1,500,000 francs for the third, and so on, by increasing by 500,000 francs the amount of the fine for each new offense
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Sales and purchases of goods and services, the allocation of common management expenses,
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Bolivia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. The regulations are quite recent so, in practice, tax authorities have not yet assessed taxpayers on transfer pricing issues.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	The methods detailed in the regulations are traditional ones included in the OECD guidelines; a price-based comparison (comparable uncontrolled price (CUP) method), gross profit (resale price method and cost plus method), or operating profit (transactional profit split method and transactional net margin method). An additional method was included denominated the notorious transaction price in transparent markets method, better known as the "sixth method", which may be applicable to the purchase/sale transactions of companies listed on transparent markets. The regulations also include a provision stating that whenever it is not possible to determine the transaction value by any of these methods, another method may be applied depending on the economic nature and reality of the operations. Reference may also be made to the General Customs Law, in the event of reasonable doubt in the submission of transfer pricing surveys to determine whether the relationship has or has not influenced the execution price of the transaction value.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Law No. 549, dated 21 July 2014. Supreme Decree No. 2227, dated 31 December 2014. was issued in order to regulate the application of Law No. 549. Board Resolution issued by the Tax Administration on Transfer Pricing regulations (RND N° 10-0008-15 - "Transfer Pricing Operations Between Related Parties") on 30 April 2015.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Not implemented  Local regulations do not specify the obligation to create a Master File, thus only local documentation and reporting is required.

<b>3. Local File (LF)</b>	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	<ul style="list-style-type: none"> <li>• LF according to OECD BEPS 13 has not been implemented but local transfer pricing documentation requirements exist as detailed in the following.</li> <li>• Taxpayers carrying out operations with related parties that amount to a sum equal to or greater (accumulated in one year) to bolivianos 15.000.000.- (fifteen million bolivianos), are compelled to file an electronic tax return (601) declaring operations held with related parties and a file a Transfer Pricing Study.</li> <li>• Taxpayers carrying out operations with related parties that amount to a sum equal to or greater (accumulated in one year) to bolivianos 7.500.000.- (seven million five hundred thousand bolivianos), but lower to bolivianos 15.000.000.- (fifteen million bolivianos) are compelled to file an electronic tax return (601).</li> <li>• Taxpayers carrying out operations with related parties that amount to a sum lower (accumulated in one year) to bolivianos 7.500.000.- (seven million five hundred thousand bolivianos), are compelled to safe keep the necessary documentation in order to demonstrate that said operations were carried out pursuant to market value and/or that they were subject to the necessary adjustments.</li> </ul> <p>One boliviano is currently equivalent to approximately \$us. 6.96 or EUR 1.19.</p>
As from which year does this obligation exist?	As from the year following the year that the threshold is met.
When does the LF need to be available?	At the time the tax return is filed.
When does the LF need to be submitted?	If the threshold is met, actively filed before the tax authorities along with their financial statements (120 days after the end of the fiscal year) .
How and where should the LF be filed?	It needs to be filed both physically and digitally before the tax authority.
Does the LF have to be prepared in the relevant local language?	Yes. It needs to be prepared in the local language (Spanish).
Or is documentation in English permissible?	No. Tax authorities will not review documentation in other languages as it would be deemed to be not presented.
Imprisonment?	No
Shifting of the burden of proof?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>The Bolivian Local File must include the following additional information: ---- Content</p> <p>Correlative index</p> <p>Executive summary</p> <p>Functional analysis: related parties' background, types of linking, economic activities, commercial strategies, transaction and contractual agreements details, financial and profitability information</p> <p>Functional analysis: operation quantification, determination and description of the assessment method used, selection and establishment of the comparable, establishing the value difference range, descriptive analysis of the results of the implementation of the method, necessary adjustments if applicable</p> <p>Conclusion: explanation of the adjustment made or why no adjustment was necessary</p>



<b>4. Country-by-Country Reporting</b>	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, in case the threshold is met.
What would be the filing deadline?	120 days after the end of the fiscal year when the income tax return is presented.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly may constitute a tax crime. Legal consequences may range from (monetary) fines to imprisonment from 3 to six years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly may constitute a tax crime. Legal consequences may range from (monetary) fines to imprisonment from 3 to six years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.
Does a taxpayer need to file TP-specific returns?	No

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No

<b>7. Year-end adjustments</b>	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Basically comply with local accounting principles.

<b>8. Transfer Pricing Audit and Dispute Resolution Mechanisms</b>	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	As mentioned before, no assessments have been yet carried out by tax authorities.
Based on your experience, are joint or multilateral audits initiated and carried out?	No

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**Brazil**

**WTS Global Country TP Guide**

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	1997
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. Brazilian transfer pricing rules are substantially different from OECD guidelines in the following main topics, inter alia: (i) the concept of related parties adopted for the purposes of verifying which transactions shall be subject to Brazilian transfer pricing rules is broader than the concept of associated enterprises adopted under OECD guidelines; (ii) the scope of Brazil's transfer pricing rules are more limited (whereas the OECD arm's-length principle applies to all commercial or financial relations between associated enterprises, the domestic concept does not apply to royalties/technical and administrative assistance paid by Brazilian legal entities abroad and to business restructurings, for example; (iii) they are not based on a comparability analysis but rather, in most cases, adopt fixed profit margins.
Does your country apply the arm's length standard?	No
Which TP methods may be applied?	Imports : Comparable Independent Price (PIC) method (similar to the Comparable Uncontrolled Price (CUP) method) / Resale Price Less Profit (PRL) method ( similar to the resale price (RP) method) / Production Cost Plus Profit (CPL) method ( similar to the cost plus (CP) method) / Quotation Price on Imports (PCI) method ( exclusively for commodities) Exports : Export Sales Price (Pvex) method (similar to the CUP method) / Retail Sale Price (PVV) method (similar to the RP method) / Wholesale Price (PVA) method (similar to the RP method) / Purchase Cost Plus Profit (CAP) method (similar to the CP method) / Quotation Price on Exports (PECEX) method (exclusively for commodities)
Are any TP methods preferred over others?	Taxpayers may choose the most favourable method among the methods provided by the legislation
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Brazilian Federal Revenue Service (RFB) Normative Instruction 1681/16
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Articles 18-24B of Law 9430, RFB Normative Instruction 1312/12, RFB Normative Instruction 1422/13 and RFB Normative Instruction 1681/16.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	R\$ 2.26 billion consolidated revenue in the previous fiscal year if the ultimate parent entity is a Brazilian tax resident; and EUR 750 million consolidated revenue in the previous fiscal year if the ultimate parent entity is not a Brazilian tax resident.
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	Fiscal year starting on January 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	By means of the Tax Bookkeeping Accounting (Escrituração Contábil Fiscal - ECF) that should be filed until the last business day of July of the following year it corresponds to.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	At the time the ECF is filed (until the last business day of July of the following year it corresponds to).
Are there any deviating submission deadlines for the secondary mechanism?	Yes. Exceptionally for the fiscal year starting in January 2016, Brazil shall request that the Brazilian company appoint another reporting entity within 60 days as of December 31, 2017 if the reporting entity previously identified is a tax resident of a country with which Brazil (i) does not have an agreement in place for the exchange of CBCRs on December 31, 2017, or (ii) has a signed an information exchange agreement that only covers fiscal years starting in January 2017 only.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	Yes. Fiscal year must be aligned with the fiscal year of the ultimate parent entity.
Where is the CBCR to be submitted ?	By means of the ECF software.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	By means of the ECF software.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	<u>Bilateral CbC Agreement</u> <b>US</b> - Agreement on Automatic of Country-By-Country (CbC) Reports (signed, but not internalized yet) <u>Other Agreements</u> <b>Argentina</b> - Agreement on the Exchange of Tax Information of Previous Periods (not in force yet) <b>US</b> - Agreement on the Exchange of Tax Information (Decree 8003/13) <b>US</b> - Agreement on the Enhancement of International Tax Compliance (Decree 8506/15)
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	Until the last business day of July of the following year it corresponds to.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Tax authorities could calculate the Corporate Income Tax (IRPJ) and the Social Contribution on Net Income (CSLL) based on whichever transfer pricing method they choose and demand the payment of the tax due plus fines of up to 150% and interest.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	No specific legal consequences for the tax advisor/accountant/administrator have been established in the Brazilian TP rules.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Block X of the ECF: Registry X001 - Opening of Block X Registry X280 - Incentivised Activities - Legal Entities in General Registry X291 - Foreign Operations - Related Party/Country with Favourable Taxation Registry X292 - Foreign Operations - Non Related Party/Country without Favourable Taxation Registry X300 - Exports (Currency Inflow) Registry X310 - Contracting Party of the Exports Registry X320 - Imports (Currency Outflow) Registry X330 - Contracting Party of the Imports Registry X340 - Identification of Participations Abroad
What would be the filing deadline?	Until the last business day of July of the following year it corresponds to.
What would be the penalties for non-compliance?	Yes. The penalty for not submitting the ECF is, If the legal person calculates its corporate tax based on the actual profit method, of 0.25%/month of the net profit before IRPJ, limited to 10% and BRL 5 million, subject to reductions depending on when the date of the final submission. If the legal person calculates its corporate tax based on the deemed or arbitrate profit methods, the penalty for not submitting the ECF is of BRL 500.00/month.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. The Brazilian legislation provides for fixed profit margins that must be used when calculating benchmark prices. Those fixed profit margins vary depending on the product/sector under analysis.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Safe harbour on exports: transfer prices are considered appropriate when the average export sales price is at least 90% of the average comparable domestic sales price. If the company does not sell in the Brazilian market, the determination of the average price is based on the sales of other companies that sell similar goods, services or intangible rights in the domestic market.
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Precedents have established that the debit or credit note (i) must be issued, (ii) its value must be paid in the same exercise of the adjustment, (iii) it must be related to a specific imported product, and (iv) its payment must result in the increase of the product's COGS or of its inventory value.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Every year, the RFB informs the main operations that will be more scrutinized in that year. In 2017, transfer pricing operations were not indicated as a point of attention for the tax authorities. Nevertheless, this does not mean that tax authorities will not audit transborder transactions between related parties in 2017, nor that it will not be more scrutinized in the next years. Our experience shows that transfer pricing audits are very thorough and encompass any transaction between related parties (there is no threshold to exclude certain operations considered less important). It is more common, however, for tax authorities to pay more attention to transactions involving goods and services than interest.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Bulgaria

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The applicable Bulgarian regulations provide for the Comparable Uncontrolled Pricing Method (CUPM), the Resale Price Method (RPM), the Cost Plus Method (CPM), the Profit Split Method (PSM) and the Transactional Net Margin Method (TNMM) for the purposes of estimation of the market prices. Ordinance H-9/14 of August 2006 on the procedure for application of transfer pricing methods, issued by the Minister of Finance, regulates in details the application of the transfer pricing methods.
Are any TP methods preferred over others?	The first three standard methods (i.e. the CUPM, the RPM and the CPM) should be applied with priority. In case these do not lead to the intended results, then the other two methods should be applied.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: The Bulgarian National Revenue Agency (NRA) adopted in 2010 Guidelines on TP documentation. They are not legally binding on the taxpayers but are virtually the only practical guide regarding the TP documentation available. The NRA TP Guidelines are largely based on the EU Code of Conduct on TP documentation for associated enterprises and on the OECD Transfer pricing guidelines for multinational enterprises and tax administrations.</li> <li>• CbCR: Chapter 16, section VI of the Bulgarian Tax and Insurance Procedure Code (TIPC).</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Same as above. In addition, there are some general regulations in Bulgarian tax law where the arm's length standard is defined: paragraph 1 of the Supplementary Provisions of the TIPC; part I, chapter 4 of the Corporate Income tax Act.
2. Master File (MF)	
	Not implemented

3. Local File (LF)	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	The LF in line with OECD BEPS 13 has not been implemented in Bulgaria but guidelines on local TP documentation exist. No statutory threshold for the obligation to prepare a local file. The NRA TP Guidelines provide for transaction thresholds under which the taxpayers are not obliged to keep TP documentation. Those thresholds are: (i) BGN 200 000 (or app. EUR 100 000) for delivery of goods; (ii) BGN 200 000 (or app. EUR 100 000) for services; (iii) BGN 400 000 (or EUR 200 000) for intangible property; (iv) BGN 400 000 (or app. EUR 200 000) for loans (the threshold applies to the interest and not to the loan). Important: Even if a controlled transaction is below the above threshold, the taxable person may be still obliged to prepare TP documentation for it if it realizes an operating margin which is at least 20% below the average for the industry for the last three years before the year the transaction took place.
When does the LF need to be available?	There is no statutory obligation for annual submission of TP documentation.
When does the LF need to be submitted?	The local file need to be available and must be presented to the tax authorities upon their request during a tax audit.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes. It is possible to be prepared in English, but upon request by the tax administration the taxpayer must provide official translation in Bulgarian language. English version only is not acceptable.
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million threshold applicable to ultimate parents of a multinational enterprise groups (MNE groups) headquartered outside Bulgaria; A reduced reporting threshold of BGN 100 million (approximately EUR 51 million) is applicable to ultimate parents of MNE groups, in case where the ultimate parent company is a Bulgarian tax resident (according to the Bulgarian TIPC regulations in force as of 04.08.2017).
As from which year does this CbCR obligation exist?	The Bulgarian CbC reporting regulations are in force as of 04.08.2017. • For primary reporting by a Bulgarian ultimate parent of a MNE groups /a surrogate entity - CbCR is to be prepared and filed for the fiscal year starting on 1 January 2016. The filing deadline is 31 December 2017; • For primary reporting by a constituent entity - CbCR is first to be prepared and filed for the fiscal years starting on 1 January 2017. The filing deadline is 31 December 2018.
When and how do the tax authorities need to be notified who the reporting entity is?	For primary notifications - the tax authorities need to be notified until 31 December 2017.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Please see above. Further, according to the general rule the annual report must be filed no later than 12 months after the last day of the reporting fiscal year of the MNE group.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No

Where is the CbCR to be submitted ?	The CbCR will be submitted electronically to the NRA. The way of filing and the files format is further regulated by an Ordinance of the Executive Director NRA, adopted on 31.10.2017.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	The CbCR is submitted electronically via the web based electronic services portal of the Bulgarian NRA. The file format and the file content are standardized as per the Ordinance of the NRA Executive Director.
What are the (possible) consequences of not having the required CbCR available?	The TIPC provides for administrative sanctions (penalties) in case of non-compliance with the CbCR submission and notification filing obligations.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Generally in line with the OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Bulgaria implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU)
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	An administrative penalty between EUR250 and EUR1,500 is imposed if the taxable result is not correctly defined in the tax return, resulting in an underpayment of tax. If the tax authorities claim that a hidden distribution of profit is in place, a penalty of 20 percent of the adjusted amount may be levied. If, however, the taxpayer discloses in its tax return the hidden distribution of profit, then the administrative penalty would not be imposed. There are no other transfer-pricing-specific penalties.
Does a taxpayer need to file TP-specific returns?	No

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No



7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Pursuant to the Bulgarian Corporate Income Tax Act when the related parties transaction deviates from the prices between non-related parties (i.e. the transaction is not at arm's length), then the taxable base and the tax shall be determined under the conditions of a non-related parties transaction of goods/services.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Recently the tax authorities more often focus on transfer pricing issues in case of tax audits. Their interest tend to focus on the actual provision of services within a multinational group of companies, as well as on the price formation of intra-group services, especially when management services of various nature are concerned.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Burkina Faso

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2018
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable Uncontrolled Price Method (CUPM) section 66-4° and 588-8°
Are any TP methods preferred over others?	Comparable Uncontrolled Price Method (CUPM) section 66-4° and 588-8°
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	LF, MF but no CbCR yet.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	The BEPS project has been approved by the Council of Ministers meeting on 25 June 2016
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Strictly speaking, sections 66, 99, 588-8°, 616-1°, 617-1° 618-2°, but in extension, sections 62 (limitation on management fees deductibility), 63 (limitation of commission on purchases deductibility), 64 (limitation of royalties deductibility), of the New Tax Code and the forthcoming administrative guidance to be issued by the Ministry of Finances

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	In our country, tax is assessed on each associated company result, not on a consolidated revenue. Groups are not yet treated as taxpayers or fiscal entities. The threshold revenue to submit a MF or LF is EUR 4,572,944 (3 billion in local currency). The MF details in progress will be in line with OECD BEPS 13
As from which year does this obligation exist?	From 2018
When does the Master File need to be available?	Especially at the beginning of a tax audit. Or 30 days later upon request by the auditors (Section 99-5°).
When does it need to be submitted?	During tax audit
How and where should the MF be filed?	More details to come with the forthcoming administrative guidance to be issued by the Ministry of Finances (section 99 of the New Tax Code)
Does the MF have to be prepared in the relevant local language ?	Yes
Is documentation in English permissible?	No
What are the (possible) consequences of not having the required MF available?	Non deductibility of the expenses or reassessment of the revenue omitted (section 66 -1° of the New Tax Code), Fine of 5% of the amount the transaction (Section 99-5°)
Penalties?	Yes
Shifting of the burden of proof?	Yes

3. Local File (LF)	
	Yes
What is the threshold requirement for the obligation to prepare a LF?	The threshold revenue or total assets to submit a MF or LF is EUR 4,572,944 (3 billion in local currency)The MF details in progress will be in line with OECD BEPS 13
As from which year does this obligation exist?	2018
When does the LF need to be available?	Especially at the beginning of a tax audit. Or 30 days later upon request by the auditors (Section 99-5°).
When does the LF need to be submitted?	During tax audit
How and where should the LF be filed?	More details to come with the forthcoming administrative guidance to be issued by the Ministry of Finances (section 99 of the New Tax Code)
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Shifting of the burden of proof?	Yes
Other?	Yes

4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	(Section 626 of the new Tax Code)

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. Not on the current legal basis but the administrative guidance in progress may set up this obligation
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Fine of EUR 762 to EUR 7,260 or imprisonment of six months to 2 years the first time and EUR 1,524. The repetition of the offence within a deadline of 5 five years may double the fines and the vindicatory sanctions
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Fine of EUR 762 the first time and EUR 1,524 the second time
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

<b>7. Year-end adjustments</b>	N/A
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<b>8. Transfer Pricing Audit and Dispute Resolution Mechanisms</b>	
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What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany sales (mining companies), hedging contracts and other intercompany financing contracts, royalties and insurances services, other mining services, commissions on purchases
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Chile

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Since when does a TP documentation requirement exist in your country?	1998
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Methods: CUP, Resale Price, Cost Plus, Profit Split, TNM, Residual (other) methods
Are any TP methods preferred over others?	No. There is no hierarchy of methods
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Sworn Statement F-1937 (Country-by-Country Reporting) must be submitted in June on an annual basis. Also Sworn Statement F-1913 (Global Taxpayers Characterisation) to be submitted in April, also on an annual basis.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 41E of the CITL (2012) and Resolution N° 126 published by the Chilean Internal Revenue Service (SII) on 27 December 2016 establishing Sworn Statement (Form F-1937) and ratifying Sworn Statement F-1907.

2. Master File (MF)	Intentions
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3. Local File (LF)	Intentions
What is the threshold requirement for the obligation to prepare a LF?	Subject to the expected new tax reform

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	CbCR at this time is limited to submit the sworn statement F-1937 with very little detail of transactions
When and how do the tax authorities need to be notified who the reporting entity is?	Notifications are only required by Chilean HQ companies and need to be submitted in Spanish in a template (Annex No.5 of Resolution 126) defined by the Chilean revenue service.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Notifications need to be submitted at least 30 days before filing deadline of the CbC Reporting.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No

Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbC Reporting in Chile must be submitted under sworn statement F-1937 (share same formats as OECD)
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Until now, there is no prescribed standard. CbC Reporting is submitted online Chilean revenue service.
Penalties?	Yes
Imprisonment?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Basically are the same.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	No

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, specifically if the company has made a transfer pricing adjustment
What would be the filing deadline?	Transfer Pricing Sworn statement (F-1907) must be submitted in June on annual basis. Transfer pricing report is not mandatory but is highly recommended to support results.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Corresponds to make an adjustment for transfer prices in his Annual Tax Return
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There is no legal prosecution for tax advisor/accountant/administrator who draft and filed the sworn statement, unless deception is demonstrated.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form F-1907
What would be the filing deadline?	Last day of June.
What would be the penalties for non-compliance?	Penalties for non-compliance for Transfer pricing obligations ranges from 10 to 50 annual units (approx. USD 10,000 to USD 50,000) without exceeding the upper limit between 15% of the taxpayer's equity or 5% of the effective capital, whichever is greater.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Transactions in excess of CLP 200 million (approx. USD 296,000) should indicate the transfer pricing method, in most cases to have a benchmark analysis. Transactions below that amount do not require detailed benchmark analysis.
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Rationality of intercompany charging services; rejection of operating (adm & sales) expenses; selection of adequate profit level indicators for transactions.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## China

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2009
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. China State Administration of Taxation ("SAT") has issued some of China's specific regulations on transfer pricing policies, referring to OECD TP Guidelines. Minor differences may occur under the two regulatory regimes.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	Comparable uncontrolled price method; Resale price method; Cost plus method; Transactional net margin method; Profit split method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Local file: article 13 of SAT Announcement [2016] No. 42; Master file: article 11 of SAT Announcement [2016] No. 42; CbCR: article 5 of SAT Announcement [2016] No. 42;
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	In addition to those mentioned above, there are some other regulations regarding transfer pricing as following: <ul style="list-style-type: none"> <li>• Chapter 6 of Corporate Income Tax and Implementation (special tax adjustment);</li> <li>• SAT Announcement [2017] No. 6 (special tax adjustment);</li> <li>• SAT Announcement [2016] No. 64 (APAs);</li> <li>• chapter 7 (cost sharing agreement), chapter 8 (controlled foreign enterprise), chapter 9 (thin capitalisation), chapter 10 (general anti-avoidance) of Guoshuifa [2009] No.2.</li> </ul>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	(I) Cross-border related party transactions have occurred in the year, and the ultimate holding enterprise which consolidates tested company's financial report already prepared the Masterfile; or (II) The total amount of the related party transactions in the year exceeds RMB1 billion.
Euro Equivalent	EUR 129,912,090
As from which year does this obligation exist?	Following the year that the threshold is met (so that the Master File is prepared for the year in which the threshold was met or exceeded). Applies for fiscal years starting from 2016.
When does the Master File need to be available?	The master files shall be completed within 12 months from the end of accounting year of the ultimate holding enterprise of the whole business group.
When does it need to be submitted?	The master files shall be submitted within 30 days based on the request by the tax authority.
Does the MF have to be prepared in the relevant local language ?	Yes. TP documentations should be prepared in Chinese.
Is documentation in English permissible?	No
Penalties?	Yes



Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the 2017 OECD TP Guidelines ?	<p>Most consistent with OECD requirements. In addition, China requires the provision of the following items:</p> <ul style="list-style-type: none"> <li>• Industry structure adjustment, and shifting of enterprise functions, risks or assets within the group, which occurred in the accounting year;</li> <li>• The main functions, risks, assets and personnel of main R&amp;D organisation;</li> <li>• The bilateral pre-agreed pricing arrangement entered into by each member entity in the enterprise group;</li> <li>• Name of the enterprise submitting the nationality report and its location.</li> </ul>

<b>3. Local File (LF)</b>	<b>Yes</b>
What is the threshold requirement for the obligation to prepare a LF?	<p>Enterprises whose amount of yearly related party transactions satisfy any one of the following criteria shall prepare local files:</p> <p>(I) The amount of transfer of ownership of tangible assets (for processing of supplied materials, computed in accordance with Customs declaration prices in the year) exceeds RMB200 million.</p> <p>(II) The amount of transfer of financial assets exceeds RMB100 million.</p> <p>(III) The amount of transfer of ownership of intangible assets exceeds RMB100 million.</p> <p>(V) The total amount of other related party transactions exceeds RMB40 million.</p> <p>(VI) For enterprises with simple functions and limited risks and occurs continuous operating loss, even it does not meet the threshold of local files, the enterprise shall prepare the local file.</p>
Euro Equivalent	EUR 12,884,000
As from which year does this obligation exist?	The Local File is prepared for the year in which the threshold was met or exceeded).
When does the LF need to be available?	The local files shall be prepared before 30 June of the year following the year in which the related-party transactions occur.
When does the LF need to be submitted?	The local files shall be submitted within 30 days upon request by the tax authorities.
How and where should the LF be filed?	No
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>Most consistent with OECD requirements. In addition, China requires to provide the following items:</p> <ul style="list-style-type: none"> <li>• Value chain analysis;</li> <li>• Foreign investment;</li> <li>• Equity transfer by related parties;</li> <li>• Factors which influence transaction pricing, including intangible assets involved in related-party transactions and their impact, and special geographical factors such as cost savings, market premiums etc.</li> <li>• Pre-agreed pricing arrangements entered into with the tax authorities of any country other than China and tax rulings made by the tax authorities of any country other than China, which are directly related to related party transactions of the enterprise.</li> <li>• Explain the contribution of the enterprise towards the group's overall profits or remaining profits.</li> </ul>

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Resident enterprises which fall under any of the following circumstances shall fill in a country-by-country report : Ultimate Parents of group with revenue of RMB 5.5 billion or greater; and Chinese subsidiary which is delegated by its ultimate parent to submit the CbC report.
Euro Equivalent	EUR 708,621,000
As from which year does this CbCR obligation exist?	CbCR is prepared for the year in which the threshold was met or exceeded). Applies for fiscal years as of 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	To be filed together with the annual corporate income tax return (due 31 May). Possible to apply for an extension. For fiscal years starting in 2016. It should submit the CbCR simultaneously and notify the reporting entity.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Before 31 May of the year following the year in which the entity has such obligation
Are there any deviating submission deadlines for the secondary mechanism?	Yes. OECD: CbCR filed no later than 12 months after the last day of the reporting fiscal year of the MNE group. China: Before 31 May of the year following the year in which the entity has such obligation
Does your country have a requirement that the financial figures of the group need to be aligned with?	No practical guidance so far
Where is the CBCR to be submitted ?	CbCR should be submitted to the tax authority in charge together with the annual CIT tax return.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The CBCR report is submitted in the annual CIT filing via tax tool.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	The threshold for CBCR is EUR 750 million according to OECD, whereas RMB 5.5 billion according to China's regulation.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Upon China joining the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Information - CRS MCAA in 2018, China will gradually sign bilateral treaties with information exchanges countries in future.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Related-Party Transaction Form delivered in the annual CIT filings indicates TPD prepared or not
What would be the filing deadline?	Before 31 May of the year following the year in which the related-party transactions occur.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The tax authorities have the right to determine the taxable amount of income and impose a penalty pursuant to law.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	No practical guidance so far
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Related-Party Transaction Form, 22 forms
What would be the filing deadline?	Before 31 May of the year following the year in which the related-party transactions occur.
What would be the penalties for non-compliance?	Penalties (no more than 10,000 RMB) should be imposed if the required tax return is not available.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>Yes. Article 14(4) of SAT Announcement [2016] No. 42 regulates comparable analysis should include the following factors:</p> <ul style="list-style-type: none"> <li>• Factors taken into consideration in comparability analysis, including the characteristics of transaction assets or services, functions, risks and assets of the transaction parties, contract clauses, economic environment, business strategies etc.</li> <li>• The relevant information on functions performed, risks borne and assets used by comparable enterprises.</li> <li>• Method for searching, information source, selection criteria and reason for comparable targets.</li> <li>• Selected internal or external comparable uncontrolled transaction information, and financial information of comparable enterprises.</li> <li>• Adjustment of variance in comparable data and the reason.</li> </ul>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
<p>What are currently the main TP areas of scrutiny by the tax authorities in your country?</p>	<p>Tax authorities usually focus on enterprises with the following risk characteristics:</p> <ul style="list-style-type: none"> <li>(1) involves related party transactions with large transaction amount, or varied types of related-party transactions;</li> <li>(2) incurs long-term losses, low profits or non-linear profits;</li> <li>(3) profit is lower than the industry's level;</li> <li>(4) the profit level does not match the functional risks borne, or the earnings shared do not match the costs shared;</li> <li>(5) carries out related party transactions with related parties located at low tax countries (regions);</li> <li>(6) fails to declare related party transactions or prepare contemporaneous documentation pursuant to the provisions;</li> <li>(7) the ratios of debt investments and equity investments accepted from the related parties exceed the stipulated standards;</li> <li>(8) an enterprise controlled by a resident enterprise or by a resident enterprise and a Chinese resident which is established in a country (region) with actual tax burden lower than 12.5% does not distribute profit or reduces profit distribution and such non-distribution or reduced distribution is not due to reasonable business needs; or</li> <li>(9) implements other tax planning or arrangements which do not have a reasonable business objective.</li> </ul>
<p>Based on your experience, are joint or multilateral audits initiated and carried out?</p>	Yes
<p>Does the taxpayer have the option to apply for bilateral or multilateral APAs?</p>	Yes
<p>Are there any restrictions?</p>	<p>The enterprise whose related-party transactions exceed RMB 40 million for three consecutive years has opportunity to apply APA. Under any of the following circumstances, the tax authorities may decline the APA application;</p> <ul style="list-style-type: none"> <li>(a) the tax authorities have implemented case investigation for special tax adjustment on the enterprise or other tax-related case investigation, and the case is yet to be closed;</li> <li>(b) the enterprise has not completed and submitted an report on annual related-party transactions pursuant to the relevant provisions;</li> <li>(c) the enterprise has not prepared, retained and provided contemporaneous documentation pursuant to the relevant provisions; or</li> <li>(d) the tax authorities and the enterprise are unable to arrive at a consensus during the preparatory meeting phase.</li> </ul>

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## Croatia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2005
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 49 of the General Tax Act defines in which case are two parties considered as related parties. Article 13 of the Corporate Income Tax ("CIT") Act and Article 40 of the CIT Ordinance prescribe arm's length principle as the basic principle to be followed and define the methods allowed, as well as the documentation required to be prepared in relation to transfer pricing.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Not implemented  There are no requirements in the Law regarding Master file. In practice, the documentation follows the OECD Requirement and the Code of Conduct on Transfer Pricing Documentation for Associated Enterprises in the European Union (EUTPD).
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Yes  EUR 750,000,000
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met. Taxpayers that have reached the threshold have 12 months from the last day of the tax year in which the threshold was met or exceeded to prepare the CbCR report. For example, for the fiscal year 2017, the CbC report must be submitted no later than 31 December 2018.
When and how do the tax authorities need to be notified who the reporting entity is?	The Croatian Tax Authorities has issued a notice to all companies, members of MNE's, to report to them on their status in the group where they had to confirm if they're were parent company of MNE, designated surrogate parent company or a subsidiary of MNE. All companies which are MNE subsidiaries also had to report the name of the country and tax residency of the MNE filing their CBCR.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Croatian Tax Authorities.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	No prescribed standard.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Croatia implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU). The EU Directive was implemented in Croatian Law in January 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, by submitting separate report on transactions with related parties.
What would be the filing deadline?	Transfer pricing documentations should be available at the time of CIT return submission which is four months after the end of financial year.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The Tax Authorities would calculate additional CIT liability (increased for penalty interest). Also, there is monetary fine for filing an incorrect CIT return in amount up to HRK 200.000 (approximately EUR 27.000), and up to HRK 20.000 (approximately EUR 2.700) for the responsible person.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	No information.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. It is generally acceptable that new benchmarking study is prepared every three years (without any updates of the financial data of the accepted comparable companies in year 2 and 3), as long as there have not been any changes to factors affecting transfer prices.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Base eroding payments.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No specific restrictions.

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## Czech Republic

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR Implemented, No MF/LF.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Income Tax Act 23 (7), 35a (2d) Legally non-binding guidance of the Czech Ministry of Finance D-332 (international standards for taxation of transactions between related parties), D-333 (advance pricing arrangements) and D-334 (recommended scope of transfer pricing documentation), and General Financial Directorate guidance D-10 (low value intra-group services).

<b>2. Master File (MF)</b>	Not implemented
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<b>3. Local File (LF)</b>	Not implemented
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4. Country-by-Country Reporting	
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750,000,000
As from which year does this CbCR obligation exist?	2017
When and how do the tax authorities need to be notified who the reporting entity is?	Deadline: last day of the assessed fiscal year Notification electronically via the online application on the website of the tax authority
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 Months after the end of the assessed fiscal year
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	<a href="https://adisepo.mfcr.cz/">https://adisepo.mfcr.cz/</a>
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Xml format is required, subsequently sent via data box or verified e-mail address.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No



To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Czech rules follow the OECD standard
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to 10 years in serious cases.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Primary legal responsibility pertains to the taxpayer.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	25 5404/E MFin 5404/E, Přehled transakcí se spojenými osobami
What would be the filing deadline?	Same as for tax return.

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. It is sufficient to prepare a new benchmarking study every three years as long as there have not been any changes to factors affecting transfer prices or the value chain contribution.

### 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No specific legal provisions on compensating adjustments exist in the legislation. However, domestic legislation does not forbid taxpayers to make these adjustments. The Tax Authority would firstly audit whether the original transaction was set in accordance with the arm's length principle.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
<p>What are currently the main TP areas of scrutiny by the tax authorities in your country?</p>	<p>General areas on which attention is focused during controls are as follows:</p> <ul style="list-style-type: none"> <li>- management, marketing and similar services</li> <li>- license fees</li> <li>- financing</li> <li>- correct profit split with respect to the functional and risk profile</li> <li>- long-term loss</li> <li>- transactions with related company situated in a country with more favourable tax regime</li> </ul>
<p>Based on your experience, are joint or multilateral audits initiated and carried out?</p>	<p>No</p>
<p>Does the taxpayer have the option to apply for bilateral or multilateral APAs?</p>	<p>Yes</p>
<p>Are there any restrictions?</p>	<p>No</p>

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Denmark

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	No TP method is generally excluded. It is generally required that the method is capable of determining the arm's length price on an objective basis.
Are any TP methods preferred over others?	The OECD TP methods are preferred and within the OECD TP methods the DTA prefers the CUP.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Master file and local file: The Danish Transfer Pricing Executive Order, section 3 Mater file (detailed): The Danish Transfer Pricing Executive Order, section 4 Local file (detailed): The Danish Transfer Pricing Executive Order, section 5 CbCR: The Danish Tax Control Act § 3 B, subsection 10-16
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	In addition to 1.8, there are further articles of law, legislative regulations, administrative circulars and case law applicable to transfer pricing in general: Most notably, these include the following: - The Danish Tax Control Act - The Danish Tax Administration Act - The Tax Authority's legal guidance on Transfer Pricing, C.D.11. (Administrative circular) - BEPS - OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, July 2017

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes  DKK 250 million (EUR 33,588,285), however please note below modifications.  A Danish taxable entity is not required to prepare TP documentation, if it belongs to a group of companies with less than 250 employees and either a balance sheet below DKK 125 million (EUR 16,794,142) or a turnover below DKK 250 million (all amounts on consolidated basis). Regardless of this exemption, the Danish taxable entity is required to prepare TP documentation for controlled transactions with entities resident in states with which Denmark has not signed a transfer pricing-relevant double tax convention (DTC) and which are not members of the EU/EEA.

As from which year does this obligation exist?	As from the year that the threshold is met (so that the master file is prepared for the year in which the threshold was met or exceeded).
When does the Master File need to be available?	At the time of filing the tax return.
When does it need to be submitted?	The documentation must be submitted, upon request from the Danish Tax Authority, within 60 days of the official notification.
Does the MF have to be prepared in the relevant local language ?	No. The documentation must be prepared in either Danish, Norwegian, Swedish or English.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	<p>DKK 250 million, however, please note below modifications.</p> <p>A Danish taxable entity is not required to prepare TP documentation, if it belongs to a group of companies with less than 250 employees and either a balance sheet below DKK 125 million or a turnover below DKK 250 million (all amounts on consolidated basis). Regardless of this exemption, the Danish taxable entity is required to prepare TP documentation for controlled transactions with entities resident in states with which Denmark has not signed a transfer pricing-relevant double tax convention (DTC) and which are not members of the EU/EEA.</p>
Euro Equivalent	EUR 33,572,700
As from which year does this obligation exist?	As from the year that the threshold is met (so that the local file is prepared for the year in which the threshold was met or exceeded).
When does the LF need to be available?	At the time of filing the tax return.
When does the LF need to be submitted?	The documentation must be submitted, upon request from the Danish Tax Authority, within 60 days of the official notification.
Does the LF have to be prepared in the relevant local language?	No. The documentation must be prepared in either Danish, Norwegian, Swedish or English.
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements for local files according to Annex II to Chapter V in BEPS Action 13: 2015 Final Report.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	DKK 5.6 billion (EUR 750 Million)
As from which year does this CbCR obligation exist?	Applies for fiscal years beginning on or after 1 January 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	The Danish management company in the Danish joint taxation unit must - on behalf of all the entities within the Danish joint taxation unit - submit form 05.034 to the Danish Tax Authority
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months after the end of the income year in question.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No, however, the information in the CbCR must be consistent with the information in the annual report of the group companies. No requirements to make adjustments in relation to different GAAPs between the companies. (The information in the CbCR must be in consistency from year to year in relation to the source of the information in the report.)
Does your country have a requirement that the financial years of the group need to be aligned with?	Yes
Where is the CBCR to be submitted ?	The Danish Tax Authority's website ( <a href="http://www.skat.dk">www.skat.dk</a> ) via self-service tool "Tast-Selv".
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The CbCR must be submitted electronically in a XML file format with the form 05.034.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	<ul style="list-style-type: none"> <li>- Directive 2011/16/EU (and the subsequent amendments) on mandatory automatic exchange of information in the field of taxation.</li> <li>- The Nordic Convention on Mutual Administrative Assistance in Tax Matters.</li> <li>- The Convention on Mutual Administrative Assistance in Tax Matters between OECD and EU.</li> <li>- Number of bilateral agreements (approx. 45) on exchange of information relating to tax matters with non-EU countries.</li> </ul>
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	At the time of filing the tax return.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to five years, in serious cases of up to 8 years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to five years, in serious cases of up to 8 years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine. And professional liability.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form 05.021 (Danish) or 05.022 (English) for controlled transactions.
What would be the filing deadline?	At the time of filing the tax return.
What would be the penalties for non-compliance?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to five years, in serious cases of up to 8 years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. If the Danish Tax Authority requests the Danish entity to carry out a benchmark study, the benchmark study shall contain the following: 1) Identification of the transactions being tested and the applied pricing method 2) Description of the research process, including reason of the quantitative and qualitative selection criteria's 3) Explanation for adjustments applied and range 4) Documentation from the databases and all applied data
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing and intangibles (the DEMPE functions).
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	There are no fixed terms. Actual terms are negotiated on case-by-case basis.

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## Ecuador

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. The OECD Transfer Pricing Guidelines, even though they are not considered law, they are applied as transfer pricing rules and practices to express reference in the law. Guidelines will be applied unless the Ecuadorian regulations provide for a different rule.
Which TP methods may be applied?	<ol style="list-style-type: none"> <li>1. The Comparable Uncontrolled Price method</li> <li>2. The Resale Price method</li> <li>3. The Cost Plus method</li> <li>4. The Transactional Profit Split method</li> <li>5. The Transactional Net Margin method</li> </ol>
Are any TP methods preferred over others?	To select the method, the OECD guidelines are used
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	An Annex is requested when operations do not reach the amount given by the tax authorities. A local file will be prepared if the amount for operations within related parties reach the minimum amount requested by the IRS.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	<ol style="list-style-type: none"> <li>1. Unnumbered Article following Article 4 of the Internal Tax Regime Law (LRTI)</li> <li>2. Second section of Chapter 4 of the LRTI</li> <li>3. Unnumbered Article following Article 22 of the LRTI</li> <li>4. Articles 4 and 84 to 91 of the Ruling for Application of the Internal Tax Regime Law (RALRTI)</li> <li>5. General Resolutions of the SRI Nos. NAC-DGERCGC14-00001048, NAC-DGERCGC15-00000455, NAC-DGERCGC16-00000332, NAC-DGERCGC16-00000498, NAC-DGERCGC16-00000531 and NAC-DGERCGC16-00000532</li> <li>6. Supplementary regulations</li> </ol>

2. Master File (MF)	
	Not implemented

3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	OECD LF has not been implemented. The answers provided relate to local TP documentation rules. Transactions with related parties greater than USD15 million
As from which year does this obligation exist?	As from the year following the year that the threshold is met (so that the File is prepared for the year in which the threshold was met or exceeded)
When does the LF need to be available?	In a term not longer than 2 months to the date of enforceability of the declaration of the income tax. Income tax must be declare in April (according to the 9th digit of the Taxpayer Registration Number "RUC"). Therefore, TP report must be available in June (according to the 9th digit of the RUC)
When does the LF need to be submitted?	It needs to be submitted during June (according to the 9th digit of the RUC)



How and where should the LF be filed?	It must be presented at the SRI's office in digital format in a non-rewritable CD
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes. Financial statements can be presented in English
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Ecuador does not apply the Residual profit split method from the OECD standard

<b>4. Country-by-Country Reporting</b>	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, amounts of operations within related parties will be disclosed in the tax return and also if there is any adjustments to determine the tax basis will be included as part of the tax return.
What would be the filing deadline?	Filing is made in April with the income tax return.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly could go as far as constitutes a tax crime if done with intent. Legal consequences may range from (monetary) fines to imprisonment of up to seven years. Tax audits should determine the transfer pricing adjustment.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	The administrator and the accountant can be prosecuted are jointly responsible for the tax crime. Additionally accountant and administrator will be jointly responsible for the payment of tax assessed by the tax administration.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Transfer Pricing Annex
What would be the filing deadline?	In a term not longer than 2 months to the date of enforceability of the declaration of the income tax. Income tax must be declare in April (according to the 9th digit of the Taxpayer Registration Number "RUC"). Therefore, TP report must be available in June (according to the 9th digit of the RUC)
What would be the penalties for non-compliance?	A fine of USD15,000

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Public information at the Superintendence of Companies could be used. If there is a lack of local information, foreign comparable are allowed. The Tax Administration uses Compustat North America and global databases but it is not required in practice because other databases can also be used. Taxpayers must perform a new comparable search for purposes of the transfer pricing report every year. Tax legislation allows the SRI to use secret comparable.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. Adjustments shall be included in the income tax returned and will be subject of review by the tax authority. If there is an APA guidelines will be given in the approved resolution.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Exports and imports (big dealers)
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Estonia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2007
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Five transfer pricing methods recommended by OECD – comparable uncontrolled price (CUP) method, resale price, cost-plus, transactional net margin method (TNMM) and profit split – are recognised. In addition, taxpayers are allowed to use any other method in order to achieve more reliable results.
Are any TP methods preferred over others?	There is no priority of transfer pricing methods in Estonia.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR is implemented. MF and LF requirements from earlier laws.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Article 203 in Tax Information Exchange Act and Article 512 of the Taxation Act.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	1. Article 8, 14, 50, 53 in the Income Tax Act; 2. Article 18 and 20 of Ministry of finance Regulation No. 53. "Methods for determining values of transactions between related persons"

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	EUR 50 million or more than 250 employees or consolidated balance of more than EUR 43 million
As from which year does this obligation exist?	Since 2007
When does the Master File need to be available?	Upon request by tax authorities
When does it need to be submitted?	Minimum deadline is 60 days from the request by tax authorities
How and where should the MF be filed?	No specific format
Does the MF have to be prepared in the relevant local language ?	No
Is documentation in English permissible?	Yes
What are the (possible) consequences of not having the required MF available?	Administrative penalty up to EUR 2,640 in total and a misdemeanour penalty of EUR 3,200. No criminal sanction
Penalties?	Yes
Imprisonment?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	EUR 50 million or more than 250 employees or consolidated balance more than EUR 43 million
As from which year does this obligation exist?	2007
When does the LF need to be available?	Upon request by tax authorities.
When does the LF need to be submitted?	Minimum deadline is 60 days from the request by tax authorities
How and where should the LF be filed?	No specific format
Does the LF have to be prepared in the relevant local language?	No
Or is documentation in English permissible?	Yes, but Estonian translation may be asked by the tax authorities.
What are the (possible) consequences of not having the required LF available?	Administrative penalty up to EUR 3,300 in total and a misdemeanour penalty of EUR 3,200
Penalties?	Yes
Imprisonment?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	<p>As from the year following the year that the threshold is met.</p> <ul style="list-style-type: none"> <li>• For primary reporting, CbCR is first to be prepared for fiscal years starting on 1 January 2016;</li> <li>• For secondary reporting, CbCR is first to be prepared for fiscal years starting on 1 January 2017.</li> </ul> <p>For the further taxation periods CbCR has to be prepared 12 months after the end of the taxation year.</p> <p>A reporting entity that is not a parent entity of the group shall submit the country-by country report for the first time for the financial year that begins on 1 January 2017 or at a later date.</p>
When and how do the tax authorities need to be notified who the reporting entity is?	<p>The notification obligation shall be performed within six months as of the end of the financial year that is the reporting year of the group, usually by 30 June. Notification should be one-time notification unless there are changes in reporting entity.</p> <p>The notification can be submitted:</p> <ol style="list-style-type: none"> <li>1. by e-mail to address emta@emta.ee if digitally signed or</li> <li>2. via e-Tax/e-Customs in subsection "Messages" (<a href="https://www.emta.ee/et/emta_login/nojs">https://www.emta.ee/et/emta_login/nojs</a>).</li> </ol>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	Yes. Group members can choose on which documents the entity relies when submitting the report: consolidated annual reports, unconsolidated annual reports, or other reports which are required by laws. The same sources must be used each year. Income, profits and tax accounting must not be aligned with consolidated financial reports. There is no need to do adjustments due to differences in accounting rules applicable in different jurisdictions. (according to official guideline by the tax authority)

Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	To the Tax and Customs Board via e-Tax Board platform
How is the CBCR to be submitted, specifically, is there any prescribed standard?	XML format file or entering data online
What are the (possible) consequences of not having the required CbCR available?	Administrative penalty up to EUR 3,300, misdemeanour penalty up to EUR 3,200
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No, may affect
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Agreement between the Government of the Republic of Estonia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA (signed 11 April 2014)
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

**5. TP disclosure in tax return or transfer pricing specific returns**

<p>Does a taxpayer need to disclose information regarding TP documentation in his tax return?</p>	<p>No, 60 days as of the tax authorities request.</p>
<p>When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?</p>	<p>In case the taxpayer knows or should have known that the amount of taxes reported is too low, it can lead to the following consequences:</p> <ul style="list-style-type: none"> <li>(i) The taxpayer must make corrections to the tax return and pay the taxes unpaid. The tax may be assessed by the Tax and Customs Board so that they make the tax assessment ruling and correct the returns themselves.</li> <li>(ii) Delay interest in the amount of 0.06% per day on the amount of unpaid taxes must be paid to the state;</li> <li>(iii) In case the amount of taxes not paid is smaller than EUR 40,000, it can be treated as a misdemeanour provided the taxes were not paid intentionally. The fine can be up to EUR 32,000;</li> <li>(iv) In case the amount of taxes not paid intentionally exceeds of EUR 40 000, it can be treated as a criminal act. The monetary penalty is not limited for this specific crime, meaning it can be up to EUR 16,000,000. For individuals, the punishment for committing such crime is up to seven years imprisonment. In practice, it may be difficult to evidence the intention of a company to show smaller transfer prices. This would mean it would be rather unusual that such action may lead to criminal liability. But in case the clear intention can be evidenced by the Public Prosecutors Office, there is a risk that such miscalculation and non-payment of taxes will lead to a criminal liability;</li> <li>(v) If the transfer price is different from the market price and the tax authority uses the market price to assess the tax liability, the double taxation will be eliminated under specific regulation provided in section 19 of the Regulation no 53 from 10 November 2006 on the methods of determining the value of the transactions between related persons. According to this, the double taxation will be eliminated under the procedures set forth in respective convention (no 90/436/EEC) or in the bilateral treaty on information exchange and mutual agreement procedure with non-EU country, if such treaty exists.</li> </ul>
<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>Such persons can be liable for providing a support for committing the crime and, if so, can be punished under the criminal law for the same crime. A representative under the law, CEO or a manager of assets is liable for the unpaid taxes of the taxpayer if it breaches its tax related obligations. Other persons (such as accountant, tax advisors) may be liable in case they have been committed for a tax crime causing such tax liability.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. According to Regulation no 53 and Guideline on Transfer Pricing issued by the Tax and Customs Board provides criteria which must be taken into account.</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>Yes</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>According to the regulation No 53, it is officially recommended to rely on OECD's guidelines in the extent what is not regulated by regulation No 53</p>

7. Year-end adjustments	
Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	Yes. The Estonian Tax and Customs Board has issued Guidelines for determining the transfer prices.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	There are no specific areas in which tax authorities mainly carry out transfer pricing audits. Usually tax administration initiates a transfer pricing audit within the framework of other tax audit. However, taxation of loans and using group accounts and cash pooling has been more closely monitored by the tax authorities
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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**Finland**

**WTS Global Country TP Guide**

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2007
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	TP methods determined in the OECD transfer pricing guidelines can be applied.
Are any TP methods preferred over others?	No, different case-specific aspects have to be taken into account when choosing the most applicable TP method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	The transfer pricing documentation requirements are provided for in the Taxation Procedure Act, Sections 14 a - 14 e and Section 31 and Section 32.  Master File and Local File: the Tax Procedure Act, Sections 14 a - 14 c  CbCR: the Tax Procedure Act, Sections 14 d and 14 e

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes  The group is responsible for preparing the transfer pricing documentation including Master File and Local File if the consolidated revenue is more than EUR 50 million. Furthermore, the company is liable to prepare a transfer pricing documentation if the group's consolidated balance sheet exceeds EUR 43 million or there are more than 250 employees. Small- and medium-sized enterprises. However, if all transactions between the each group company does not exceed EUR 500,000, the requirements to provide group information are limited.
As from which year does this obligation exist?	The filing obligation exist if one of the thresholds has been met in two following years (the documentation has to be prepared only for the latter year).
When does the Master File need to be available?	The taxpayer is liable to provide the transfer pricing documentation to the Finnish tax authorities within 60 days of the Finnish tax authorities' request. However, the transfer pricing documentation has to be provided no earlier than six months after the end of the financial year.  The deadline for any additional information requests by the Finnish tax authorities is 90 days (may be extended upon request).
When does it need to be submitted?	The transfer pricing documentation has to be provided upon the Finnish tax authorities' request (within 60 days).
Does the MF have to be prepared in the relevant local language ?	No. The transfer pricing documentation has to be prepared in Finnish, Swedish or English. If the transfer pricing documentation has been prepared in English, the Finnish tax authorities may request Finnish/Swedish translation of some relevant sections.



Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	<p>Consistent with OECD requirements.</p> <p>The taxpayer do not need to provide the group information if the total amount of the transactions conducted between the taxpayer and each associated enterprise does not exceed EUR 500,000 during the tax year.</p>

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	<p>The group is liable to prepare the transfer pricing documentation including Master File and Local File if the consolidated revenue is more than EUR 50 million. Furthermore, the company is liable to prepare a transfer pricing documentation if the group's consolidated balance sheet exceeds EUR 43 million or there are more than 250 employees.</p> <p>However, if all transactions between the each group company does not exceed EUR 500,000, the requirements to provide group information are limited. EUR 500,000 during the tax year.</p>
As from which year does this obligation exist?	The filing obligation exist if one of the thresholds has been met in two following years (the documentation has to be prepared only for the latter year).
When does the LF need to be available?	<p>The taxpayer is responsible for providing the transfer pricing documentation to the Finnish tax authorities within 60 days of the Finnish tax authorities' request. However, the transfer pricing documentation has to be provided no earlier than six months after the end of the financial year.</p> <p>The deadline for any additional information requests by the Finnish tax authorities is 90 days (may be extended upon request).</p>
When does the LF need to be submitted?	The transfer pricing documentation has to be provided upon the Finnish tax authorities' request (within 60 days).
a. Does the LF have to be prepared in the relevant local language?	No. The transfer pricing documentation has to be prepared in Finnish, Swedish or English. If the transfer pricing documentation has been prepared in English, the Finnish tax authorities may request Finnish/Swedish translation of some relevant sections.
b. Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>Consistent with OECD requirements.</p> <p>However, the taxpayer is exempt from providing information on functional analysis, comparability analysis, and transfer pricing method and its application in case the total transaction amount between the taxpayer and the associated party does not exceed EUR 500,000 during the tax year.</p>

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	From the following year that the threshold was met or exceeded. The CbC report will be prepared first time for the financial years starting on 1 January 2016 or after. The CbC report has be prepared within 12 months after the end of the financial year.
When and how do the tax authorities need to be notified who the reporting entity is?	The Finnish taxpayer is liable to notify the Finnish tax authorities the filing entity by electronic filing platform at the last day of the financial year.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	12 months after the end of the financial year to which the CbCR relates.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	The CbC Report and the CbC Notification has to be filed via Finnish tax authorities' electronic filing platform. For a filing the taxpayer needs to have so called KATSO-ID in Finland.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	The CbCR can be filed in xml-format or by using electronic filing form.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Finland implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU) on 1 January 2016.
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No., there is a specific form for informing intra-group transactions.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The tax increase and late payment interest may be imposed by the tax authorities. Further, criminal sanctions for tax fraud may be imposed, however, due to the ne bis in idem principle, if the tax increase has already been imposed, the criminal sanctions cannot be imposed to the same taxpayer.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Potentially, criminal sanctions for participation of the tax fraud of the taxpayer may be imposed, however we do not have published case law related to this.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Tax return form 78.
What would be the filing deadline?	The filing deadline is four month after the end of the financial year.
What would be the penalties for non-compliance?	If the tax return form 78 has not been filed correctly, the tax authorities may request the tax return form. Further, tax increase may be imposed.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. The Finnish tax authorities publish a guidance related to the transfer pricing documentation and in this contest, the Finnish tax authorities provide also general guidance for preparation of the benchmark study.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. There are no reference related to a new benchmarking search in the Finnish documentation requirements.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing and changes in the group's business models.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA agreement is binding on the Finnish tax authorities its period of validity if the taxpayer complies with the APA's terms and the critical assumptions of the APA have been met. The APA to be binding, it is also required that the taxpayer has provided truthful information and the tax legislation applied in the APA has not been changed.

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France

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2010
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented and local variation of MF/LF implemented generally in line with OECD template.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Master File and related local file : Articles L. 13 AA and L. 13 AB of the Procedure Tax Code Local form: Article 223 B quinquies of the French Tax Code CbCR : Article 223 C-quinquies of the French Tax Code
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Art. 1729 B of the French Tax Code: fines (Local form - 2257 SD) Art. 1729 F of the French Tax Code: fines (CbCR) Art. 1735-ter of the French Tax Code: fines (Master File and local file) Administrative guidelines: Bofip, BOI-BIC-BASE Section 8 (e.g. BOI-BIC-BASE-80-10-20-20170301) Article 57 of the FTC Transfer Pricing manual for SME (Prix de transfert - Guide à l'usage des PME)

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes EUR 400 million
As from which year does this obligation exist?	For the FY for which the threshold is met for the Master File.
When does the Master File need to be available?	In theory, the Master file can be prepared upon request in a tax audit considering that the Company have 30 days after the reception of the tax notice to provide this documentation. In practice, it is recommended to prepare the Master file in advance due to the 30 days tile limitation between the submission request and the submission deadline.
When does it need to be submitted?	Upon request. 30 days upon request, only in a tax audit
Does the MF have to be prepared in the relevant local language ?	No. In theory yes. In practice, many companies prepare TP documentation both in French and in English. In the event when the TP documentation is in a foreign language the tax authorities have the option to ask for a certified translation into French.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	EUR 400 million
As from which year does this obligation exist?	For the FY for which the threshold is met for the Master File.
When does the LF need to be available?	In theory, the Master file can be prepared upon request in a tax audit considering that the Company have 30 days after the reception of the tax notice to provide this documentation. In practice, it is recommended to prepare the Master file in advance due to the 30 days tile limitation between the submission request and the submission deadline.
When does the LF need to be submitted?	No
Does the LF have to be prepared in the relevant local language?	Yes. In theory yes. In practice, many companies prepare TP documentation both in French and in English. In the event when the TP documentation is in a foreign language the tax authorities have the faculty to ask for a certified translation into French.
Or is documentation in English permissible?	Yes, but the tax authorities are expressly allowed to ask for a certified translation.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold was met (the Local File is prepared for the FY un which the threshold was met or exceeded). The CbCR has been implemented in France as from FY ending as from 31 December 2016 and must be submit in a 12 months time after the end-year (e.g. 31 December 2017 for FY ending on 31 December 2016).
When and how do the tax authorities need to be notified who the reporting entity is?	The French taxpayer has to declare in its tax return if it is a (a) parent company of MNE, (b) designated surrogate parent company or (c) subsidiary of MNE. The subsidiary has to declare in its tax return the name of the MNE's headquartered entity and the competent authority to which it has submitted the CbCR. Notification needs to be made in French and applies to tax years starting as from 31 December 2016. Failure to provide this information may cause the French subsidiary to be required to submit CbCR by itself.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the FY to which the CbCR relates to.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR must be submitted electronically to the French Tax Authorities by sending of the form 2258-SD.

How is the CbCR to be submitted, specifically, is there any prescribed standard?	Via an online Form through an accounting software.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	France implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU). France have signed a bilateral agreement with: - Andorra (12/02/2016 - Entry into force : 1st January 2017); - Liechtenstein (28/10/2015 - Entry into force : 1st January 2016); - Monaco (12/07/2016 - Entry into force : 1st January 2017); - Saint-Marin (8/12/2015 - Entry into force : 1st January 2016); - Switzerland (27/05/2015 - Entry into force : 1st January 2017). Source : BOI-ANNX-000469-20170614. The EU Directive have entered into force as of 1st January 2016
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. The local form (2257-SD) and the CbC Form constitute additional pages of the CIT Return
What would be the filing deadline?	The Company has 2 possibilities : - Local form (2257-SD) : on the same time that the CIT Return deposit or 6 months after the CIT Return deposit - CbCR (2258-SD) : on the same time that CIT Return deposit or 12 months after the closing date.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to 5 years, in serious cases of up to 7 years.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Criminal responsibility Civil liability disciplinary responsibility
Does a taxpayer need to file TP-specific returns?	No

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	<ul style="list-style-type: none"> <li>- Intercompany financing : Undercapitalisation for example</li> <li>- Internet sales made by another Company without any compensation paid to the French Company</li> <li>- Usual problem with the transfer pricing calculation (the terms used in the TP agreement do not refer to the financial statements French presentation. Given that, the FTA question the base of the calculation.</li> </ul>
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Georgia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable uncontrolled price, resale price, cost plus method, transactional net margin and transactional profit split
Are any TP methods preferred over others?	All other things being equal, comparable uncontrolled price is a preferred TP method and traditional transaction methods are preferred over transactional profit methods.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR-Intentions, No OECD BEPS MF/LF (local rules generally follow 2010 OECD TPG).
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 17 of the Order 483 of the Minister of Finance of Georgia dated 18 December 2013
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	No threshold. The MF in line with OECD BEPS 13 has not been implemented but local rules generally follow 2010 OECD TPG. These are detailed in this section.
When does the Master File need to be available?	The Master File shall be available in 30 calendar days from receiving the request from tax authorities
When does it need to be submitted?	The Master File shall be submitted within 30 calendar days from receiving the request from tax authorities
Does the MF have to be prepared in the relevant local language ?	No, documentation can be prepared in Georgian or English language. In case of request from tax authorities, however, the English documentation shall be translated into Georgian by the taxpayer
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The requirements follow OECD 2010 Transfer Pricing Guidelines and they have not been reviewed/amended based on BEPS reports.
3. Local File (LF)	
What is the threshold requirement for the obligation to prepare a LF?	There is no threshold. The LF in line with OECD BEPS 13 has not been implemented but local rules generally follow 2010 OECD TPG. These are detailed in this section.
When does the LF need to be available?	The Local File shall be available in 30 calendar days from receiving the request from tax authorities
When does the LF need to be submitted?	The Local File shall be submitted within 30 calendar days of receiving the request from tax authorities



Does the LF have to be prepared in the relevant local language?	No, documentation can be prepared in Georgian or English language. In case of request from tax authorities, however, the English documentation shall be translated into Georgian by the taxpayer
Or is documentation in English permissible?	Yes
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	The requirements follow OECD 2010 Transfer Pricing Guidelines and they have not been reviewed/amended based on BEPS reports.

<b>4. Country-by-Country Reporting</b>	Intentions
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There are no separate sanctions set for transfer pricing related offences. If due to incorrect transfer pricing, the taxpayer understates its tax liabilities, this may lead to general tax sanctions (monetary sanctions and possible criminal liability)
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There will be no consequences for tax advisor/accountant/administrator.
Does a taxpayer need to file TP-specific returns?	No

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. The legislation stipulates, that the external benchmarking data may be updated once in every 3 years (i.e. without updates in year 2 and 3) if the entity turnover is less than GEL 8 million per tax year.

**7. Year-end adjustments**

Are year-end adjustments permissible?	No
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**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Germany

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2003
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable uncontrolled price, resale price, cost plus, transactional net margin and transactional profit split
Are any TP methods preferred over others?	German tax authorities tend to have a preference for the CUP method if it can be applied reliably. In practice, TNMM is most commonly applied for routine activities given the common lack of data in the public domain to apply the resale price or cost plus method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: Section 90 Para. 3 of the General Tax Code (GTC) and updated version of Legislative Regulation to Section 90 Para. 3 GTC dated 7 July 2017.</li> <li>• Master File: Section 90 Para. 3 of the General Tax Code (GTC) and updated version of Legislative Regulation to Section 90 Para. 3 GTC dated 7 July 2017.</li> <li>• CbCR: Section 138a GTC</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	<p>Same as above.</p> <p>In addition, there are further articles of law, legislative regulations, administrative circulars and case law applicable to transfer pricing in general.</p> <p>Most notably, these include the following laws: Section 1 of the Foreign Transaction Tax Act (among others the arm's length principle), Section 8 Para. 3 of the Corporate Tax Act (hidden profit distribution), Section 4 Para. 1 of the Income Tax Act (hidden profit injection), Section 164 of the General Tax Code (penalties), EU Administrative Assistance Act (exchange of information) and Anti-BEPS Implementation Act.</p> <p>There are also further legislative regulations on topics such as on Permanent Establishment Apportionment and on the transfer of functions.</p> <p>Additionally, there are over 20 additional Administrative Circulars on various transfer pricing matters, such as Circulars on PEs from 1999, Circulars on cost allocation agreements from 1999, Circular governing cross-border secondments from 2001, Circular on Administration Principles for Procedures from 2005, Circular on international mutual agreement and arbitration procedures from 2006, Circular on the procedure for APAs from 2006, Circular on the transfer of functions from 2010 and Circular on the application of Section 1 of the Foreign Tax Act on marginal amortisations on loans issued to foreign related entities.</p>
2. Master File (MF)	
	Yes

What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	EUR 100,000,000
As from which year does this obligation exist?	All German entities with annual sales of at least EUR 100 million in the previous financial year. Applies for fiscal years starting after 31 Dec. 2016
When does the Master File need to be available?	There is no contemporaneous documentation requirement for ordinary business transactions in Germany. This implies that in theory documentation for ordinary business transactions can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 60 day time limitation between the submission request and the submission deadline.  Only extraordinary transactions must be documented contemporaneously, meaning within six months of the end of the business year in which the transaction has taken place. The following qualify among others as extraordinary transactions: <ul style="list-style-type: none"> <li>• the conclusion and amendment of long-term agreements;</li> <li>• the conclusion of cost allocation agreements; and</li> <li>• transfer of functions / significant changes in the FAR profile.</li> </ul>
When does it need to be submitted?	Upon request <ul style="list-style-type: none"> <li>• 60 days upon request, usually in a tax audit</li> <li>• 30 days upon request for extraordinary transactions, usually in a tax audit</li> </ul>
Does the MF have to be prepared in the relevant local language ?	No. In theory, German taxpayers must ask for approval to submit transfer pricing documentation in English and it is then up to the discretion of the tax auditor to accept or deny the request. In practice, many German taxpayers prepare transfer pricing documentation, especially the MF, in English. At times, certain parts of the documentation might have to be translated into German, if requested by the tax auditor.
Is documentation in English permissible?	Yes (generally)
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Cross-border transactions with affiliated legal entities and/or foreign PEs (> 25% shareholdings) greater than: <ul style="list-style-type: none"> <li>• EUR 6 million for transfer of goods (EUR 5 million for fiscal years up to and including 2016)</li> <li>• EUR 0.6 million for other services (EUR 0.5 million for fiscal years up to and including 2016)</li> </ul> in the relevant fiscal year
As from which year does this obligation exist?	Updated Local File documentation requirements are first applicable for fiscal years starting after 31 Dec. 2016.

When does the LF need to be available?	<p>There is no contemporaneous documentation requirement for ordinary business transactions in Germany. This implies that in theory documentation for ordinary business transactions can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 60 day time limitation between the submission request and the submission deadline.</p> <p>Only extraordinary transactions must be documented contemporaneously, meaning within six months of the end of the business year in which the transaction has taken place. The following qualify among others as extraordinary transactions: the conclusion and amendment of long-term agreements, the conclusion of cost allocation agreements, transfer of functions / significant changes in the FAR profile as well as any business transactions in connection with a significant change in the business strategy.</p>
When does the LF need to be submitted?	<p>Upon request.</p> <ul style="list-style-type: none"> <li>• 60 days upon request, usually in a tax audit</li> <li>• 30 days upon request for extraordinary transactions, usually in a tax audit.</li> </ul>
Does the LF have to be prepared in the relevant local language?	<p>Yes. In theory, German taxpayers must ask for approval to submit transfer pricing documentation in English and it is then up to the discretion of the tax audit to accept or deny the request. In practice, many German taxpayers prepare transfer pricing documentation, especially the MF, in English. At times, certain parts of the documentation might have to be translated into German, if requested by the tax auditor.</p>
Or is documentation in English permissible?	<p>Yes, if the tax audit approves a German taxpayer's request to submit transfer pricing documentation in English.</p>
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>The German Local File must include the following additional information:</p> <ul style="list-style-type: none"> <li>• Present the information that was available at the time when the transfer price was determined (→ focus on Price-Setting Approach)</li> <li>• Detailed information on database studies relied upon for purposes of setting or verifying transfer prices have to be prepared and documented.</li> <li>• Support the weighting of allocation factors with quantitative data when applying the profit split method or a contribution analysis.</li> <li>• Transfer Pricing documentation is not restricted to relationships under civil law but applies to all circumstances which are of economic importance for the relevant I/C transaction.</li> </ul> <p>The German Local File must not include the following information listed in the OECD standard template:</p> <ul style="list-style-type: none"> <li>• Information on key competitors; and</li> <li>• Information and allocation schedules showing how the financial data used in applying the transfer pricing method may be tied to the annual financial statements (but is usually requested in an audit).</li> </ul>
<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million

As from which year does this CbCR obligation exist?	All entities with a consolidated sales of at least EUR 750 million in the previous financial year <ul style="list-style-type: none"> <li>• For primary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2015</li> <li>• For secondary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2016</li> </ul>
When and how do the tax authorities need to be notified who the reporting entity is?	The German taxpayer has to declare in its tax return if it is a (a) parent company of MNE, (b) designated surrogate parent company or (c) subsidiary of MNE. The subsidiary has to declare in its tax return the name of the MNE's headquartered entity and the competent authority to which it has submitted the CbCR. Notification needs to be made in German and applies to tax years starting after 31 December 2016. Failure to provide this information may cause the German subsidiary to be required to submit CbCR by itself.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	Yes. Only the first submission deadline for secondary reporting is one year later than for primary reporting. See above.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the German Federal Central Tax Office ("BZSt"). For fiscal years starting in 2019, a registration at the BZStOnline-Portal is required. Up to the year 2019, CbCR is to be submitted via email as a transition solution: <a href="mailto:cbcr@bzst.de-mail.de">cbcr@bzst.de-mail.de</a> . No registration is required during the time period for which the transition solution applies.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	CbCR is to be submitted using the officially prescribed xlm-standard in line with the OECD. It is envisaged that the data will be submitted electronically using the mass data interface ELMA from 2019 onwards.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No (but possibly in case of notification failure)
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes

<p>Please specify the country involved and date the agreement came into force.</p>	<p>The EU Automatic Information Exchange Directive was implemented in Germany in December 2015. Country-by-Country Reporting data with the US will be exchanged pursuant to bilateral competent authority arrangements (CAAs), which relies on the double taxation conventions (DTC) (currently in negotiation). Furthermore, Germany has entered into Tax Information Exchange Agreements (TIEA) with: British Virgin Island - 05.10.2010 Dominica - 21.09.2010 Saint Lucia - 07.06.2010 Tuks and Caicos Islands - 04.06.2010 Cayman Islands - 27.05.2010 Bahamas - 09.04.2010 St. Vincent and Grenadines - 29.03.2010 Anguilla - 19.03.2010 Liechtenstein - 02.09.2009 Gibraltar - 13.08.2009 Bermuda - 03.07.2009 Guernsey - 29.03.2009 Isle of Man - 02.03.2009 Jersey - 04.07.2008</p>
<p>Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?</p>	<p>Yes</p>

<p><b>5. TP disclosure in tax return or transfer pricing specific returns</b></p>	
<p>Does a taxpayer need to disclose information regarding TP documentation in his tax return?</p>	<p>No</p>
<p>When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?</p>	<p>Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment of up to five years, in serious cases of up to 10 years. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.</p>
<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment but are reduced as/if it is only a participation in the tax fraud of the taxpayer. If income is understated due to gross negligence, the act is considered to be a tax offence subject to a (monetary) fine.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. The draft updated version of Legislative Regulation to Section 90 Para. 3 GTC dated 7 July 2017 states if the taxpayers has relied on databases to determine transfer prices, the search strategy, the applied search criteria, the search hits as well as any quantitative and qualitative screenings applied are to be documented. The whole search process must be comprehensible and allow the tax audit to test or replicate the search. The database configuration relied upon at the time the search was conducted is to be documented. Furthermore, the Circular on Administration Principles for Procedures dated 12. April 2005 provides that among others the following information must be provided by the taxpayer:</p> <ul style="list-style-type: none"> <li>• Exact specification of the database (name, provider, version, Medium, license period);</li> <li>• Criteria of the database provider for the inclusion of company data in the database;</li> <li>• General description of the total company data contained in the database;</li> <li>• In theory, explanation of the structure of the profit and loss account used in the database and the balance sheet;</li> <li>• The selection steps and the reasons for their application against the background of the functional and risk profile of the audited company;</li> <li>• Explanation of the industry classification and justification for the selected industry in the database;</li> <li>• Explanation of any adjustment calculations that may be made;</li> <li>• Explanation of the used calculation models and software programs (e.g. CAPM model, regression analysis); and</li> <li>• To designate all companies that have been eliminated in the context of a manual selection process, i.e. due to subjective assessment (so-called qualitative screening). It is also required to state the reasons for the elimination.</li> </ul>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No (not beyond the documentation thresholds)</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>No</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>Yes. So far it has often been sufficient to prepare a new benchmarking study every three years (without any updates of the financial data of the accepted comparable companies in year 2 and 3) as long as there have not been any changes to factors affecting transfer prices or the value chain contribution.</p>

**7. Year-end adjustments**

<p>Are year-end adjustments permissible?</p>	<p>Yes</p>
<p>Does the taxpayer have to comply with any specific features or guidance?</p>	<p>Yes. German tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.</p>



8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, especially cash pools, losses, umbrella brand and compliance with OECD BEPS. We also expect that data alignment issues will be further scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The German taxpayer has to consent to not filing an appeal against the relevant tax assessments with regard to the results of the APA agreement.</p> <p>The German tax authorities are only bound to the APA agreement if:</p> <ul style="list-style-type: none"> <li>• the underlying facts and circumstances to the APA agreement are met;</li> <li>• the critical conditions are adhered to; and</li> <li>• the tax authorities receive the relevant financial statements.</li> </ul> <p>The German taxpayer must also prepare and submit annual APA compliance reports.</p>

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## Ghana

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2012
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	CUP, RPM, CP, PSM, TNMM Best method rule approved by tax authorities
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No. Not yet implemented in Ghana.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Section 31 of the Income Tax Act, 2015 (Act 896). Regulations 7-9 of the Transfer Pricing Regulations, 2012 (L.I 2188) provides guidance on TP documentations. The Ghana Revenue Authorities' Practice Note on TRANSFER PRICING REGULATIONS 2012 (L.I 2188) (PN/CG0001/2013).
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	Generally there are no requirements for local file in line with BEPS action 13. However, Regulations 7-9 of L.I. 2188 requires a person who engages in a transaction with another person with whom it has a controlled relationship to maintain contemporaneous documentation detailing the transactions engaged in by that person for each tax year. There are no threshold requirements.
As from which year does this obligation exist?	Each Tax year and upon request by the GRA
When does the LF need to be available?	It is generally the practice that, TP documentation be available any time after filing of the TP returns. The GRA can request for a TP documentation upon filing of a TP returns, months after the accounting year of a taxpayer.
When does the LF need to be submitted?	Upon request, usually 15 days after a request by the GRA.
Does the LF have to be prepared in the relevant local language?	No. All documentation must be in English Language
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Local rules are consistent with OECD. The GRA Practice Notes on Transfer Pricing clearly ascribe to OECD principles. However, OECD TP guidelines are persuasive in nature and not legally binding.

<b>4. Country-by-Country Reporting</b>	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	9 Countries have DTA with Ghana which provides Exchange of Information

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Making false and misleading statements in a TP returns attracts a penalty, up to three times the tax underpaid in the returns, including imprisonment.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Same as above.
Does a taxpayer need to file TP-specific returns?	No
Please state the filing form number and name.	GRA annual transfer Pricing Returns
What would be the filing deadline?	4 months after the year end of the entity
What would be the penalties for non-compliance?	Yes. Failure to file returns on due date attracts penalties

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

<b>7. Year-end adjustments</b>	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Marketing Intangibles and Advertising, Marketing and Promotion (AMP) expenses incurred by an entity which is not the brand owner but incurs AMP cost in developing, exploiting, maintaining and protection the brand.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Gibraltar

### WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Section 40 and Schedule 4, Part II of the Income Tax Act 2010 in Gibraltar.
<b>2. Master File (MF)</b>	
	Not implemented
<b>3. Local File (LF)</b>	
	Not implemented
<b>4. Country-by-Country Reporting</b>	
	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Under section 10M of the Income Tax Act 2010, an MNE group with total consolidated group revenue of EUR 750 million or more during the fiscal year immediately preceding the reporting fiscal year as reflected in its consolidated financial statements for that fiscal year.
As from which year does this CbCR obligation exist?	Under section 10T(2) of the Income Tax Act 2010, the first country by country report shall be provided - (a) by an ultimate parent entity or its surrogate parent entity for the fiscal year commencing on or after 1 January 2016; and (b) by a constituent entity providing a report under section 10O for the fiscal year commencing on or after 1 January 2017.
When and how do the tax authorities need to be notified who the reporting entity is?	Subject to Part 1B of the Income Tax Act 2010, a notification in writing to the Commissioner for the Income Tax must be made in writing no later than the first day of filing to the Commissioner for Income Tax must be made by an entity resident for tax purposes in Gibraltar if the entity is an "ultimate parent entity", "a surrogate parent entity" or "constituent entity". If it does not fall within the above categories, it must notify the Commissioner of the identity, jurisdiction of tax residence and of the entity required to file the country by country report on behalf of its group. Notifications by the ultimate parent entity or surrogate parent entity must be made no later than the last day for filing of the tax return of the notifying constituent entity for the preceding fiscal year. Notifications by the constituent entity not later than 12 months after the last day of the fiscal year to which the country by country report relates.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	Under section 10T(1), the CbCR submission deadline is no later than 12 months after the last day of the fiscal year to which the country by country report relates.
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No. As of 1 January 2015, GAAP is the recognised accounting standard in Gibraltar. New UK GAAP currently consists of four standards: (1) FRS 100, (2) FRS 101, (3) FRS 102 and (4) FRS 103. FRS101 is eligible for qualifying entities that meet specific criteria. FRS 102 is the standard which all of the old FRS's and SSAP's have been transferred into and in some cases updated.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	Under section 10T (1) of the Income Tax Act 2010, country by country reports is to be submitted to the Commissioner in the form and manner, including by electronic means, that the Commissioner may from time to time specify. We are not aware that such form has as yet been specified.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	As set out in the answer to question 4.11, the country by country report is to be submitted in a way that is specified by the Commissioner.
What are the (possible) consequences of not having the required CbCR available?	Under section 10S(2) of the Income Tax Act 2010, if a report is not sent to the Commissioner in the manner specified, then the report is to be treated as not having been provided or made.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	There may be content in the OECD standard which remains to be implemented in Gibraltar.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Gibraltar implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU), as well as the Common Reporting Standards. In addition to the Directive, Gibraltar has also entered into Tax Exchange Agreement, Intergovernmental Agreement - FACTA and the UK C.DOT Regime. The EU Directive was implemented in Gibraltar on 1st May 2017
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There are no specific transfer pricing penalties in Gibraltar. If tax is underpaid, or paid late, a surcharge of 10% of the underpaid amount is due immediately after the date at which the tax was due. An additional surcharge of 20% of the underpaid amount is due if the amount remains underpaid after a further 90 days. Further penalties are payable for the failure to comply with specific provisions in the Income Tax Act 2010, but these do not specifically relate to transfer pricing. The Commissioner of Income Tax has a year from the date that a return is received to make inquiries about a return. After that date expires, and only up to six years from the end of the relevant accounting period or tax year, the Commissioner of Income Tax may raise an assessment upon discovery that a person has either (a) not been assessed tax; or (b) was assessed at a lesser amount than ought to have been assessed. There is no time limit for additional assessments to be raised when any form of fraudulent or wilful default or negligent conduct has been committed.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	We have no specific legislation which imposes liability on the advisor, accountant and administrator drafting the tax return, however, members of professional bodies such as accountants and solicitors are subject to their rules of professional conduct and may be disciplined by the relevant bodies in such circumstances.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No, as long as the adjustments represent a true and fair view of the company's accounts. All adjustments must be undertaken within the framework of the applicable accounting standards and rules.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
<p>What are currently the main TP areas of scrutiny by the tax authorities in your country?</p>	<p>Queries are frequently raised by the Income Tax Office on behalf of the Commissioner of Income Tax, but queries relating to transfer pricing are uncommon.</p> <p>As a result of Gibraltar's relatively low rate of corporate tax (10% for most companies), the requirement to justify transfer pricing is more likely to be an issue from the jurisdiction in which the Gibraltar-taxable entity's counterparty is taxable. This would not apply when the counterparty is located in a zero-tax jurisdiction.</p>
<p>Based on your experience, are joint or multilateral audits initiated and carried out?</p>	<p>No</p>
<p>Does the taxpayer have the option to apply for bilateral or multilateral APAs?</p>	<p>Yes</p>

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Greece

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2008
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	(CUP, RPM, CPM, TNMM, PSM, OTHER)
Are any TP methods preferred over others?	CUP and CPM are the most common but there is no preferred
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: Introduced with Article 26 Tax Law 3728 / 2008 - Ministry of Development</li> <li>• Master File: Introduced with Article 26 Tax Law 3728 / 2008 - Ministry of Development</li> <li>• Country by Country Report: Introduced with Tax Law 4484 / 2017 - Implementation of European Union Guidance 2016/881 - Ministry of Finance</li> <li>• Summary Information Table: Since calendar year 2013 (fiscal year 2012)</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	<p>In addition to 1.7 above, further changes regarding the methodologies, thresholds, content of Local and Master file, Summary Information Table as well as the benchmarking studies have been applied with the following legislation: Tax Law 3775/2009 (Article 2), Tax Law 3842/2010 (Article 39), Tax Law 4110/2013 (Article 11), Tax Law 4170/2013 (Articles 2 &amp; 21), Tax Law 4172/2013, Tax Law 4174/2013, Tax Law 4378/2016 &amp; Tax Law 4474/2017. Some of the main legislation updates were the obligation to submit all proper documentation from the Ministry of Development to the Ministry of Finance. Since calendar year 2013 (fiscal year 2012), the Summary Information Table has to be submitted to the Ministry of Finance and the AADE platform (former TAXISNET). Finally with Tax Law 4484/2017 and further updated by Tax Law 4490/2017 the Country by Country Report has been introduced and applied for fiscal years after 1 January 2016.</p>
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	EUR 50,000,000 - The threshold for preparing a Master File meets with the one of the Local File. Companies that are members of an international group are obliged to prepare a local file when meeting the required threshold. In companies that are not members of an international group but have transactions with other companies in Greece and all domestic companies of a Group (not international), the Master File can be the same as the Local File.
As from which year does this obligation exist?	When meeting the threshold and submitting the Summary Information Table, the Master File must be prepared.
When does the Master File need to be available?	When submitting the Summary Information Table. In case of a tax audit or in order to receive a Tax Certificate from a certified auditor the Master File will be requested to be prepared.

When does it need to be submitted?	It is not submitted to the Tax Authorities but it must be available within 30 days upon request for any tax reason, usually in a tax audit. Only the Summary Information Table is submitted to Tax Authorities.
Does the MF have to be prepared in the relevant local language ?	No, in practice, many Greek companies members of a group, prepare transfer pricing documentation in English. In case of a tax audit normally all foreign language documentation will be asked to be translated in Greek
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	<b>Intentions</b>
What is the threshold requirement for the obligation to prepare a LF?	The threshold to prepare a Local File is: <ul style="list-style-type: none"> <li>• If Company Revenue is less than EUR 5,000,000 and the value of the intra - company transactions above EUR 100,000</li> <li>• If Company Revenue is above EUR 5,000,000 and the value of the intra - company transactions are above EUR 200,000</li> </ul>
As from which year does this obligation exist?	When meeting the threshold and submitting the Summary Information Table, the Local File must be prepared.
When does the LF need to be available?	When submitting the Summary Information Table. In case of a tax audit or in order to receive a Tax Certificate from a certified auditor the Local File will be requested to be prepared.
When does the LF need to be submitted?	It is not submitted to the Tax Authorities but it must be available within 30 days upon request for any tax reason, usually in a tax audit. Only the Summary Information Table is submitted to Tax Authorities
Does the LF have to be prepared in the relevant local language?	Yes In practice, many Greek companies member of a group prepare transfer pricing documentation in English. But in case of a tax audit normally all foreign language documentation will be asked to be translated in Greek
Or is documentation in English permissible?	No, In case there is a LF in English and upon request you provide an official translated one.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Greek Local File includes the additional information as described in the German Local File sample answers. The main difference is that none of Local or Master file is submitted to the Greek Tax Authorities unless requested. The main obligation is for submitting the Summary Information Table. For the latter, in case of non-submission or late submission there are extra penalties from the one regarding the file. When submitted you are asked whether a Transfer Pricing File exists but there is no obligation of submitting them if not requested.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	Has been applied for fiscal years after the 1st of January 2016
When and how do the tax authorities need to be notified who the reporting entity is?	For 2016 & 2017 there was the obligation to submit a form by e-mail to tax authorities by 31/12/2017 regarding the reporting entity [Tax Law 4170/2013 (A'163) and Tax Law 4490/2017 (A'150) by explanatory decision POL 1184 - 22/11/2017]. For 2018 until today, the same obligation exists until 31/12/2018.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	In case the Greek Entity has the obligation to submit a CBCR and not just notify as above the reporting entity, the entity must register a representative to the Tax Authorities that will submit the CBCR electronically to AADE (former TAXISNET) with all the technical information required.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Electronic Platform AADE as mentioned above describes all necessary information, details as well as business and technical rules required. <a href="http://www.aade.gr/epicheireseis/themata-diethnoys-dioiketikes-synergasias/country-country-reportingcbcdac4">http://www.aade.gr/epicheireseis/themata-diethnoys-dioiketikes-synergasias/country-country-reportingcbcdac4</a>
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	As described till now will be consistent with OECD requirements with a main difference of the provision appears to contradict Article 13 of the BEPS Action 13 Guidance <sup>1</sup> , which clearly states that the purpose of the report is to enable tax authorities to perform a risk assessment and not to propose transfer pricing adjustments based on the contents of the report.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Please specify the country involved and date the agreement came into force.	Implementation in progress
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from fines to imprisonment up to 10 years depending on the amount.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from fines to imprisonment if they are treated as accomplice but are reduced as/if it is only a participation in the tax fraud of the taxpayer.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Generally benchmarking studies provide additional information for pricing policies, criteria, industry structure etc. and meets the requirements described in the German sample answers. As there is not a specific legislation only the requirement, when a benchmarking study is applicable, the main concern and difference is that the study must be updated each year with the latest financial details or else it would not be considered as up to date.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Based on our experience, Greek tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, especially cash pools, losses, recharging of expenses. We also expect that data alignment issues will be further scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	To date, there have not been any restrictions as well as is not a common practice this applications.

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## Hong Kong

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	DIPN 46 adopts the OECD TP methods but provides that the “most appropriate” method should be used, taking into account the comparability analysis and the availability of information.
Are any TP methods preferred over others?	Traditional transaction methods are preferred over the transactional profit method (Paragraph 69 of DIPN No. 46).
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF Intentions.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Refer to Part 2, Division 4 - Amendments relating to Transfer Pricing: Addition of New Part 9A and Schedule 17I of the Amendment Bill No. 6
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Please refer to Part 2, Division 4 - Amendments relating to Transfer Pricing: Addition of New Part 9A and Schedule 17I of the Amendment Bill No. 7

2. Master File (MF)	Intentions
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>The BEPS Bill proposes that taxpayers engaging in related-party transactions will not be required to prepare master and local files if they meet either one of the following exemptions:</p> <p>(a) Exemption based on size of business A taxpayer meeting any two of the three conditions below will not be required to prepare master file and local file – (i) total annual revenue not more than HK\$200 million (EUR 22,095,102); (ii) total assets not more than HK\$200 million; and (iii) not more than 100 employees.</p> <p>(b) Exemption based on related-party transactions If the value of specific categories of related-party transactions for the relevant accounting period is below the threshold specified below, taxpayers will not be required to prepare local file for that category of transaction – (i) transfer of properties (other than financial assets and intangibles): HK\$220 million; (EUR 24,304,612) (ii) transaction of financial assets: HK\$110 million; (EUR 12,152,306) (iii) transfer of intangibles: HK\$110 million; and (iv) any other transaction (e.g. service income and royalty income): HK\$44 million (EUR 4,860,922).</p> <p>If the enterprise concerned is fully exempted from preparing a local file (i.e. its related-party transactions of all categories are below the prescribed thresholds), it will not be required to prepare the master file.</p>
As from which year does this obligation exist?	<ul style="list-style-type: none"> <li>• As from the year in which the threshold is met (so that the Master File/Local File is prepared for the year in which the threshold was met or exceeded).</li> <li>• The BEPS proposals will be introduced as part of an amendment bill to the HK Legislative Council by the end of 2017. Once approved, these will become part of legislation.</li> </ul>
When does the Master File need to be available?	Not specified.
When does it need to be submitted?	Not specified.
Does the MF have to be prepared in the relevant local language ?	No. Documentation can be prepared either in Chinese or in English.
Is documentation in English permissible?	Yes
Penalties?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Proposed to be consistent with OECD requirements

3. Local File (LF)	Intentions
What is the threshold requirement for the obligation to prepare a LF?	Same as MF
Euro Equivalent	EUR 50,000,000
As from which year does this obligation exist?	Same as MF above
When does the LF need to be available?	Same as MF above
When does the LF need to be submitted?	Same as MF above
How and where should the LF be filed?	Same as MF above

a. Does the LF have to be prepared in the relevant local language?	No
b. Or is documentation in English permissible?	Yes
Penalties?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Proposed to be consistent with OECD requirements

<b>4. Country-by-Country Reporting</b>	Intentions
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	A group having entities/operations in two or more jurisdictions and consolidated group revenue for the preceding accounting period of at least EUR 750 million (or HK\$6.8 billion).
As from which year does this CbCR obligation exist?	CbCR is required to be filed for the accounting period following the accounting period in which the threshold has been met or exceeded. Subject to the enactment of the proposed legislative amendments, CbCR will be required for accounting periods commencing on or after 1 January 2018. As a transitional arrangement, in order to facilitate HK MNE groups fulfil their obligations in those jurisdictions which have introduced CbCR for periods commencing 1 January 2016, the IRD is prepared to accommodate voluntary parent surrogate filing. Thereby, a HK MNE Group will be allowed to file its CbCR for accounting periods commencing between 1 January 2016 and 31 December 2017, provided that (i) the necessary legislative framework in HK and competent authority agreements between the jurisdictions are in place by 31 December 2017; (ii) the IRD and the tax authorities of the relevant jurisdictions have been notified that the CbCRs will be filed by the deadline.
When and how do the tax authorities need to be notified who the reporting entity is?	Under normal circumstances, the ultimate parent entity of HK MNEs would be the reporting entity. If the ultimate parent entity is in a jurisdiction that does not require CbCR filing or exchange of reports with HK, constituent entities of the MNE in HK could be subject to secondary filing obligation.  Under the transitional arrangement for the accounting period commencing between 1 January 2016 and 31 December 2017, the ultimate parent entity of the HK MNE seeking parent surrogate filing should submit a notification, duly signed by its responsible officers along with information - (i) name and HK business registration number of the ultimate parent entity; (ii) accounting period for which CbCR will be filed; (iii) names, tax identification numbers, tax jurisdictions of each constituent entity of the group; and (iv) a consent to the IRD to inform the relevant jurisdictions regarding the parent surrogate filing in HK. This notification can be sent by post to the Chief Assessor (Tax Treaty), G.P.O. Box No. 10856, Hong Kong or emailed to <a href="mailto:cbc_reporting@ird.gov.hk">cbc_reporting@ird.gov.hk</a> .
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the relevant accounting period to which the CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No

Does your country have a requirement that the financial years of the group need to be aligned with?	No. Information in the CbCR should reflect on a consistent basis either: (a) Information for the fiscal year of relevant group entities ending on the same date as the fiscal year of the reporting entity, or ending within the 12-month period preceding such date; or (b) Information for relevant group entities for the fiscal year of the reporting entity.
Where is the CBCR to be submitted ?	The CbCR is to be submitted via the CbC Reporting Portal.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The IRD has developed a data scheme in XML which is based on the CbC XML Scheme v1.0.1 issued by the OECD.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Hong Kong has entered into bilateral arrangements with (i) France, (ii) Ireland, (iii) South Africa and (iv) United Kingdom for exchange of CbCR. The CbCR for first exchange is applicable for 2016.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Currently, the IRD requires disclosure of the following matters in the annual profits tax returns form (under Section 86): (i) transactions for/with non-resident persons, (ii) payments to non-residents for use of intellectual properties, (iii) payments to non-residents for services rendered in Hong Kong, and (iv) transactions with closely connected non-resident persons.
What would be the filing deadline?	Generally, profits tax returns should be filed within 1 month from the date of issue. The annual profits tax returns are issued in early April and are due for filing in May. For cases with tax agents, the tax filing due dates are extended to mid-August and mid November for entities with accounting period falls between (i) 1 Dec to 31 Dec and (ii) 1 January to 31 March respectively.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Currently, penalties in respect of incorrect tax returns are provided for under sections 80, 82 and 82A of the IRO. Penalties could be potentially up to 300% of underpaid tax. The BEPS bill proposes to introduce a new provision in S82A to impose penalties not exceeding 100% of the amount of tax undercharged resulting from transfer pricing adjustments, unless it can be proved that reasonable efforts have been made to determine the arm's length price for the transaction(s).



What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Not specified
Does a taxpayer need to file TP-specific returns?	No

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>Yes. DIPN 46 recommends maintaining a benchmarking/comparability analysis, consistent with OECD requirements. The IRD has publicly endorsed the use of BVD's Osiris and S&amp;P databases. In practice, regional comparables are accepted where sufficient local comparables cannot be found. The 2016 consultation paper proposes that the benchmarking analysis should be part of the Local File. Specifically, the Local File should include:</p> <ul style="list-style-type: none"> <li>• Selection of the most appropriate TP method/tested party and reasons for the same.</li> <li>• Important assumptions made in applying the TP method</li> <li>• If relevant, an explanation of reasons for performing a multi-year analysis.</li> <li>• A list and description of selected comparable transactions (internal or external), their financial information, a description of the search process and sources of information used.</li> <li>• Description of any comparability adjustments performed, and whether adjustments were made to tested party/comparables or both</li> <li>• Reasons for concluding that taxpayer's related-party transactions were at arm's length basis based on the selected TP method.</li> <li>• Financial information used in applying the TP methodology.</li> </ul>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. The same thresholds relevant for Master File and Local File apply.
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No, not specified

## 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Particular scrutiny is accorded to services fees paid/received (specifically intra-group services/management fees), financial transactions, royalties etc.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes

<p>Are there any restrictions?</p>	<p>The existing APA regime was provided under the Departmental Interpretation and Practice Notes No. 48 which is not legally binding. APA application is open to all (i) residents and (ii) non-residents with a HK permanent establishment, who are subject to profits tax and have HK-pertinent related-party transactions. The annual threshold for an APA application is HK\$ 80 million for sale and purchase of goods, HK\$ 40 million for services, or HK\$ 20 million for intangible properties. In general, an APA will apply for 3 to 5 years, with rollbacks available. Currently the IRD is prepared to consider bilateral or multilateral APA applications only.</p> <p>Typical information/documentation required to be set out in an APA case plan includes: (a) functional analysis and industry analysis; (b) details of proposed TP methodology; (c) terms, conditions and assumptions behind applying the TP methodology; (d) data showing that the TP methodology will produce an arm's length result; and (e) information/documentation agreed in the pre-filing meeting. Taxpayers are required to submit an annual compliance report for each year of the APA.</p> <p>The BEPS BILL proposes provisions which strengthen the APA regime by providing it a statutory basis and also allow unilateral APAs.</p>
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## Hungary

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2003
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable Uncontrolled Price (CUP); Resale Price Method; Cost Plus Method; Transactional Net Margin Method; Transactional Profit Split Method. Other methods may be applied if the arm's length price cannot be supported by these methods.
Are any TP methods preferred over others?	There is no preferred method prescribed by law. However, upon tax inspections, the inspectors prefer the application of CUP and TNMM methods.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR, MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>Local File &amp; Master File: Decree of 22/2009 published by the Ministry of Finance has been repealed by the new Decree of 32/2017 issued by the Ministry of National Economy as of 17 November 2017.</li> <li>CbCR: CbCR-specific parts in Act XXXVII of 2013 (approved by the Hungarian Parliament on 15 May 2017).</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Please see above.

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	TP documentation liability arises for a taxpayer if the market value of the (consolidated) related transaction exceeds HUF 50,000,000 (approx. EUR 167,000) in a tax year. Based on the new decree, TP documentation needs to include Local File and Master File.
Euro Equivalent	167000
As from which year does this obligation exist?	HUF 50 million threshold has to be reviewed in the given tax year. If the threshold is exceeded, TP documentation (including Local File and Master File) has to be prepared by the taxpayer.
When does the Master File need to be available?	It has to be available by the filing day of the corporate income tax return of the given year. However, if the taxpayer prepared the Local File by the filing day of the corporate income tax return but the Master File is not available due to the legislation applicable for the final parent company, the Master File has to be available the latest within 12 months following the last day of the fiscal year.
When does it need to be submitted?	It has to be filed only upon request during a tax inspection.
Does the MF have to be prepared in the relevant local language ?	No, it can be prepared in Hungarian, English, German or French language.

Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	TP documentation liability arises for a taxpayer if the market value of the (consolidated) related transaction exceeds HUF 50,000,000 (approx. EUR 167,000) in a tax year. Based on the new decree, TP documentation needs to include Local File and Master File.
Euro Equivalent	EUR 167,000
As from which year does this obligation exist?	HUF 50 million threshold has to be reviewed in the given tax year. If the threshold is exceeded, TP documentation (including Local File and Master File) has to be prepared by the taxpayer.
When does the LF need to be available?	It has to be available by the filing day of the corporate income tax return of the given year.
When does the LF need to be submitted?	It has to be filed only upon request during a tax inspection.
Does the LF have to be prepared in the relevant local language?	No. The LF can be prepared in Hungarian, English, German or French language.
Or is documentation in English permissible?	Yes, but the tax authority may request Hungarian translation for certain parts of the documentation.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Basically consistent with OECD requirements but require some more details.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million (or equivalent HUF amount) consolidated revenue in the previous financial year
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met (so that CbCR is prepared for the year in which the threshold was met or exceeded) <ul style="list-style-type: none"> <li>• For primary reporting, CbCR is first to be prepared for fiscal years starting on or after 1 January 2016</li> <li>• For secondary reporting, CbCR is first to be prepared for fiscal years starting on or after 1 January 2017</li> </ul>
When and how do the tax authorities need to be notified who the reporting entity is?	Notification has to be filed online (by using the tax authority's electronic template) up to the last day of the reporting fiscal year, except for the financial year starting on or after 1 January 2016 as in this case notification has to be made within 12 months calculated from the last day of the given fiscal year.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	CbCR has to be filed online by using the electronic template of the Hungarian tax authority.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	The official form published by the Hungarian tax authority has to be filled out and submitted to the tax authority online through a special system.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Please specify the country involved and date the agreement came into force.	Bilateral agreement with the US is in progress.
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, for FY 2017 if the taxpayer prepared/used Master File for a given year based on the Decree No. 22/2009, it has to be indicated in the corporate income tax return. No information is available currently whether any information has to be disclosed in the tax return as from FY 2018.
What would be the filing deadline?	The filing deadline of the corporate income tax return is the last day of the fifth month after the end day of the fiscal year, i.e. in case the fiscal year is the same as the calendar year, the filing deadline is 31 May of the following year.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Tax shortage, 50% tax penalty, default penalty up to HUF 500,000 (approx. EUR 1,700), late payment interest.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If such a tax return is countersigned by a tax advisor/tax expert, the tax authority imposes default penalty to the tax advisor/tax expert. Otherwise, tax consequences need to be arranged by the parties (taxpayer and tax advisor/tax expert) internally or in the course of civil litigation.
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. According to Decree of 32/2017, a taxpayer can take the following sources into account for determining the arm's length price:</p> <ul style="list-style-type: none"> <li>a) contract with independent party</li> <li>b) contract between related party and independent party</li> <li>c) contract between independent parties</li> <li>d) data from publicly available or verified database by the tax authority regarding comparable products and services</li> <li>e) data from publicly available or verified database by the tax authority regarding comparable companies</li> </ul> <p>As for the application of points d)-e) the taxpayer can apply further adjustments if these are properly documented (also including the proper explanation of how the applied adjustments support the comparability).</p> <p>In general the arm's length price range has to be determined with the use of statistical methods (interquartile ranges) during database filtering except if the taxpayer ensures that each point of the full range (minimum-maximum) qualifies as arm's length price. To apply the wider range (instead of the narrower interquartile range) functional analysis has to be carried out for each element from the sample resulted in the comparative analysis, and the taxpayer has to justify without any doubt that the controlled transaction and the comparable transaction are truly comparable.</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>Yes. If a taxpayer has no transfer pricing documentation liability, no benchmark study has to be prepared, e.g. transactions between related parties under the (consolidated) market value of HUF 50 million (approx. EUR 167,000) in the given tax year are exempted from transfer pricing documentation liability. If a taxpayer qualifies as an SME, no transfer pricing documentation liability arises. Simplification rules apply for certain services (e.g. consulting services, transportation and storage) up to the yearly net market value of HUF 150 million (approx. EUR 500,000) if additional requirements are fulfilled.</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>Yes</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>No. Based on the new decree, new benchmarking search has to be prepared every three years and financial data of the accepted comparables have to be updated in every year unless if there is a change in the meantime.</p>

**7. Year-end adjustments**

<p>Are year-end adjustments permissible?</p>	<p>Yes</p>
<p>Does the taxpayer have to comply with any specific features or guidance?</p>	<p>Yes. Year-end adjustments are basically permitted but these should be sufficiently justified by the taxpayer as to why their application is deemed economically necessary based on the functions and risks. If the tax authority reveals that cost adjustments are made only with the purpose of having lower tax liability, the tax authority may increase the tax base of the taxpayer so that it shows the justified costs.</p>

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

<p>What are currently the main TP areas of scrutiny by the tax authorities in your country?</p>	<p>Previously only the existence of transfer pricing documentation was in focus upon a tax audit. We still experience this upon "general" tax inspections but in case of transfer pricing audit transfer pricing issues are investigated by the tax authority in more detailed, i.e. the functional analysis, the method applied, the determination of the market price. As a result of the CbCR requirements, the tax authority will treat the transfer pricing issues with higher priority.</p>
<p>Based on your experience, are joint or multilateral audits initiated and carried out?</p>	<p>Yes</p>
<p>Does the taxpayer have the option to apply for bilateral or multilateral APAs?</p>	<p>Yes</p>
<p>Are there any restrictions?</p>	<p>Applying for unilateral, bilateral or multilayer APA is generally a complex, long and costly process. APA can be requested only for future transfer pricing transactions (i.e. contract is concluded after the filing of the APA request, or with certain conditions contract is concluded before). Key factors of the transaction has to remain unchanged during the validity period of the APA.</p> <p>APA issued by the tax authority qualifies as a binding ruling of the tax authority which is valid retroactively back to the filing date of the APA request for a period of at least 3 years and up to 5 years; it may be extended once by additional 3 years upon request by the taxpayer being filed 6 months before the end of the final validity date. No transfer pricing documentation has to be prepared by the taxpayer regarding the transaction supported by a valid APA.</p> <p>Deadline for the procedure is 120 days, which may be extended by 2*60 days. Preliminary consultation is possible with the tax office before filing the APA request (conditions, timing, method and possible coordination).</p> <p>As of 1 January 2018, the official fee for the consultation is HUF 500,000 (approx. EUR 1,600) per consultation, while the official fee for the APA depends on the type of APA (unilateral, bilateral, or multilateral procedure) - it is HUF 2 million (approx. EUR 6,500) multiplied by the number of countries involved (e.g. in case of bilateral APA, the official fee is HUF 4 million).</p>

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India

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2002
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Same as OECD TP guidelines
Are any TP methods preferred over others?	No. TP method to be selected shall be the most appropriate method
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF implemented and OECD LF not implemented (but local variation of LF similar to the LF contents of OECD).
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>Local File: Section 92D of Income Tax Act 1961 (Act) read with Rule 10D of Income Tax Rules, 1962 (Rules)</li> <li>CbCR: Section 286 of the Act read with Rule 10DB</li> <li>Master File: Section 92D(1) &amp; (4) of the Act read with Rule 10DA</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Same as above.

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Threshold set at two levels: 1. Consolidated Group Revenue of INR 500 Crore & above; AND 2 Aggregate value of the international transactions during the year exceeds INR 50 Crores; OR Aggregate value of the international transaction in respect of purchase/sale/transfer/lease or use of Intangible Property during the year exceeds INR 10 Crore.
Euro Equivalent	EUR 62,655,000
As from which year does this obligation exist?	Financial year starting from 1 April 2016.
When does the Master File need to be available?	At the time of tax return is being filed. However, for FY 2016-17 same should be available latest by 31 March 2018 being the first year of filing.
When does it need to be submitted?	The Master File shall be filed before the prescribed due date mentioned as under: For FY 2016-17: 31 March 2018 From FY 2017-18 onwards : On or before the due date of filing of return of income for the relevant Assessment Year i.e. on or before 30 November.
How and where should the MF be filed?	Master File shall be filed electronically with the Director General of Income Tax (Risk Assessment).
Does the MF have to be prepared in the relevant local language ?	No



Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The contents of the Master File as prescribed in Rule 10DA are mostly in line with the OECD standard.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	If value of International Transaction with associated enterprise exceeds INR 10 Million
Euro Equivalent	EUR 124,982
As from which year does this obligation exist?	Financial year 2001-2002
When does the LF need to be available?	The Local file shall be maintained on a contemporaneous basis and shall be available on or before the filing of return of income for the relevant Assessment Year i.e. on or before 30 November.
When does the LF need to be submitted?	The Local file shall be filed with the tax office upon request/ notice from them, usually filed during the course of tax assessment/ audit.
How and where should the LF be filed?	The Local file is required to be submitted before the Assessing Officer/ Transfer Pricing Officer only when the taxpayer's case is selected for tax assessment/ audit.
a. Does the LF have to be prepared in the relevant local language?	No. The regulations do not prescribe any language
b. Or is documentation in English permissible?	Yes. In practice, all the taxpayers prepare the Local file/ documentation in English.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Specific information which are not covered in the local rules include description of the business strategy; business restructurings; details of key competitors; description of the individuals to whom the management of the local entity reports and countries in which such individuals maintain their principal offices and details relating to unilateral/ bilateral APAs and similar rulings.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	INR 5,500 Crore (i.e., equivalent to EUR 750 million) consolidated revenue in the previous year
Euro Equivalent	EUR 689,205,000
As from which year does this CbCR obligation exist?	Financial year starting from 1 April 2016

When and how do the tax authorities need to be notified who the reporting entity is?	<p>Taxpayer shall file the CbCR in the prescribed form on or before the due date of filing of tax return for any relevant Assessment Year i.e. on or before 30 November.</p> <p>Taxpayer shall also intimate the income tax authority in the prescribed form the details of the entity who is filing the CbCR, on or before 2 months from due date of filing the tax return.</p> <p>FY 2016-17 being the first year of filing of CbCR, the due date for filing the CbCR has been extended to 31 March 2018 and accordingly, the notification deadline is extended to 31 January 2018</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Same as above.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No. The source of data considered for preparing the CbCR should be consistently followed year on year. In case of change in source data, the same need to be mentioned in the Table 3 / Notes to CbCR.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The CbCR related Forms need to be electronically uploaded to 'incometaxefilingindia.gov.in'.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Electronic filing using the Digital Signature of the person authorised to sign the tax return
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Indian regulation also provides for exchange of information through existing bilateral treaties. We understand that currently India has initiated the negotiation for exchange of information with few countries with which India has already entered tax treaties.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Taxpayer is required to disclose in the tax return whether the Transfer Pricing provisions are applicable and if yes, the date of filing of an Accountant's Report in the prescribed form.
What would be the filing deadline?	November 30 of the relevant assessment year
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	In a situation where the taxpayer's case is selected for tax audit/ tax assessment, additional tax along with interest will be charged on the additional income (i.e. arising on account of transfer pricing adjustment) and also penalty as mentioned in para 3.7 (a) above. Further, the transfer pricing adjustments may also be subject to secondary adjustment as per section 92CE of the Act.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Where the Tax Office during the course of tax audit proceedings finds that, the tax advisor/consultant has furnished incorrect information in any report or certificate submitted to the tax office, the tax office may direct the advisor/consultant to pay penalty of INR 10,000 (i.e. USD 150 approx.) for each such report or certificate.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form 3CEB - Report from an accountant to be furnished under section 92E of the Act.
What would be the filing deadline?	November 30 of the relevant assessment year
What would be the penalties for non-compliance?	Penalty for failure to furnish Accountant's Report in Form 3CEB - INR 100,000  Failure to report a transaction or furnishing incorrect information in the Accountant's Report (Form 3CEB) attracts a penalty of 2% of the value of international transaction or specified domestic transaction not reported.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Section 92C of the Act read with Rule 10B has prescribed six methods. The benchmarking exercise is part of the Transfer Pricing Documentation Report as prescribed in section 92D of the Act read with Rule 10D of the Rules.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Transfer Pricing Study Report need to be prepared only if value of international transaction exceeds INR 10 Million
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. Under the current regulations, the transactions have to be benchmarked for each year and therefore, the benchmarking search is required to be undertaken each year.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Allocation of Management fees, Transfer of Intangibles, Advertising Marketing and Promotional expenses incurred for brand building, intercompany financing transactions (i.e., guarantees and interest) etc.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The detailed rule for filing APA is given in Rule 10F to 10T and rule 44GA. Taxpayer can apply for an APA covering any or all current/ future transactions without any threshold limit.</p> <p>Furthermore, the Tax office has the power to cancel an APA in following situation:</p> <ul style="list-style-type: none"> <li>- If applicant has failed to comply with the terms of agreement,</li> <li>- If there is failure to file the annual compliance report within the stipulated timeline,</li> <li>- There are material errors in the annual compliance report filed by the applicant, or</li> <li>- If the applicant is in disagreement with the proposed revision in the APA.</li> </ul> <p>Also, if an agreement is cancelled based on the discovery of fraud or misrepresentation of facts on the part of the taxpayer the same shall be deemed cancelled ab-initio and regular detailed transfer pricing audit will take place accordingly.</p>

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## Indonesia

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2010
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The most appropriate method based on the related-party transaction
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Minister of Finance of Republic of Indonesia Regulation No 213/PMK.03/2016.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	<p>In addition, there are further articles of law, legislative regulations, administrative circulars and case laws applicable to transfer pricing in general.</p> <p>The Special Relationship terms was introduced in Income Tax Law number 7 Year 1983 as amended in Law Number 36 Year 2008 Paragraph 18 number 3 (debt to equity ratio for entities with special relationship) and number 4 (the conditions/requirement to determine the existence of special relationship).</p> <p>Transfer pricing guidelines (PER 43/PJ/2010), as recently amended by PER 32/PJ/2011, provide that documents for the determination of fair price or fair profit must be made available by the taxpayer.</p> <p>The guidelines for Transfer Pricing Audit is regulated in PER - 22/PJ/2013 and DGT Circular number SE-50/PJ/2013.</p> <p>APA is regulated in DGT Regulation number PER - 69/PJ/2010 and Minister of Finance Regulation number 7/PMK.03/2015</p> <p>The exchange of information for MAP and APA is regulated in Circular number SE - 16/PJ/2017 about the request by information and/or proof regarding related financial information for the tax purposes.</p>

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>MF is required if the taxpayer meets certain thresholds in the previous fiscal year. The thresholds are as follows: affiliated party transaction and, either (i) gross revenue above IDR 50 billion (EUR 3,186,500); (ii) tangible goods affiliated party transaction above IDR 20 billion (EUR 1,274,600); (iii) transactions of intangible goods affiliated party transaction above IDR 5 billion (EUR 318,650); or (iv) any amount of related-party transaction with a related party in a tax jurisdiction with tax rate lower than the Indonesian corporate tax rate of 25%.</p> <p>Point (i) to point (iii) is the threshold for previous year while point (iv) is for the related fiscal year</p>
Euro Equivalent	EUR 3,186,500
As from which year does this obligation exist?	Applies for fiscal years beginning on or after 1 January 2016 with previous year threshold
When does the Master File need to be available?	The master files must be available at the latest of 4 months of the end of the relevant tax year. However, the MF is not necessary to be filed with the tax return. It is based on request from tax office.
When does it need to be submitted?	Submission of MF is not required at the time. However, a specific form in the corporate tax return is required to state on which the MF was available. MF must be available when requested by DGT. 14 days upon request, usually in a tax audit.
Does the MF have to be prepared in the relevant local language ?	Yes ( mandatory)
Is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirement

3. Local File (LF)	
	Yes
What is the threshold requirement for the obligation to prepare a LF?	<p>Threshold are the same as for MF</p> <p>LF is required if the taxpayer meets certain thresholds in the previous year. The thresholds are as follows: affiliated party transaction and, either (i) gross revenue above IDR 50 billion; (ii) tangible goods affiliated party transaction above IDR 20 billion; (iii) transactions of intangible goods affiliated party transaction above IDR 5 billion; or (iv) any amount of affiliated party transaction with an affiliated party in a tax jurisdiction with tax rate lower than the Indonesian corporate tax rate of 25%.</p>
Euro Equivalent	EUR 2,971,940
As from which year does this obligation exist?	LF is required if the taxpayer meets certain thresholds as mentioned above in the previous year. Applies for fiscal years beginning on or after 1 January 2016.
When does the LF need to be available?	The LF must be available at the latest of 4 months of the end of the relevant tax year. The LF is not to be filed with the tax return. However, the LF is not necessary to be filed with the tax return. It is based on request from tax office.

When does the LF need to be submitted?	Submission of LF is not required at the time. However, a specific form in the corporate tax return is required to state on which the LF was available. LF needs to be available when requested by the DGT. 4 days upon request, usually in a tax audit.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes, Based on regulation, the documentation should be in Bahasa. The English version usually only for internal report in the company's group.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	The deadline for MF & LF to be available is 4 months after the end of Fiscal Year. The responsibility of providing MF is merged with LF instead of CBCR.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	<p>If the taxpayer is the ultimate parent, the CbC Report should also be prepared if:</p> <p>Taxpayer earns a consolidated gross revenue of equal or more than IDR 11,000,0000,000,000 in that particular year</p> <p>no restriction for only MNE companies. Local companies with consolidated gross revenue as above is also required to prepare CbCR.</p>
Euro Equivalent	EUR 6,538,260
As from which year does this CbCR obligation exist?	For fiscal years starting in 1 January 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	<p>The reporting Entity is already determined in Minister of Finance Regulation number 213/PMK.03/2016. And further in Regulation of Directorate General of Tax number 29/PJ/2017. The threshold and requirement is as explained above.</p> <p>The Indonesian Taxpayer which has a related-party transaction must submit a notification to DGT to acknowledge its status of mandatory or not in providing the CbCR and which entity is appointed as surrogate parent using standardised form as attached in Regulation of Directorate General of Tax number 29/PJ/2017.</p> <p>The notification should be submitted at the latest by:</p> <p>a. 16 months after the end of a tax year for the 2016 Tax Year; or b. 12 months after the end of a tax year for the 2017 Tax Year onwards.</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	<p>The CbCR together with notification should be submitted at the latest by:</p> <p>a. 16 months after the end of a tax year for the 2016 Tax Year; or b. 12 months after the end of a tax year for the 2017 Tax Year onwards.</p> <p>The receipt of CbCR and Notification will be attached to the next fiscal year corporate tax return.</p>
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No. No information on the regulation.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Indonesian DGT if the company is filing its Tax Return electronically. Otherwise, the CbCR is submitted directly to the Tax Office.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	<p>CbCR is to be submitted with the notification before submission of Corporate Income Tax. the receipt will be attached in the Corporate Income Tax based on Regulation of Directorate General of Tax number 29/PJ/2017.</p> <p>The CbCR is submitted in the prescribed digital format (XML file).</p> <p>For primary and secondary filling rule: Submissions are to be made as attachments to the next fiscal year corporate tax return. The companies may not need to submit the CbCR in primary filing mechanism if Indonesia and the countries which the Parent entity reside is conducting the AEOI. also, if the EOI is already active.</p>
What are the (possible) consequences of not having the required CbCR available?	<p>As the receipt of CbCR should be attached in the Corporate Income Tax Return, Tax Office may refuse the submission of Corporate Income Tax Return without CbCR receipt since it is considered incomplete. This will cause delay in Corporate Income Tax Return and fines of IDR 1,000,000.</p> <p>If the Tax Authority issue reprimand letter regarding the request by CbCR, DGT may issue Underpaid Tax Assessment Letter with penalty of 50%</p>
Penalties?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Indonesia required additional form (working paper of CbCR) which content is the details data per entity of form CbC 1 and 2
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	<p>As of 7 December 2016, the member of Multilateral Competent Authority Agreement on the Exchange of CbCR (CbC MCAA) are 50 countries</p> <p>The activated exchange relationships with Indonesia are 46 countries.</p>
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes



5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Using specific form as regulated in MoF Regulation Number 213/PMK/2016 and specific form in the Tax Return (Form 3A)
What would be the filing deadline?	The summary as regulated in MoF Regulation Number 213/PMK/2016 must be submitted at the latest of 4 months after the end of the relevant tax year, as attachment of the Tax Return
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There is no specific regulation for this condition. the Indonesian Tax Office may proceed to review the affiliated party transaction in tax audit and will resulted in interest penalty on underpayment of 2% per month is applicable (with a maximum of 48%).
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There is no specific regulation for this condition.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. PER-22 authorises the use of public data (either foreign or domestic) commercial databases, the London Metal Exchange, and other databases as source of external comparables. In practice, the Indonesian tax authorities generally use the BvD database, including Osiris and Oriana. Other guidance are: <ul style="list-style-type: none"> <li>- steps to identify the characteristics of transaction,</li> <li>- steps to identify the entity characterisation</li> <li>- the financial ratio</li> <li>- the Methods to be used</li> <li>- provide the tools of FAR analysis and comparability analysis.</li> <li>- explanation of related-party transactions (intra-group services, intangible property, loan)</li> <li>- explanation of primary, secondary and corresponding adjustment)</li> </ul>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes (same as above).
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, intangible property, losses, and compliance with OECD BEPS.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>APA is regulated in DGT Regulation number PER - 69/PJ/2010 and Minister of Finance Regulation number 7/PMK.03/2015                      APA is only applied for 3 years or 4 years in case of APA in relation with MAP.</p> <p>There are only 2 Taxpayer recorded to have obtain APA. Both of the related party's country is Japan</p>

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Ireland

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2011
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable Uncontrolled Price, Cost plus, resale price method, transactional net margin method and profit split.
Are any TP methods preferred over others?	Comparable Uncontrolled Price.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Part 35A of Tax Consolidation Act 1997 Sections 835A-835H.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	No specific legislation/regulations exist other than those listed above - all TP matters dealt with under general TP legislation which impacts on transactions between "connected persons". No significant bulk of case law is available given the TP legislation is a very recent enactment in Ireland (2010/2011).

2. Master File (MF)	
	Not implemented
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Notwithstanding that the preparation of a master file is not yet mandatory under domestic legislation, it is considered best practice to prepare a master file. That being the case, TP legislation applies to only to large companies with more than 250 employees and either turnover exceeding EUR 50 million or balance sheet net value in excess of EUR 43 million (both tests on a group basis).
As from which year does this obligation exist?	Transfer pricing rules apply to accounting periods commencing on or after 1st January 2011. Master file preparation not yet mandatory.
When does the Master File need to be available?	Documentation should be available by the due date for filing the tax return but it is considered best practice to prepare documentation as transactions occur.
When does it need to be submitted?	21 days upon request (not necessary to submit unless requested) Approximately 9 months after year end. In practice, the Irish Revenue will seek documentation under the Transfer Pricing Compliance Review program. Under this program, a period of three months is granted to taxpayers to self-review their transfer pricing and report back to the Irish Revenue with findings and relevant supporting documentation.
Does the MF have to be prepared in the relevant local language ?	Yes. Ideally in the local language but if not, a certified translated copy would have to be provided in the event of an audit.
Is documentation in English permissible?	Yes

What are the (possible) consequences of not having the required MF available?	None at this stage as preparation of a master file is not yet mandatory.
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	Notwithstanding that preparation of a local file is not yet mandatory under domestic legislation, it is considered best practice to prepare a local file. That being the case, TP legislation applies to only to large companies with more than 250 employees and either turnover exceeding EUR 50 million or balance sheet net value in excess of EUR 43 million (both tests on a group basis).
As from which year does this obligation exist?	Transfer pricing rules apply to accounting periods commencing on or after 1st January 2011. Local file preparation not yet mandatory.
When does the LF need to be available?	Documentation should be available by the due date for filing the tax return but it is considered best practice to prepare documentation as transactions occur.
When does the LF need to be submitted?	21 days upon request (not necessary to submit unless requested) Approximately 9 months after year end. In practice, the Irish Revenue will seek documentation under the Transfer Pricing Compliance Review program. Under this program, a period of three months is granted to taxpayers to self-review their transfer pricing and report back to the Irish Revenue with findings and relevant supporting documentation.
Does the LF have to be prepared in the relevant local language?	Yes Ideally in the local language but if not, a certified translated copy would have to be provided in the event of an audit.
Or is documentation in English permissible?	Yes, but a certified translated copy would have to be provided in the event of an audit.
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million (group turnover).
As from which year does this CbCR obligation exist?	CbCR is required to be prepared for accounting periods starting on/after 1 January 2016

When and how do the tax authorities need to be notified who the reporting entity is?	<p>For Irish headquartered groups and non-Irish headquartered groups that have elected to treat an Irish subsidiary, investment fund or SPV as the 'surrogate parent', before the end of the financial year.</p> <p>For Irish subsidiaries of non-Irish headquartered groups and Irish investment funds or SPV's that are members of larger investor groups, before the end of the financial year. In both cases, the filing must be made electronically via ROS (Revenue's Online Service).</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	CbCR is due within 12 months of the companies accounting year end.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No. No information.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Revenue Commissioners via the "ROS" (Revenue Online Service). Registration for ROS is required where the entity is not already registered for ROS.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	CbCR is to be submitted electronically to the Revenue Commissioners via the "ROS" (Revenue Online Service).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Ireland implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU) with effect from the 1 April 2016. This was with effect from the 1st April 2016.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. There may be a requirement however, to file a CbCR return as outlined above
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Financial penalties may apply for careless / deliberate submission of tax returns. Depending on the gravity of the errors and whether or not the taxpayer was aware that the return prepared was incorrect, criminal proceedings may follow.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	In general, the taxpayer is responsible for the tax returns filed. However, if it can be proven that the agent was complicit in knowingly filing incorrect returns, financial penalties / criminal proceedings may follow.
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. Nothing specific; normal TP rules outlined above apply to post year-end adjustments.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	No information publicly available to assist in answering this question. However, we believe inter-company sales and profit shifting to Ireland to avail of the low corporate tax rates would be routinely inspected by Revenue.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The Irish Revenue will facilitate bilateral APAs by virtue of the network of double taxation agreements in place. As of 1 July 2016, Revenue entered into a formal bilateral APA program.

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Italy

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No OECD MF/LF (but local variation of MF and LF to avoid penalties are similar to OECD contents of MF and LF).
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Decree dated 23 February 2017 published on 8 March 2017, implementing the 2016 Budget Law (Law n. 208 dated 28 December 2015, par. no. 145, 146)
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	The penalty protection regime for taxpayer preparing transfer pricing documentation is contained in Article 1, paragraph 6 of Legislative Decree of 18 December 1997, no. 471, introduced by Article 26 of Law Decree no. 78 of 31 May 2010, converted into Law no. 122 of 30 July 2010. Documentation rules are contained in the Decision of the Commissioner of Italian Revenue Agency dated 29 September 2010.

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	No threshold
When does the Master File need to be available?	At the time the tax return is filed (nine months from the FY end)
When does it need to be submitted?	Within 10 days from the request
Does the MF have to be prepared in the relevant local language ?	Yes
Is documentation in English permissible?	No
What are the (possible) consequences of not having the required MF available?	Italy does not have a statutory requirement, but documentation is recommended to avoid shifting the burden of proof regarding arm's length pricing to the taxpayer. In addition, documentation that complies with specific regulations is necessary to obtain penalty protection
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Almost entirely consistent with the OECD Requirements

3. Local File (LF)	Yes
What is the threshold requirement for the obligation to prepare a LF?	There is no materiality threshold for having to prepare transfer pricing documentation. Nevertheless, entities classified as small-to-medium sized (i.e. whose annual turnover is less than EUR50 million), will benefit from certain simplified procedures for the updating/preparation of the documentation.
When does the LF need to be available?	At the time the tax return is filed (nine months from the FY end)
When does the LF need to be submitted?	Within 10 days of the request
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Almost entirely consistent with the OECD Requirements

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million consolidated revenue in the previous financial year
Euro Equivalent	EUR 750.000.000
As from which year does this CbCR obligation exist?	From the year following the year that the threshold is met
When and how do the tax authorities need to be notified who the reporting entity is?	At the time the tax return is filed (nine months from the FY end), in the tax return itself.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Twelve months from the FY end
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	No information yet (a technical specifications decree is expected)
How is the CBCR to be submitted, specifically, is there any prescribed standard?	No information yet (a technical specifications decree is expected)
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD standard
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes



Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Recently Italy has implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU) and Directive 2015/2376 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation * directive 2016/881: 3rd June 2016 ; *directive 2015/2376: 14 December 2016
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	Nine months from the FY end
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	In the case of unfaithful tax return. A tax return showing either a taxable income lower than the one assessed or a tax credit higher than those owed to the taxpayer results in a penalty ranging from 90% to 180% of the higher taxes ultimately due. Special rules apply where similar violations are repeated over various years.  Self-disclosure of tax law breaches are allowed on payment of the higher taxes and of reduced administrative penalties. The reduced penalties are always computed on the floor of the applicable range of penalties. The starting of an audit does not prevent the possibility to amend tax returns or to carry out late tax payments.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	According to the 2015 reform of tax crimes, the only conduct that results in criminal liability is conduct which is detrimental to the Italian revenues, characterised by the use of fraud, false documentation and sham structures. Therefore, abusive transactions, whose sole intent is the realisation of a tax advantage, are not relevant for tax criminal purposes, if they are not carried out through fraudulent, false or sham means
Does a taxpayer need to file TP-specific returns?	No

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Entities classified as small-to-medium sized (i.e. whose annual turnover is less than EUR50 million), will benefit from certain simplified rules for the updating/preparation of the documentation. Under the simplified rules, the update of external comparables can be made every three years rather than annually.
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Attribution of free capital to PE (banks, insurance, financial entities); management fees; benchmarking on IC loans
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The agreement signed by the taxpayer and the Tax Administration remains in force for five years starting from the fiscal year in which it is signed, provided that the circumstances – specifically, the critical assumptions - under which the agreement was signed remain unchanged.</p> <p>In case of bi/multilateral APAs, the validity period can start from the date of the application filing, consistently with the mutual agreement concluded with the treaty partner(s) under Article 25 of the Model tax convention.</p>

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## Japan

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2010
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	CUP, RP, CP, PS, TNMM, Berry Ratio
Are any TP methods preferred over others?	Best Method Rule
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: Article 22-10 Paragraph 1 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (approved by the Japanese Diet in FY 2017 Tax Reform)</li> <li>• Master File: Article 22-10-5 Paragraph 1 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (approved by the Japanese Diet in FY 2017 Tax Reform)</li> <li>• CbCR: Article 22-10-4 Paragraph 1 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (approved by the Japanese Diet in FY 2017 Tax Reform).</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	<p>Same as above and in addition, there are other laws, legislative regulations, administrative circulars applicable to transfer pricing in general. Most notably, Article 66-4, 66-4-4, 66-4-5 of the Act on Special Measures Concerning Taxation, Article 39-12, 39-12-4 of the Cabinet Order of the ASMT (Act on Special Measures Concerning Taxation), Article 22-10, 22-10-4, 22-10-5 of the ASMT Ministerial Ordinance, Commissioner's Directive on Transfer Pricing Operation and Supplement</p> <p>Additionally, there is supplementary guidance by the National Tax Agency such as FAQ of Transfer Pricing Documentation, Illustrative Guidance on how to make Local File, 2 samples of Local File (manufacturer, distributor).</p>
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
Euro Equivalent	Group consolidated revenue of JPY 100 billion (EUR 754,980,000) or higher
As from which year does this obligation exist?	EUR 754.980.000
When does the Master File need to be available?	For fiscal years starting on or after April 1, 2016
When does it need to be submitted?	The entity needs to notify the tax authorities to surrogate filings via e-Tax within one year from the end of each fiscal year of the ultimate parent company.
Does the MF have to be prepared in the relevant local language ?	Due within one year from each fiscal year end of the ultimate parent company
	No. Japanese or English (Article 22-10-5 of the ASMT Ministerial Ordinance)

Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	JPY 5 billion or more in total related transaction volumes; or JPY 300 million or more in intangible related transaction volume in the preceding year
Euro Equivalent	EUR 37,968,000
As from which year does this obligation exist?	Fiscal year starting on or after April 1, 2017
When does the LF need to be available?	It is required to prepare local file by the due date of Corporate Final Return. The preservation period of Local File set forth is 7 years. Local file shall be submitted upon request in a tax audit.
When does the LF need to be submitted?	Upon request <ul style="list-style-type: none"> <li>• 45 days upon request in a tax audit for the document of calculating arm's length price</li> <li>• 60 days upon request in a tax audit for the important document of calculating arm's length price</li> </ul>
Does the LF have to be prepared in the relevant local language?	Yes. In practice, many Japanese taxpayers prepare transfer pricing documentation in Japanese. Japanese taxpayers may request to submit transfer pricing documentation in English. Taxpayers can negotiate with auditors to limit the scope of translation of documents into Japanese. But it is up to the discretion to the tax audit whether to accept or to deny such a request.
Or is documentation in English permissible?	Yes. In practice, many Japanese taxpayers prepare transfer pricing documentation in Japanese. Japanese taxpayers may request to submit transfer pricing documentation in English. Taxpayers can negotiate with auditors to limit the scope of translation of documents into Japanese. But it is up to the discretion to the tax audit whether to accept or to deny such a request.
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes

<p>To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?</p>	<p>The Japanese Local File must include following information:</p> <p><b>Item 1:</b> Documents describing the content of controlled transactions (a) Details of assets and the content of services related to the Controlled Transactions            (b) Functions fulfilled by the foreign-related parties in the controlled transactions and risks assumed by the foreign-related parties in the controlled transactions            (c) Content of intangible fixed assets and other intangible assets used by foreign-related parties in the controlled transactions            (d) Agreements related to, or documents describing the content of agreements on, the controlled transactions            (e) Details of the amount of compensation received or paid by the foreign-related parties in the controlled transactions, the method to set the amount of compensation received or paid, and the content of negotiations about such setting, as well as the method to calculate arm's length prices            (f) Details of profits/losses for the foreign-related parties in the controlled transactions and the process in which the amount of profits/losses is calculated            (g) Analyses of markets related to the sale or purchase of assets, the provision of services, and other transactions in the controlled transactions            (h) Content of business, business policy, and organisational structure of the foreign related parties related thereto            (i) Documents describing whether there are other transactions closely related to the controlled transactions as well as the content of the transactions and the circumstances under which the transactions are closely related to the controlled transactions</p> <p><b>Item 2:</b> Documents to calculate arm's length prices for Controlled Transactions,            (a) Calculation method which is selected by the corporations, important prior conditions for such selection, and the reasons for such selection as well as other documents prepared by the corporations to calculate arm's length prices (excluding those listed in (b) to (e) below)            (b) Documents related to the selection of comparable uncontrolled transactions and details of comparable uncontrolled transactions including financial information            (c) Documents for the corporations to calculate the amount computed as one that belongs to the corporations and the foreign-related parties related (excluding the documents listed in (b) and (e))            (d) Documents describing the reason the corporations consider several controlled transactions as a single one and calculate an arm's length price for the transaction and the content of each transaction if they make such a calculation            (e) Documents describing the reason differences are adjusted for comparable uncontrolled transactions and the method to adjust such differences</p>
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<p><b>4. Country-by-Country Reporting</b></p>	<p>Yes</p>
<p>What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?</p>	<p>Total consolidated revenue of 100 billion yen or more in the preceding fiscal year (EUR 754,980,000).</p>
<p>Euro Equivalent</p>	<p>EUR 754,980,000</p>
<p>As from which year does this CbCR obligation exist?</p>	<p>For fiscal years starting on or after April 1, 2016</p>

When and how do the tax authorities need to be notified who the reporting entity is?	The entity needs to notify the tax authorities regarding surrogate filings via e-Tax. The Japanese taxpayer has to notify followings: (a) parent company of MNE, (b) designated surrogate parent company or (c) subsidiary of MNE via e-Tax by the day when the Ultimate Parent Entity's fiscal year ends. The Japanese taxpayer has to declare in its notification the name of the MNE's headquartered entity and the competent authority to which it has submitted the Master file, CbCR applicable for the ultimate parent entity's fiscal year starting on and after April 1, 2016.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	Following day of one year after fiscal year end of the parent company.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No. FAQ of Japanese Transfer Pricing Documents #36 says that taxpayer does not need to make any accounting adjustments even if there are difference in accounting standard of a constituent entity.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	CbCR is to be submitted electronically (e-Tax) to the competent District Director of the tax authority.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	Import CSV file into the site called "MNE information reporting corner" , then transform CbCR information into XML form and transmit via e-Tax.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No, (apart from personal tax return, a taxpayer needs to submit CbCR and Master file via e-Tax within due date above).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Submitting intentionally incorrect / too low tax returns and/or not informing tax authorities may likely trigger tax investigation. Legal consequences may range from (monetary) fines to imprisonment of up to 10 years.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Submitting intentionally incorrect / too low tax returns and/or not informing tax authorities may likely trigger tax investigation. Legal consequences may range from (monetary) fines to imprisonment of up to 10 years.

Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Schedule 17-4 ( "Detailed Statement Regarding Foreign Affiliated Companies").
What would be the filing deadline?	Same as the deadline of corporate final tax return.

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes.            In Japan, there is no legal requirement about benchmarking report update. In the transfer pricing Administrative Guidelines 1-2 (3), it says that "To solve international double taxation caused by transfer pricing taxation, it is important for the tax authorities of each country to share an understanding of transfer pricing. Therefore, an examination or APA review shall be conducted in an appropriate manner by referring to the OECD Transfer Pricing Guidelines as necessary." In addition, the transfer pricing Administrative Guidelines 2-4 (3)) says that a tax auditor do not ask for the renewal of financial information of comparable transactions in the transfer pricing audit. Therefore, as long as the OECD transfer pricing guideline is followed (search in every 3 years with an annual data update), it will be accepted. Article 22-10 Paragraph 1 (Item2) of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation related to the requirement of benchmarking in Local File as follows.            (a) Calculation method which is selected by the corporations, important prior conditions for such selection, and the reasons for such selection as well as other documents prepared by the corporations to calculate arm's length prices (excluding those listed in (b) to (e) below)            (b) Documents related to the selection of comparable uncontrolled transactions and details of comparable uncontrolled transactions including financial information            (c) Documents for the corporations to calculate the amount computed as one that belongs to the corporations and the foreign-related parties related (excluding the documents listed in (b) and (e))            (d) Documents describing the reason the corporations consider several controlled transactions as a single one and calculate an arm's length price for the transaction and the content of each transaction if they make such a calculation            (e) Documents describing the reason differences are adjusted for comparable uncontrolled transactions and the method to adjust such differences.</p>
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7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Administrative Guidelines 3-20 (Points to Note Concerning the Monetary Transfer for Price Adjustment, etc.) says that " In cases where a corporation changes the amount of consideration for transactions with a foreign affiliate already conducted nominally for the purpose of price adjustment, it shall be examined whether the changes fall under the adjustment of transaction prices based on reasonable grounds. In cases where the changes are made by paying money to a foreign affiliate or by recording the cost, etc. (hereinafter referred to as "payment and recording"), whether the payment and recording is based on reasonable grounds shall be examined by comprehensively considering the reasons for the payment and recording, the details of prior agreement, the method of the calculation and the grounds thereof, the date on which the payment and recording was determined and the date on which the payment and recording was made. If it is recognized as a result of the examination that the payment and recording is based on reasonable grounds, the changes shall be deemed to be the adjustment of transaction prices. If it is not recognized that the payment and recording is based on reasonable grounds, it shall be examined whether the provisions of Article 66-4, paragraph (3) of the ASMT shall be applied to the payment and recording. (Note) Article 66-4, paragraph (3) of the ASMT is the provisions of non-deductible donation tax treatment.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intangibles transactions and intra-group service transactions.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Since APAs in Japan are not stipulated by laws and regulations, they are merely administrative acts. However, since APA based on the tax treaty is deemed be an agreement under the treaty, practically all APAs are bound both by taxpayers and by the tax authorities. Details of APAs are stipulated in "Chapter 6 APA" of the transfer pricing Administrative Guidelines.

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Kenya

WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable Uncontrolled Price (CUP) Method, Resale Price Method, Cost Plus Method, Transactional Net Margin Method, Profit Split Method and such other method that may be prescribed by the Commissioner from time to time, where in his opinion and in view of the nature of the transactions, the arm's length price cannot be determined using any of the other methods (Rule 7 of the Transfer Pricing Rules).
Are any TP methods preferred over others?	The TP Rules do not give preference to any of the methods, but they require the taxpayer to apply the "most appropriate" method. However in practice, the CUP Method is preferred for certain industries.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF - Intentions
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Income Tax Act ( Section 93 - Failure to maintain documents, Section 94 - Failure to submit tax return or other document), Transfer Pricing Rules, 2006 and the OECD Transfer Pricing Guidelines.
<b>2. Master File (MF)</b>	
	Intentions
<b>3. Local File (LF)</b>	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
<b>4. Country-by-Country Reporting</b>	
	Intentions

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Knowingly filing an incorrect/ too low tax return is considered fraud in relation to tax (Section 97 of the Tax Procedures Act). Such action would attract a shortfall penalty of: 75% of the tax shortfall when the statement or omission was made deliberately, or 20% of the tax shortfall in any other case (Section 84 of the Tax Procedures Act) and a tax avoidance penalty.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Knowingly filing an incorrect/ too low tax return is considered fraud in relation to tax (Section 97 of the Tax Procedures Act). Such action would attract a shortfall penalty of: 75% of the tax shortfall when the statement or omission was made deliberately, or 20% of the tax shortfall in any other case (Section 84 of the Tax Procedures Act) and a tax avoidance penalty.
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No local guidance. However, the taxpayer is required to avail documentation to evidence their analysis upon request by the Commissioner (Rule 10(c) of the Transfer Pricing Rules).
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. It is only sufficient as long as there are no material changes to the factors affecting the transfer prices.

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. No guidelines. The adjustments should however not be on an ad hoc basis. There needs to be a pre-determined agreed mechanism. Additionally, from experience, upward adjustments are preferred (by the revenue authority) to downward adjustments.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Companies in continuous losses over long periods, brands shared by non-resident entities, intercompany financing.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	The legislation and TP Rules are silent on this. This is however going to change soon as the KRA is open to the use of APAs.

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## Kyrgyzstan

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. Transfer pricing is poorly regulated in the Kyrgyz Republic. The Tax Code of the Kyrgyz Republic contains only 3 articles on transfer pricing that are used rarely in practice. The Kyrgyz Republic is not a member of international acts and agreements on transfer pricing regulation.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	The Tax Code of the Kyrgyz Republic dated October 17, 2008 provides for 4 methods (principle) of determining the market price: 1. the method of determining the price on the basis of statistical data; 2. the method of determining the price on the basis of information on transactions with identical and/or homogeneous goods, works or services under comparable conditions; 3. the resale price method; and 4. the computed value method.
Are any TP methods preferred over others?	All methods are applied sequentially: first of all the first method, then the second method and so on. Each subsequent method should be applied if the previous method is not possible.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general: —	The Kyrgyz legislation does not establish requirements for transfer pricing documentation. The Tax Code of the Kyrgyz Republic dated October 17, 2008 contains three articles (118, 120, 121), which briefly describe some basic definitions, cases in which transaction prices can be checked for their compliance with market prices and methods for determining market prices.

<b>2. Master File (MF)</b>	Not implemented
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<b>3. Local File (LF)</b>	Not implemented
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<b>4. Country-by-Country Reporting</b>	Not implemented
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Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
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Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
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Please specify the country involved and date the agreement came into force.	There are some agreements about exchange of tax and other relevant information between Commonwealth of Independent States countries and the Eurasian Economic Union countries. But we do not have information about their status, entry into force and application.
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<b>5. TP disclosure in tax return or transfer pricing specific returns</b>
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Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Additional tax assessment by tax authorities based on market prices, the application of tax sanctions and penalties to the taxpayer. In the case of non-fulfilment of tax obligations, collection of such debt (including the withdrawal of funds from the account) and/ or application of criminal liability to taxpayer officials.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Administrative and/ or criminal and/ or disciplinary and/ or civil liability may be applied to officials (for example: a manager, an accountant, a financial director), other co-workers, independent consultant, etc. depending on the specific situation and specific circumstances.
Does a taxpayer need to file TP-specific returns?	No

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

## 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Transactions between related parties, import of goods.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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Laos

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. In practice, TP policies of MNC can be a great support in terms of documentation and explanation for intragroup service pricing justification. Yet, to date, the Tax Authority does not have the capacity to read and manage such high-level detailed documentation and only few parts of it might reveal usable during tax audits. No reference to OECD guidelines is made in internal tax regulations.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	comparable method
Are any TP methods preferred over others?	comparable method
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
2. Master File (MF)	
Not implemented	
3. Local File (LF)	
Not implemented	
4. Country-by-Country Reporting	
Not implemented	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Penalty for underreporting taxable result (20 to 60% of tax due).
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Tax Law does not provide sanctions against advisor/accountant/administrator. Accounting Law provide sanctions varying from re-education, fine and imprisonment for advisor/auditor/accountant/administrator in case of infringement of accounting regulation, and in particular in case of misstatements in financial reporting.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Tax Law requests taxpayers to proceed to adjustment of their financial reporting when computing their corporate income tax liability. In that extent, any intragroup transaction (financial and operation) shall be adjusted for tax calculation on the basis of guidance given by Tax Law (rates, threshold admission) or on arm's length principle basis.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intragroup financing and service/good supplies
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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Latvia

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Five transfer pricing methods recommended by OECD – comparable uncontrolled price (CUP) method, resale price, cost-plus, transactional net margin method (TNMM) and profit split – are recognised. OECD Transfer Pricing Guidelines may be used for application of transfer pricing methods.
Are any TP methods preferred over others?	CUP, resale price and cost-plus methods are preferred over TNMM and profit split method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF/LF-Draft
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbCR is regulated by the Cabinet Regulations No.397 and Article 15.2 of the Taxes and Duties Act.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Article 15.2 of the Taxes and Duties Act.

2. Master File (MF)	
	Draft
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>We currently have only draft project.</p> <p>Draft project determines that the company is required to prepare a Master File if one of the following thresholds is met:</p> <ol style="list-style-type: none"> <li>1) related-party transaction amount in the previous financial year exceeds EUR 15 million; or</li> <li>2) turnover in the previous financial year exceeds EUR 50 million and related-party transaction amount exceeds EUR 5 million.</li> </ol> <p>Master File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year.</p> <p>Whereas, if the turnover in the previous financial year is below EUR 15 million but exceeds EUR 5 million Master File must be prepared within 12 months and submitted only upon SRS request. In this case taxpayer is obligated to file Master File within a month of receipt of the request from Latvian SRS.</p>
Euro Equivalent	EUR 50,000,000
As from which year does this obligation exist?	The obligation to prepare Master File exists for the year when the threshold is met.
When does the Master File need to be available?	Within 12 months after the end of the financial year when the threshold is met.

When does it need to be submitted?	<p>Draft project determines that the company is required to prepare a Master File if one of the following thresholds is met:</p> <p>1) related party transaction amount in the previous financial year exceeds EUR 15 million; or</p> <p>2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million.</p> <p>Master File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year.</p> <p>Whereas if the turnover in the previous financial year is below EUR 15 million but exceeds EUR 5 million Master File must be prepared within 12 months and submitted only upon SRS request. In this case taxpayer is obligated to file Master File within a month of receipt of the request from Latvian SRS.</p>
How and where should the MF be filed?	<p>Master File must be uploaded in Latvian State Revenue Service electronic declaration system (EDS).</p> <p>Please see the website address: <a href="https://eds.vid.gov.lv/login/">https://eds.vid.gov.lv/login/</a></p>
Does the MF have to be prepared in the relevant local language ?	No. If draft law will be implemented - the Master File can be prepared in English, but SRS may request a translation into Latvian.
Is documentation in English permissible?	Yes
What are the (possible) consequences of not having the required MF available?	Administrative penalty up to 1% from the transaction value.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The draft law includes Master File contents in line with OECD content requirements.

<b>3. Local File (LF)</b>	Draft
What is the threshold requirement for the obligation to prepare a LF?	<p>We currently have only draft project.</p> <p>Draft project determines that the company is required to prepare a Local File if:</p> <p>1) related party transaction amount in the previous financial year exceeds EUR 15 million; or</p> <p>2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million; or</p> <p>3) related party transaction amount in the previous financial year exceeds EUR 5 million.</p> <p>Local File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year.</p> <p>Whereas if the related party transaction amount in the previous financial year exceeds EUR 250 thousand but does not exceed EUR 5 million the Local File must be prepared within 12 months and submitted only upon SRS request. In this case taxpayer is obligated to file Local File within a month of receipt of the request from Latvian SRS.</p>
Euro Equivalent	EUR 50,000,000
As from which year does this obligation exist?	The obligation to prepare Local File exists for the year when the threshold is met.
When does the LF need to be available?	Within 12 months after the end of the financial year.



When does the LF need to be submitted?	<p>Draft project determines that the company is required to prepare a Local File if:</p> <ol style="list-style-type: none"> <li>1) related-party transaction amount in the previous financial year exceeds EUR 15 million; or</li> <li>2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million; or</li> <li>3) related-party transaction amount in the previous financial year exceeds EUR 5 million.</li> </ol> <p>Local File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year.</p> <p>Whereas if the related-party transaction amount in the previous financial year exceeds EUR 250 thousand but does not exceed EUR 5 million the Local File must be prepared within 12 months and submitted only upon SRS request. In this case taxpayer is obligated to file Local File within a month of receipt of the request from Latvian SRS.</p>
How and where should the LF be filed?	<p>Local File must be uploaded in Latvian State Revenue Service electronic declaration system (EDS). Please see the website address: <a href="https://eds.vid.gov.lv/login/">https://eds.vid.gov.lv/login/</a></p>
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Only minor differences.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million - consolidated revenue in the previous financial year.
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met. • For primary reporting, CbCR is first to be prepared for fiscal years starting on 1 January 2016; • For secondary reporting, CbCR is first to be prepared for fiscal years starting on 1 January 2017. For the further taxation periods CbCR has to be prepared 12 months after the end of the taxation year.
When and how do the tax authorities need to be notified who the reporting entity is?	By the 31 of December or by the end of taxation period.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR must be submitted in Latvian State Revenue Service maintained electronic declaration system (EDS). Please see the website address: <a href="https://eds.vid.gov.lv/login/">https://eds.vid.gov.lv/login/</a>

How is the CBCR to be submitted, specifically, is there any prescribed standard?	The Cabinet Regulations No.397 provides Microsoft Word application form which has to be filled out. The application is divided in three parts, each part including different table to be filled out. It is planned that there will be a special template in the SRS EDS system to be filled-in as a CbC report.
What are the (possible) consequences of not having the required CbCR available?	Administrative penalty up to approx. EUR 7,000 (draft).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Tax related information exchange with Guernsey on 4 October 2013 and with Jersey on 13 December 2013.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	In case of inadvertently filed tax return the taxpayer has to make corrections in the tax return and pay the mandatory taxes and related late payment penalty. However, if the taxpayer intentionally submits an incorrect tax return the administrative fine in total of EUR 700 applies. If tax authorities makes transfer pricing adjustment, the fine for understated tax is either 20% or 30% of the understated amount depending on the amount of tax underpaid. Additionally late payment penalty will apply at 0.05% per day. For tax evasion in large amount (exceeding EUR 19,000) imprisonment up to 4 years (up to 10 years if the crime is committed in an organised group), temporary imprisonment, forced labour, fine or confiscation of property may be sentenced.

<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>The tax advisor/accountant/administrator has to inform the client about incorrect transfer pricing calculations. However, the taxpayer is responsible for all the information it submits or any other person in his name submits to the tax authorities. If the taxpayer intentionally submits an incorrect tax return the administrative fine in total of EUR 700 applies. Additionally late payment penalty will apply at 0.05% per day.</p> <p>For tax evasion in large amount (exceeding EUR 19,000) imprisonment up to 4 years (up to 10 years if the crime is committed in an organised group), temporary imprisonment, forced labour, fine or confiscation of property may be sentenced.</p> <p>If the advisor understands or should understand that the taxpayer submits a tax return by which a tax evasion in large amount (exceeding EUR 19,000) is done then also the advisor may be charged for non-reporting of a crime. Such violation may be punished by imprisonment up to 2 years, temporary imprisonment, forced labour or a fine.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

<p><b>6. Benchmarking</b></p>	
<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>No</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>No</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>Yes. There are no strictly defined rules on preparation of a benchmarking study, however in general the tax administration allows to use the benchmarking study where comparable data is not older than 4 years.</p>

<p><b>7. Year-end adjustments</b></p>	
<p>Are year-end adjustments permissible?</p>	<p>Yes</p>
<p>Does the taxpayer have to comply with any specific features or guidance?</p>	<p>Yes. Taxpayer can make year-end adjustments in tax returns three years (to be extended to 5 years) after date of made tax payments set by law. However, this does not apply if tax administration has started the tax audit for relevant taxation period. Year-end adjustments can be also done by true-up invoicing in the last month of the taxation period.</p>

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	There are no specific areas in which tax authorities mainly carry out transfer pricing audits. Usually tax administration initiates a transfer pricing audit within the framework of other tax audit.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No
Are there any restrictions?	Taxpayers whose annual turnover exceeds €1.43 million have the option to enter into an APA with the tax authority on determining the market price for a transaction or certain types of transaction with a related foreign company. Latvian tax authorities will reject the taxpayers APA application if it is prepared based on incorrect and insufficient information as well as if the taxpayer does not provide information requested by the tax authorities.

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## Lithuania

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2004
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	Five transfer pricing methods recommended by OECD – comparable uncontrolled price (CUP) method, resale price, cost-plus, transactional net margin method (TNMM) and profit split – are recognised. Based on national regulation, all transactions with related parties have to conform to the market value (i.e. be in line with the arm's length standard).
Are any TP methods preferred over others?	CUP, resale price and cost-plus methods are preferred over TNMM and profit split method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbCR is regulated by Article 61 of the Law on Tax Administration of the Republic of Lithuania and Order No VA-47 issued by the Head of The State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	<ol style="list-style-type: none"> <li>Article 40 of the Law on Corporate Income Tax of Lithuania;</li> <li>Order of the Minister of Finance No. 1K-123 as of 9 April 2004 on transfer pricing evaluation and documentation rules;</li> <li>Order of the Head of the State Tax Inspectorate No. VA-27 as of 22 March 2005 on the related-party transaction disclosure in the annual corporate income tax return;</li> <li>the Law on Corporate Income Tax of Lithuania and its implementation rules, introduced in 2004.</li> </ol>

<b>2. Master File (MF)</b>	Intentions
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<b>3. Local File (LF)</b>	Intentions
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<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	<p>As from the year following the year that the threshold is met. For primary reporting, CbCR is first to be prepared for fiscal years starting on 1 January 2016;</p> <p>For the further taxation periods CbCR has to be prepared within 12 months after the end of the reporting financial year.</p> <p>A reporting entity that is not a parent entity of the group shall submit the country-by country report for the first time for the financial year that begins on 1 January 2016.</p>
When and how do the tax authorities need to be notified who the reporting entity is?	<p>The notification obligation shall be performed within the last day of the end of the financial year that is the reporting year of the group. The notification can be submitted: via electronic Lithuanian State Tax Inspectorate's ManoVMI system.</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates. The first CbCR for the year 2016 must be submitted till the end of the first quarter (March 31) of year 2018 (or later, if the financial year did not start on 1 January 2016, but within 12 months after the end of financial year).
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	Electronically through the systems provided by the tax administration.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Xml-standard, direct delivery by using the standardised tool through MANO VMI system.
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Arrangement between U.S. and Lithuania on the exchange of country-by-country reports (entered into force on 26 July 2017).
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. 60 days as of the tax authorities request.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	In case of tax audit the State Tax Inspectorate may adjust related-party transaction price for tax calculation. If after the adjustment taxable result increased, late payment interests at a rate of 0,03% per day and fines from 10% to 50% of tax arrears may be imposed toward the taxpayer. Moreover, failure to fulfil obligations arising from the tax laws may also result in application of administrative and criminal liability.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	No direct liability is currently introduced in Lithuania and imposed to tax advisors or administrators. Administrative or criminal liability may only be imposed towards the managing director or bookkeeper of the company.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	FR0528 (Report on Transactions or Economic operations Between Associated Parties) and FR0438 (Report on Controlled and controlling entities) in which the information about controlling entities and information about controlled entities should be disclosed.
What would be the filing deadline?	Forms must be submitted alongside annual corporate income tax return after the end of the tax period before the fifteenth day of the sixth month of the next tax period.
What would be the penalties for non-compliance?	The Code of Administrative Offences establishes that for failure to submit information or declaration that is mandatory by the laws an administrative fine from EUR 150 to EUR 300 may be imposed.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. In general yes, however it is not determined in any law.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Year-end adjustments should preferably be reflected in the financial statements. It is, however, also possible to make the year-end adjustments in the tax return. Adjustments may have both customs and VAT implications. Year-end adjustments must be substantiated.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	There are no specific areas in which tax authorities mainly carry out transfer pricing audits. Usually tax administration initiates a transfer pricing audit within the framework of other tax audit.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>An application for an APA may be filed only in respect of a future transaction or an operation to be carried out after the application is filed provided that the situation and transfer pricing issues are complex.</p> <p>The deadline for issuing an APA by the tax authorities is 60 days, extendable by 60 days.</p> <p>APA binds tax authorities throughout the entire period of the transaction but no longer than 5 calendar years after the year in which the decision was adopted.</p> <p>The APA is not binding on the taxpayer.</p>

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## Luxembourg

### WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	The arm's length principle has been codified into Luxembourgish tax laws as of 1 January 2015 (art 56 LIR). On 27 December 2016, Bill No. 7031 on country-by-country reporting was published in Official Gazette No. 280. With respect to specific transfer pricing regulations in respect of intragroup financing transactions, the relevant legal basis can be found in Circular L.I.R. no. 56/1 – 56bis/1 (27 December 2016). As per 1 January 2017 further clarification in respect of art 56 LIR (codification of the arm's length principle)'s goal and scope has been provided (art 56bis LIR).
<b>2. Master File (MF)</b>	
	Not implemented
<b>3. Local File (LF)</b>	
	Not implemented
<b>4. Country-by-Country Reporting</b>	
	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Ultimate Parent of the Group with consolidated revenue of EUR 750 million or greater in the previous financial year. When Luxembourg taxpayer is part of such group a CbCR obligation exists (whether as reporting and/or notifying party)
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	CbCR applies to financial years beginning on or after 1 January 2016 (effective reporting: first deadline 31.12.2017 for financial years 2016 that coincide with calendar year 2016).
When and how do the tax authorities need to be notified who the reporting entity is?	By the end of the fiscal year (deadline exceptionally extended to March 31, 2017 instead of December 31, 2016) notification is to be made via e-notification through "guichet.lu".
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	No later than 12 months after the last day of the reporting fiscal year of the MNE Group.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No

Where is the CBCR to be submitted ?	www.guichet.lu
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Not adopted the OECD's XML Schema standardized electronic format yet.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	No
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Automatic exchange of rulings/APAs in accordance with EU Directive.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	May result in the existence of a "deemed dividend" (non-deductibility of excess costs and likelihood of secondary taxation) or "informal capital contribution" (in case of excess income). Also, there may be issues with the deliberate submission of an incorrect tax return in view of director's liability.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	May result in the existence of a "deemed dividend" (non-deductibility of excess costs and likelihood of secondary taxation) or "informal capital contribution" (in case of excess income). Also, there may be issues with the deliberate submission of an incorrect tax return in view of director's liability.
Does a taxpayer need to file TP-specific returns?	No

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. In general not, however, for intragroup financing arrangements reference should be made to Circular 56bis/1 LIR of 27 December 2016.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. In practice, however, reference should be made to the OECD TP Guidelines.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intragroup financing transactions, IP-related matters.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Madagascar

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. Tax authorities are free in their appreciation; they can take the OECD Transfer Pricing Guidelines as a reference, but they can also have their own appreciation on how an operation shall be appreciated. To date, there is no guarantee that Tax authorities will systematically take in consideration the OECD Transfer Pricing Guidelines.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	The Decision no.4-MFB/SG/DGI provides 5 methods for the determination of the arm's length price: the comparable uncontrolled price method, the resale price method, the cost plus method, the transactional net margin method and the transactional profit split method.
Are any TP methods preferred over others?	To date, in practice, there is no preferred method applied. The choice between the five methods remains to the taxpayer. The latter has to justify their choice, that shall be adapted to the circumstances of the present case. It is not mandatory nor necessary to apply several methods to a transaction.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Article 01.01.10-1° of the General Tax Code (principle of non deductibility of services paid to a company located abroad, in a country where it benefits from a preferential tax regime) Article 01.01.13-I of the General Tax Code (Arm's Length principle on cross-border transactions) Article 20.06.08 § 1 (information checked during on-site tax audit concerning cross-border transactions) Article 20.01.56.8 of the General Tax Code (Fine applicable in case of non provision of the information stated in article 20.06.08 §1) Decision no.4-MFB/SG/DGI related to the estimation for tax purposes taking into account the arm's length principle and the method of applying of the special dispositions on transfer pricing.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Not implemented  This requirement does not exist for Madagascar.

<b>3. Local File (LF)</b>	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	<p>LF documentation requirements in line with OECD BEPS 13 have not been implemented. Local transfer pricing documentation rules exist to which the answers in this section relate.</p> <p>The General Tax Code does not provide a threshold requirement but has stated the criteria of control related to transfer pricing. These criteria are as follows:</p> <ul style="list-style-type: none"> <li>- transactions between associated companies,</li> <li>- associated companies are two companies linked between them by a direct or an indirect involvement in the direction, in the control or in the capital, by the same natural or legal person,</li> <li>- the involvement is constituted by the direct or indirect holding of more than 25% of the capital, or by the observation of the effective capacity in commercial decision by the other company,</li> <li>- controlled transactions are operations made between associated companies in the scope of cross-border transactions.</li> </ul>
Euro Equivalent	Not implemented
As from which year does this obligation exist?	The obligation of conformity to the arm's length principle has to be applied for any transactions which meet with the criteria mentioned above. Tax authorities carry out the control of such conformity on the basis of the income tax filing of the company registered in Madagascar. Income tax filing concerns a business year activity and is submitted to tax authorities the 15th of May of the year n+1 for a business year coinciding with the calendar year; and not latest November 15th of the current year for business year ending in June 30th.
When does the LF need to be available?	Documentation proving the respect by the companies involved in the cross-border transactions has to be available the business year the transaction was performed, with the details concerning the method of determination of the arm's length price that was applied.
When does the LF need to be submitted?	To date, the documentation mentioned above has to be submitted to tax authority only in case of tax audit.
Does the LF have to be prepared in the relevant local language?	Yes In practice, it is advisable to prepare the documentation in French.
Or is documentation in English permissible?	No
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>Our local rules is less detailed compared to OECD content requirements as shown in the BEPS. The General Tax Code provides that information and documentation shall precise:</p> <ul style="list-style-type: none"> <li>- 1° the nature of the relationship between the company implemented in Madagascar and the company(ies) located abroad, or company(ies) or groups established outside of Madagascar,</li> <li>- 2° the method of determination of the prices of industrial, commercial, or financial operations carried out with companies or groups as mentioned above, and the elements which justify such method, and, where appropriate, the agreed counterparts;</li> <li>- 3° The activities of the companies or groups mentioned in 1° above, linked to the operations referred to in 2°,</li> <li>- 4° The tax treatment of the operations referred to in 2° and carried out by the company(ies) that it operates outside of Madagascar or by the groups mentioned in 1° for which it holds, directly or indirectly, the majority of the capital or the voting rights.</li> </ul>

<b>4. Country-by-Country Reporting</b>	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The General Tax Code provides that insufficiency exposed in tax return are subjected to fines equal to 40% of the additional due tax. In case of fraudulent practice, fines are 80% of the additional due tax. Imprisonment for 2 to 12 months is also laid down by law (article 20.01.56.14 CGI)
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	These persons are accomplice and are exposed to fines corresponding to 80% of the due tax, and can also be prosecuted before the Penal Court.
Does a taxpayer need to file TP-specific returns?	No

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

<b>7. Year-end adjustments</b>	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Madagascar Tax System is based on a declarative system. Adjustment on tax return has to be operated by the Tax Service in charge of the taxpayer's file, and upon request by the later one. In practice, the taxpayer has to submit a request addressed to the Tax Service, with the specification of the element to be adjusted: line number, caption, amounts. The incorrect tax return has to be annexed to the request, with all relevant supporting documents, such as the annexure of the return. The Tax Service will then update the Tax System that is used by the taxpayer for the tax returns. This update concerns also the rectified tax return that will be certified by the Tax Service, and delivered to the taxpayer.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, intercompany agreement on commercial, management and technical assistance.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No
Are there any restrictions?	To date, we have no feedback concerning any restrictions.

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## Malaysia

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2009
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Consistent with OECD Guidelines
Are any TP methods preferred over others?	Consistent with OECD Guidelines
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented, MF-Intentions, LF rules akin to those of OECD BEPS 13.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Country-by-country reporting - Income Tax (Country-by-Country Reporting Rules) 2016.  Master file - Transfer Pricing Guidelines 2012, revision effective 15th July 2017 (Para 11.2.5 of Chapter XI (documentation))  Local file - Transfer Pricing Guidelines 2012 (as amended).
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	(1) Section 140A of Income Tax Act 1967 (as amended).  (2) Income Tax (Transfer Pricing) Rules 2012.  (3) Transfer Pricing Guidelines 2012 (as amended).  (4) Income Tax (Country-by-Country Reporting) Rules 2016.

2. Master File (MF)	
	Intentions
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Total consolidated group revenue in the preceding financial year of at least RM3 billion (EUR 610,438,050)
Euro Equivalent	EUR 610,438,050
As from which year does this obligation exist?	As from the year following the year that the threshold is met.
When does the Master File need to be available?	Generally, transfer pricing documentation are required to be prepared contemporaneously. Also, at the time tax return is filed, there is a requirement to declare whether transfer pricing documentation were prepared.
When does it need to be submitted?	Master file is to be submitted only upon request. Usually 30 days is given for submission of transfer pricing documentation.
Does the MF have to be prepared in the relevant local language ?	No. Transfer pricing documentation are required to be either in the National Language (Bahasa Malaysia) or in English.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No



To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.
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<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	No threshold. The requirement to prepare transfer pricing documentation, with information akin to the requirements of local file, applies to any person who enters into a transaction with an associated person. However, businesses with revenue no exceeding RM25 million and the total amount of related party transactions not exceeding RM15 million are allowed to prepare simplified transfer pricing documentation.
As from which year does this obligation exist?	Current year
When does the LF need to be available?	Transfer pricing documentation are required to be prepared contemporaneously. Also, at the time tax return is filed, there is a requirement to declare whether transfer pricing documentation were prepared.
When does the LF need to be submitted?	Upon request (within 30 days from request).
Does the LF have to be prepared in the relevant local language?	No. Transfer pricing documentation are required to be either in the National Language (Bahasa Malaysia) or in English.
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Largely consistent.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	RM 3 billion
Euro Equivalent	EUR 623,679,000
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met.
When and how do the tax authorities need to be notified who the reporting entity is?	Notification by the last day of the financial year.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	within 12 months after the last day of the financial reporting year.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No

Where is the CbCR to be submitted ?	The administrative details are yet to be notified.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	The administrative details are yet to be notified.
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD standard.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Malaysia has entered into Double Tax Agreements with more than 70 countries and most of the DTAs permit exchange of information.
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	7 months from the end of the financial year.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	<p>The law empowers the tax department to impose up to 100 per cent penalty for any tax adjustment. Based on administrative guideline, the penalty for transfer pricing adjustments is as follows:</p> <p>(i) Taxpayer did not prepare transfer pricing documentation - 35 per cent.</p> <p>(ii) Taxpayer prepared transfer pricing documentation but did not fully comply with the requirements under the Transfer Pricing Guidelines - 25 per cent.</p> <p>(iii) Taxpayer prepared a comprehensive, good quality, contemporaneous transfer pricing documentation in accordance with existing regulations - zero per cent.</p> <p>Note: The penalty rates in the administrative guideline may be varied by the tax department from time to time as the law empowers any penalty up to 100 per cent to be imposed.</p>
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Any person who assist any other person to evade tax is liable to fine of not less than RM 1,000 and not more than RM 20,000 or to imprisonment not exceeding 3 years or to both, and shall pay a penalty of 300 per cent of the amount of tax which have been undercharged.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. Consistent with OECD standard.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Businesses with revenue no exceeding RM 25 million and the total amount of related-party transactions not exceeding RM 15 million are allowed to prepare simplified transfer pricing documentation, i.e. without benchmarking study. However, the transfer pricing documentation must detail the pricing policy (along with other required information).
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. No written rules.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Excessive marketing cost by distributor, manufacturers paying royalty for outdated manufacturing know-hows and inter-company transactions that are not paid for a long time (non-arm's length credit term).
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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## Mauritius

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF-Intentions
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	These are still pending from the local tax authorities.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Section 75 of the Income Tax Act ('Application of the Arm's Length test).
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Intentions
As from which year does this obligation exist?	Guidelines are still pending from the local tax authorities.
	N/A yet
3. Local File (LF)	
What is the threshold requirement for the obligation to prepare a LF?	Intentions
	Guidelines are still awaited from the local tax authorities.
4. Country-by-Country Reporting	
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Intentions
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Guidelines are still awaited from the local tax authorities.
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Yes
	The Convention on mutual administrative assistance in tax matters entered into force on 23 June 2015.
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No

Does a taxpayer need to file TP-specific returns?	No
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**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

**7. Year-end adjustments**

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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Mexico

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	1997
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The comparable uncontrolled price method ("CUP" method), the resale price method ("RPM"), the cost plus method ("CPM"), the transactional net margin method ("TNMM") and the transactional profit split method ("TPSM"). In addition to the OECD's recognised methods, the MITL establishes the transactional residual profit split method ("TRPSM").
Are any TP methods preferred over others?	The CUP is considered the preferred method, followed by the CPM and the RPM methods. Profit-based methods are to solely be applied when the former methods are N/A. However, taxpayers must demonstrate that the method used is the most appropriate based on available information.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: Article 76-A, section II of the MITL, Rules 3.9.11 and 3.9.16 of the Miscellaneous Tax Resolution For 2017 For Fiscal Year ("MTR")</li> <li>• Master File: Article 76-A, section I of the MITL, Rules 3.9.11, 3.9.13 and 3.9.15 of the MTR</li> <li>• CbCR: Article 76-A, section III of the MITL, Rules 3.9.11, 3.9.13, 3.9.14 and 3.9.17 of the MTR.</li> </ul>

<p>Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:</p>	<ul style="list-style-type: none"> <li>• Articles 27-V, 28 (XVII, XVIII, XXVII and XXIX): deductibility requirements and limitations for payments to domestic or foreign related parties under specific circumstances</li> <li>• Article 76, sections IX and XII of the MITL: Taxpayers' obligations to obtain and keep transfer pricing support documentation with regard to transactions entered between or amongst non-resident related parties, and to determine their gross income and authorised deductions in accordance with the arm's length standard, regardless of whether the transactions are domestic or cross-border intra-group transactions. Rule 3.9.5 of the MTR establishes an option for legal entities entering into transactions with domestic related parties, which exempts them from obtaining and keeping transfer pricing support documentation provided that certain legal requirements are met.</li> <li>• Article 76, section X of the MITL: Taxpayers engaged in business activities are required to file a multiple annual tax return ("DIM") on transactions made with non-resident related parties. Said informative return is to be jointly submitted with their annual tax return by 31 March through Annex 9 thereto. Rule 3.9.4 of the MTR establishes a tax ease exempting legal entities from filling said file, if the transactions made are comprised in the catalogue of activities set therein.</li> <li>• Article 76-A, sections I, II and III of the MITL: Taxpayers' obligation to submit the local file, master file and country-by-country report to the Mexican tax authorities.</li> <li>• Article 179 of the MITL: Tax authorities' right to adjust taxpayers' gross income and authorized deductions to arm's length result; related party definition (OECD); comparability (functional analysis); business cycles, and Transfer Pricing Guidelines application for interpretative purposes.</li> <li>• Article 180 of the MITL: Transfer pricing methods, ranges and selection of the most appropriate method.</li> <li>• Article 32-A of the Federal Fiscal Code ("FFC"): Certain legal entities or individuals engaged in business activities may choose to audit their financial statements through an authorised public accountant ("CPA"). Significant transfer pricing information is required to be disclosed by the CPA, including the transfer pricing method. In addition, the CPA must state whether the transactions were reflected on an arm's-length basis and whether a tax adjustment was made to comply with the arm's-length standard.</li> <li>• Article 32-H of the FFC: Taxpayers should file an Informative Tax Return on Tax Situation ("DISIF"), whenever they enter into transactions with non-resident related parties. The DISIF should be submitted by 30 June of the following fiscal year.</li> <li>• Article 34-A of the FFC: Unilateral and bilateral Advance Pricing Agreements ("APA"). Rule 2.12.8 of the MTR establishes the documentation and information requirements for filling an unilateral APA to the tax authorities, as well as the procedural requirements that the latter should meet for carrying out the functional analysis.</li> </ul>
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<b>2. Master File (MF)</b>	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	MXN 708,898,920.00 or greater (last updated amount).
Euro Equivalent	EUR 30,783,968
As from which year does this obligation exist?	Taxpayers' obligation to submit the master file was incorporated in the tax reform for FY 2016, through the "Decree amending, adding or repealing several provisions of the Income Tax Law, the Law governing the Special Tax on Production and Services, the Federal Fiscal Code and the Federal Law on Budget and Treasury Responsibility ", published in the Federal Official Gazette ("FOG") on November 18, 2015.
When does the Master File need to be available?	Article 76-A of the MITL: The master file should be submitted no later than December 31 of the following year. For transactions performed in 2016, the filing deadline is December 31, 2017. Nevertheless, when foreign related party's FY is not closed on a calendar-year basis, the master file might be submitted in accordance with the following due dates: <ul style="list-style-type: none"> <li>- When the fiscal year ends in June, July, August, September, October, November, or December, by 31 December of the following FY.</li> <li>- When the fiscal year ends in January, by 31 January of the following FY.</li> <li>- When the fiscal year ends in February, by the last day of February of the following FY.</li> <li>- When the fiscal year ends in March, by 31 March of the following FY.</li> <li>- When the fiscal year ends in April, by 30 April of the FY.</li> <li>- When the fiscal year ends in May, by 31 May of the FY.</li> </ul>
When does it need to be submitted?	The master file must be submitted before the said deadlines. However, tax authorities may also require its exhibition within a tax audit, since said file is an integral part of taxpayer's accounting records. If the tax authorities request taxpayer's master file, the latter has 15-business days to submit it. An extension of 10 business days could be granted by the tax authorities upon request. In accordance with rule 3.9.12 of the MTR, a single master file may be filed for one Multinational Enterprise ("MNE") Group, by listing the names and taxpayer ID numbers of the companies resident in Mexico that are part of the group and are obligated to file a master file.
How and where should the MF be filed?	Taxpayers are legally required to submit their master file through the Mexican Tax Administration Service's ("SAT") electronic portal.
Does the MF have to be prepared in the relevant local language ?	No. However, taxpayers may file the information prepared by a foreign entity from the same MNE Group in English or Spanish, provided that its content was completed in accordance with the Final Report of Action 13 of the Action Plan against the Erosion of the Taxable Base and the Transfer of Benefits. Furthermore, foreign currencies might be used for the presentation of the master file.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes



<p>To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?</p>	<p>The original draft rules published in October 2016 by the SAT through Mexican Taxpayers' Ombudsman ("PRODECON") required information and documentation that exceeded what Action 13 of the BEPS Action Plan contemplated. After a five-month process that involved technical analysis by PRODECON and several transfer pricing specialists, as well as technical opinions from the public in general and discussions with the SAT, the new master file requirements are very similar to the principles in BEPS Action 13.</p>
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<p><b>3. Local File (LF)</b></p>	<p>Yes</p>
<p>What is the threshold requirement for the obligation to prepare a LF?</p>	<p>MXN 708,898,920.00 or greater (last updated amount).</p>
<p>Euro Equivalent</p>	<p>EUR 30,790,900</p>
<p>As from which year does this obligation exist?</p>	<p>Taxpayers' obligation to submit the local file was incorporated in the tax reform for FY 2016, through the "Decree amending, adding or repealing several provisions of the Income Tax Law, the Law governing the Special Tax on Production and Services, the Federal Fiscal Code and the Federal Law on Budget and Treasury Responsibility", published in FOG on November 18, 2015.</p>
<p>When does the LF need to be available?</p>	<p>Article 76-A of the MITL: The local file should be submitted no later than 31 December of the following year. For transactions performed on 2016, the filling deadline is 31 December 2017.</p>
<p>When does the LF need to be submitted?</p>	<p>The local file must be submitted before the said deadline (December 31). However, tax authorities may also require its exhibition within a tax audit, since said file is an integral part of taxpayer's accounting records. If the tax authorities request a taxpayer's local file, the latter has 15-business days to submit it. An extension of 10-business days could be granted by the tax authorities upon request.</p>
<p>How and where should the LF be filed?</p>	<p>Taxpayers are legally required to submit their local file through SAT's electronic portal.</p>
<p>Does the LF have to be prepared in the relevant local language?</p>	<p>Yes. However rule 3.9.16 of the MTR states which documentation or information may be prepared in English. Contracts with related parties and business descriptions of comparables may be submitted in English or Spanish.</p>
<p>Or is documentation in English permissible?</p>	<p>Yes. However rule 3.9.16 of the MTR states which documentation or information may be prepared in English. Contracts with related parties and business descriptions of comparables may be submitted in English or Spanish.</p>
<p>Penalties?</p>	<p>Yes</p>
<p>Imprisonment?</p>	<p>No</p>
<p>Shifting of the burden of proof?</p>	<p>No</p>
<p>Other?</p>	<p>Yes</p>

<p>To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?</p>	<p>Final rules issued by the SAT include some items that differ from the BEPS Action 13 format:</p> <ul style="list-style-type: none"> <li>• Intercompany transactions comprised: The Mexican local file form includes all transactions with domestic related parties, whereas the OECD's form under Action 13 only relates to transactions with related parties resident abroad.</li> <li>• Functional analysis: In the case of intangibles, the Mexican local file form calls for a description of the strategy concepts for the development, improvement, maintenance, protection, and exploitation of intangibles of the Multinational Enterprise Group to which the Mexican taxpayer belongs.</li> <li>• Financial information segmented (in detail): Financial and tax information of related parties resident abroad with which the Mexican taxpayer enters into related transactions is required, including information regarding current assets, fixed assets, sales, costs, operating expenses, net income, taxable base, and tax payments, specifying which currency was used.</li> <li>• The preparation date, as well as the tax ID number of the preparer of the transfer pricing study (and that of the transfer pricing advisor, if different) must be included.</li> <li>• The local file requires confirmation that transactions with related parties were entered at market values, since the information contained therein is evidence of compliance with the arm's length principle in accordance with Articles 179 and 180 of the MITL.</li> <li>• A list of the advance pricing agreements ("APA") the Mexican taxpayer has in its possession must be submitted with the local file.</li> </ul>
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<p><b>4. Country-by-Country Reporting</b></p>	<p>Yes</p>
<p>What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?</p>	<p>MXN 12 billion consolidated revenue in the previous FY.</p>
<p>Euro Equivalent</p>	<p>EUR 521,218,000</p>
<p>As from which year does this CbCR obligation exist?</p>	<p>Taxpayers' obligation to submit the CbCr was incorporated in the tax reform for FY 2016, through the "Decree amending, adding or repealing several provisions of the Income Tax Law, the Law governing the Special Tax on Production and Services, the Federal Fiscal Code and the Federal Law on Budget and Treasury Responsibility ", published in the FOG on November 18, 2015.</p>
<p>When and how do the tax authorities need to be notified who the reporting entity is?</p>	<p>There are two taxpayers compelled to file the CbCr: (i) Mexican Parent Company of the MNE that complies with the requirements and conditions set in the MITL and (ii) subsidiary company of the MNE, residing in Mexico for tax purposes, designated by its foreign parent company to submit the CbCr. In this second scenario, the subsidiary company complies with the obligation to present notice of its designation to the Mexican tax authorities by submitting the CbCr within the established deadlines in accordance with Rule 3.9.14 of the MTR.</p>
<p>If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?</p>	<p>In accordance with article 76-A of the MITL, the CbCr should be submitted no later than December 31 of the following year. For transactions performed in 2016, the filing deadline is December 31, 2017. However, tax authorities may also require its exhibition within a tax audit, since said file is an integral part of Taxpayer's accounting records. If the tax authorities request a taxpayer's CbCr, the latter has 15 business days to submit it. An extension of 10 business days could be granted by the tax authorities upon request.</p>

Are there any deviating submission deadlines for the secondary mechanism?	Yes. In accordance with Rule 3.9.14 of the MTR, when foreign parent company's FY is not closed on a calendar-year basis, the CbCr might be submitted by the designated subsidiary company in accordance with the following due dates: - If the FY ends in June, July, August, September, October, November, or December, by 31 December of the following FY. - If the FY ends in January, by 31 January of the following FY. - If the FY ends in February, by the last day of February of the following FY. - If the FY ends in March, by 31 March of the following FY. - If the FY ends in April, by 30 April of the following FY. - If the FY ends in May, by 31 May of the following FY.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCr to be submitted ?	Taxpayers are legally required to submit their local file through SAT's electronic portal.
How is the CbCr to be submitted, specifically, is there any prescribed standard?	There is an electronic platform for filling the CbCr, contained in SAT's web site.
Penalties?	Yes
Imprisonment?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCr as shown in the 2017 OECD TP Guidelines?	The original draft rules published in October 2016 by the SAT through PRODECON required information and documentation that exceeded what Action 13 of the BEPS Action Plan contemplated. After a five-month process that involved technical analysis by PRODECON and several transfer pricing specialists, as well as technical opinions from the public in general and discussions with the SAT, the new CbCr requirements are very similar to the principles in BEPS Action 13.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CbCr requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. In accordance with article 76, section X of the MITL, taxpayers engaged in business activities should file a multiple annual tax return (Exhibit 9 of the Multiple Annual Tax Return "DIM") on transactions made with non-resident related parties. Details of the intercompany transactions should be presented, including the conclusion of the intercompany transactions, whether the transactions comply with the arm's length principle, the transfer-pricing method applied, and the amount of any adjustment made. Rule 3.9.4 of the MTR establishes a tax ease exempting legal entities from filling said file, if the transactions made are comprised in the catalogue of activities set therein.
What would be the filing deadline?	An informative return must be jointly submitted with their annual tax return by march 31, through Exhibit 9 thereto.

When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime (tax fraud). Legal consequences may range from (monetary) fines to imprisonment of up to 9 years.
Does a taxpayer need to file TP-specific returns?	Yes. A transfer-pricing-specific information return ("DISIF")
Please state the filing form number and name.	<ul style="list-style-type: none"> <li>• Exhibit 15 of the DISIF - Related-party transactions.</li> <li>• Exhibit 16 of the DISIF - Information on its operations with related parties.</li> <li>• Exhibit 19 of the DISIF - Cross-border transactions.</li> </ul>
What would be the filing deadline?	The DISIF must be filed annually by June 30 of the following FY, through SAT's electronic platform "DISIF 32H-CFF".
What would be the penalties for non-compliance?	Yes. If the DISIF is (i) not submitted, or (ii) submitted incomplete, the taxpayer should be subject to a fine of up to MXN 120,760.00, in accordance with articles 31, section XVII and 84, section XV of the MITL.

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>No. Very limited local comparable transactions and companies information is available; generally, taxpayers and the tax administration have used foreign comparables data for benchmarking purposes. Usually North American comparable companies are used by the SAT for audit purposes</p> <p>Any information to which the tax authority has access may be used. The tax authorities have the power to use confidential information of third parties. However, the taxpayer has limited access to this data through two designated representatives who must agree to be personally liable to criminal prosecution if the data is disclosed. However, use of secret comparables is not very common.</p>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Some transfer pricing adjustments are performed after the fiscal year-end; thus, they would not be in the books for that fiscal year, although they must be reflected in the financial statements and other formal requirements must be met (amended tax returns, informative returns and transfer pricing documentation, among others). Self-initiated adjustments may be made only if they do not derive from a primary adjustment proposed by the competent authority of a treaty partner.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing; business restructuring; commissionaire arrangements; intangible property; cost-sharing agreements, pro rata-base charges; interests (Thin capitalisation or interests deemed dividends); and services fees on technical and administrative intercompany services.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<ul style="list-style-type: none"> <li>• Term: Unilateral APAS may produce effects in the FY of its application, the three subsequent FYs and a one-year rollback. They may be in effect for a longer period when they arise from a multilateral APA ("MAP"), under the terms of any tax treaty signed by Mexico.</li> <li>• Effectiveness: The underlying facts and circumstances to the APA should not change after submitting the application.</li> <li>• Audits: The APA must be requested before the tax authorities performs a tax audit to the taxpayer.</li> <li>• Functional analysis: Mexican Tax Authorities are entitled to perform on-site visits to carry out their own functional analysis, when considering the information provided by the taxpayer to be insufficient.</li> </ul>

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## Myanmar

### WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
<b>2. Master File (MF)</b>	
	Not implemented
<b>3. Local File (LF)</b>	
	Not implemented
<b>4. Country-by-Country Reporting</b>	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
<b>6. Benchmarking</b>	
	N/A
<b>7. Year-end adjustments</b>	
<b>8. Transfer Pricing Audit and Dispute Resolution Mechanisms</b>	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany transactions (locally)
Based on your experience, are joint or multilateral audits initiated and carried out?	No

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## Netherlands

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2002
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Articles 29b - 29h of the Dutch Corporate Income Tax act. Decree DB2015/462M, 30-12-2015, Stcrt. 2015, 47457.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	<ul style="list-style-type: none"> <li>• Corporate Income Tax Act Article 8b, and 29b to 29h.</li> <li>• Transfer Pricing Decree, November 14, 2013, IFZ 2013/184M;</li> <li>• Decree on organisation and competence APA/ATR practice, 12 June 2014, DGB 2014/296M</li> <li>• Decree on TP Coordination Group, August 17, 2004, DGB 2004/1339M;</li> <li>• APA Decree, 3 June 2014, DGB 2014/3098;</li> <li>• ATR Decree, 3 June 2014, DGB 2014/3099;</li> <li>• Decree on Financial service companies, 12 June 2014, DGB 2014/3101; and</li> <li>• Q&amp;A Decree re financial service companies, 12 June 2014, DGB 2014/3102</li> <li>• Decree on adjustment term ATR's, 3 November 2015, no. DGB2015/5071M</li> <li>• Decree on Local file, master file and country by country reporting, 30 December 2015, DB2015/462M</li> <li>• Country by country reporting extension filing obligation, 15 November 2016, DGBel 2016-0000184128M</li> <li>• Decree on the application of the AOA, 15 January 2011, IFZ2010/457M.</li> </ul>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes EUR 50,000,000
Euro Equivalent	EUR 50,000,000
As from which year does this obligation exist?	<ul style="list-style-type: none"> <li>• As from the fiscal year following the fiscal year that the threshold is met.</li> <li>• Applies for fiscal years starting on or after 1 January 2016.</li> </ul>
When does the Master File need to be available?	Within the term in which the corporate income tax return needs to be filed.
When does it need to be submitted?	Upon request.
Does the MF have to be prepared in the relevant local language ?	No. both in Dutch and English is allowed.

Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	EUR 50,000,000
Euro Equivalent	EUR 50,000,000
As from which year does this obligation exist?	<ul style="list-style-type: none"> <li>• As from the fiscal year following the fiscal year that the threshold is met.</li> <li>• Applies for fiscal years starting on or after 1 January 2016.</li> </ul>
When does the LF need to be available?	<ul style="list-style-type: none"> <li>• At the time the corporate income tax return is filed.</li> </ul>
When does the LF need to be submitted?	<ul style="list-style-type: none"> <li>• Upon request.</li> </ul>
Does the LF have to be prepared in the relevant local language?	No
Further information regarding 3.6 a.	Not implemented
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750,000,000
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	As from the fiscal year following the fiscal year that the threshold is met. Applies for fiscal years starting on or after 1 January 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	Normally ultimately on the last day of the financial year, but for the first time ultimately on 1-9-2017, unless the last day of the financial year is after that date. Than that date is the deadline. The reporting entity is to be specified via the following link: <a href="https://www.gegevensportaal.net/cbc/aanmelden/">https://www.gegevensportaal.net/cbc/aanmelden/</a>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Within 12 months after the last day of the financial year that is reported in the annual accounts of the ultimate parent.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No



Where is the CBCR to be submitted ?	The CBCR can be submitted using "Logius Digipoort" (www.logius.nl). The manuals with specifications for the CBCR reporting can be found via www.cgpp.nl. Questions can also be addressed to CBC-reporting@belastingdienst.nl
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The CBCR can be submitted using "Logius Digipoort" (www.logius.nl). Questions can be addressed to gegevensuitwisseling@belastingdienst.nl.
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	The EU Directive was implemented as per 29 May 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No, but the taxpayer does need to declare whether the company had any international holding, licensing, rental, lease or financing activities with affiliated parties. Furthermore it has to declare whether it receives payment from related parties for the use of tangible and / or intangible fixed assets.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	If a position is taken in the tax return that is not defensible, this can be regarded as intentionally filing an incorrect tax return, which qualifies as a criminal offence. Imprisonment of up to 6 years is possible or penalties of up to EUR 82,000, or 100% of the tax due if that would be higher. Furthermore, our Supreme Court has qualified tax fraud as money laundering for which a confidential reporting obligation exists (to the Financial Intelligence Unit "FIU") for various service providers, including tax advisors.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	When a tax advisor/accountant/administrator intentionally drafts and files a corporate income tax return, in which a position is taken that is not defensible (criminal intent), that tax advisor/accountant/administrator could be regarded as a co-perpetrator under certain circumstances. Also in case the advisor/accountant/administrator is not aware of the fact that the position taken is not defensible (i.e. in case of "kleurloos opzet"), he could be regarded as a co-perpetrator.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No, OECD TP guidelines are taken into account.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes, depending on the specifics of the case. No specific comments on this by the Authorities. OECD Guidelines are applied. What is acceptable depends on the level of comparability of an older/partially adjusted study that remains if not benchmarked every year.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. The taxpayer must substantiate with appropriate documentation that the adjustment is arm's length/leads to an arm's length remuneration.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Loss making transactions, loss making projects and loss making companies.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Apart from the fact that the application term of bilateral and multilateral APAs can be lengthy, in principle no restrictions exist to apply for an APA. In the APA, the taxpayer waives its right of objection and appeal before the court with respect to the subjects agreed upon in the APA.

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## New Zealand

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	<ul style="list-style-type: none"> <li>– The comparable uncontrolled price (CUP) method</li> <li>– The resale price (RP) method</li> <li>– The cost plus method.</li> <li>– The profit split method</li> <li>– The comparable profits method.</li> </ul>
Are any TP methods preferred over others?	No, methods are preferred under law; taxpayers may have their own preferences.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR Implemented; No MF/LF.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<p><a href="http://www.ird.govt.nz/international/business/international-obligations/country-by-country-reporting/">http://www.ird.govt.nz/international/business/international-obligations/country-by-country-reporting/</a></p> <p><a href="http://www.legislation.govt.nz/bill/government/2017/0003/latest/DLM7505806.html#DLM7506031">http://www.legislation.govt.nz/bill/government/2017/0003/latest/DLM7505806.html#DLM7506031</a></p>

<p>Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.</p>	<p>New Zealand’s current transfer pricing provisions are contained in ss GB 2 and GC 6–GC 14 of the Income Tax Act 2007. The transfer pricing legislation closely follows the current OECD Guidelines and the United States s 482 regulations. Other features of the legislation are as follows:</p> <ul style="list-style-type: none"> <li>• The rules are based on the arm’s length principle, as defined by the OECD Guidelines, using five permitted pricing methods.</li> <li>• The arm’s length consideration amount must be determined by applying whichever method or combination of methods will produce the most reliable measure of the amount that completely independent parties would have agreed upon after real and fully adequate bargaining.</li> <li>• The substitution of an arm’s length price applies only so as to increase New Zealand’s tax base. The burden of proof as to the arm’s length nature of the consideration currently rests with the Commissioner, unless the Commissioner can show the taxpayer has not co-operated or can demonstrate another amount to be a more reliable measure of an arm’s length amount.</li> <li>• There are specific powers, in addition to those in the double taxation agreements (DTAs), to allow compensating adjustments and corresponding adjustments.</li> <li>• Section GB 2 contains an anti-avoidance provision that includes arrangements entered into for the purposes of defeating certain transfer pricing rules.</li> </ul> <p>Section GC 6 describes the purpose and application of New Zealand’s transfer pricing rules, to “substitute an arm’s length consideration in the calculation of a person’s net income ...”.</p> <p>New Zealand’s transfer pricing regime applies to any cross-border arrangement between “associated persons”. Inland Revenue applies the OECD 2010 transfer pricing guidelines  <a href="http://www.ird.govt.nz/transfer-pricing/transfer-pricing-guidelines.html">http://www.ird.govt.nz/transfer-pricing/transfer-pricing-guidelines.html</a>  Further comments are available at <a href="http://www.ird.govt.nz/transfer-pricing/practice/transfer-pricing-practice-documentation.html">http://www.ird.govt.nz/transfer-pricing/practice/transfer-pricing-practice-documentation.html</a>.</p>
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<b>2. Master File (MF)</b>	Not implemented
<p>What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?</p>	<p>In practice, Inland Revenue will expect a master file/local file documentation approach to be used by certain multinationals. However, there are no legislative requirements in place concerning the thresholds or requirements of the local or master file. Inland Revenue communicates directly with affected taxpayers to ensure these taxpayers provide the required information.</p>

<b>3. Local File (LF)</b>	Not implemented
<p>What is the threshold requirement for the obligation to prepare a LF?</p>	<p>In practice, Inland Revenue will expect a master file/local file documentation approach to be used by certain multinationals. However there are no legislative requirements in place concerning the thresholds or requirements of the local or master file.</p>

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	Groups with 31 December balance dates are impacted first, with data to be collected for the 12 months beginning 1 January 2016. For 31 March balance date and 30 June balance date groups, data needs to be collected for the 12 months beginning 1 April 2016 and 1 July 2016 respectively. The first reporting of CbC data is taking place during the 2017 calendar year.
When and how do the tax authorities need to be notified who the reporting entity is?	The data is provided using the following form <a href="http://www.ird.govt.nz/resources/9/f/9f96d3a8-1c8b-49e4-852f-3ec3bcbc8a31/cbc-report.pdf">http://www.ird.govt.nz/resources/9/f/9f96d3a8-1c8b-49e4-852f-3ec3bcbc8a31/cbc-report.pdf</a>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Inland Revenue will contact New Zealand-headquartered groups each year to inform them of the reporting requirements. <a href="http://www.ird.govt.nz/international/business/international-obligations/country-by-country-reporting/new-country-by-country-reporting-requirements.html">http://www.ird.govt.nz/international/business/international-obligations/country-by-country-reporting/new-country-by-country-reporting-requirements.html</a>  The report will be due to Inland Revenue 12 months after the end of the period to which it relates.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	This information is not provided by Inland Revenue. As the Inland Revenue's CbCR guidance states that Inland Revenue will individually contact each group which is required to participate in CbCR, it is likely that these taxpayers will be able to email their reporting directly to an Inland Revenue investigator. Alternatively, Inland Revenue maintains a generic postal address where all mail can be sent.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The data is provided using the following form <a href="http://www.ird.govt.nz/resources/9/f/9f96d3a8-1c8b-49e4-852f-3ec3bcbc8a31/cbc-report.pdf">http://www.ird.govt.nz/resources/9/f/9f96d3a8-1c8b-49e4-852f-3ec3bcbc8a31/cbc-report.pdf</a>
What are the (possible) consequences of not having the required CbCR available?	A new offence has been introduced into the Tax Administration Act 1994 which applies to a member of a large multi-national group failing to provide information. The penalty is a fine of up to NZD 100,000. It will also be possible for a taxpayer to be prosecuted under existing law for failing to provide the CbCR report. The consequences of breach these provisions are set out below.
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	Yes
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes

<p>Please specify the country involved and date the agreement came into force.</p>	<p>FATCA and AEOI, tax information exchange agreements and double tax agreements. FATCA: Country is United States of America. Came into force 1 July 2014. AEOI: Multilateral agreement. Came into force 1 July 2017. Information regarding New Zealand's TIEAs and DTAs is available at the following link <a href="http://taxpolicy.ird.govt.nz/tax-treaties">http://taxpolicy.ird.govt.nz/tax-treaties</a>.</p>
<p>Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?</p>	<p>No</p>

**5. TP disclosure in tax return or transfer pricing specific returns**

<p>Does a taxpayer need to disclose information regarding TP documentation in his tax return?</p>	<p>No, the CbCR reporting is a distinct requirement</p>
<p>When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?</p>	<p>Knowingly or carelessly under reporting income is an offence under the Tax Administration Act 1994. An offence is committed when a person knowingly commits a specified act, or fails to act, in relation to that person's tax obligations and in either case does so intending to evade tax or to obtain a refund or a tax payment: s 143B of the Tax Administration Act 1994. The offence of evasion is also committed when a person evades or attempts to evade the payment or assessment of tax. The penalty for evasion is a fine of not more than NZD 50,000; a term of imprisonment of not more than 5 years, or both.</p>
<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>The offence of evasion, as described above, is also committed when a person evades or attempts to evade the payment or assessment of tax for another person. The penalty for evasion is a fine of not more than NZD 50,000; a term of imprisonment of not more than 5 years, or both. In practice it is rare for tax advisors to be prosecuted for this offence. There is also a separate "promoter penalty". The promoter penalty applies where a taxpayer becomes a party to the arrangement and, as a result of the arrangement, a shortfall penalty is imposed for taking an abusive tax position, and the arrangement is offered, sold, issued or promoted in a tax year to at least 10 persons who claim tax-related benefits as a result of the arrangement.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>No. The Inland Revenue's transfer pricing guidelines indicate that the use of a benchmark will be necessary or highly desirable in accurately applying certain of the approved pricing methodologies. However there is no explicit requirement to prepare a benchmark study.</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>Yes</p>

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Inland Revenue applies the OECD transfer pricing guidelines.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Inland Revenue publishes guides to their areas of focus which in our experience are generally accurate indicators of IRD's audit activity. The most recent of these, from 2016, is available here: <a href="https://www.ird.govt.nz/resources/6/2/62414b82-6ab8-4017-b04d-cc5d950cab47/compliance-focus-2016.pdf">https://www.ird.govt.nz/resources/6/2/62414b82-6ab8-4017-b04d-cc5d950cab47/compliance-focus-2016.pdf</a>
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	APAs are given in the form of a private binding ruling. Binding rulings bind the Commissioner of Inland Revenue to apply the tax laws ruled on in the manner stated in the binding ruling, as long as the description of the relevant "arrangement" is accurate and does not change after the ruling is issued, and as long as any conditions stipulated by IRD are adhered to by the taxpayer. The taxpayer is not otherwise bound by the ruling.

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## Nicaragua

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2017
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable non-controlled price method, cost-plus method, resale price method, profit split method, net transaction margin.
Are any TP methods preferred over others?	Comparable non-controlled price method, cost-plus method, resale price method are to be used regularly; the other methods are only used if the previous 3 cannot be applied.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Articles 102 and 102 of Law N°. 822, Tax Concentration Law from 2012.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Not implemented
Euro Equivalent	Not indicated in the Law. LF according to OECD BEPS has not been implemented. The answers provided relate to local transfer pricing documentation requirements.
As from which year does this obligation exist?	Not implemented
When does the Master File need to be available?	2017
When does it need to be submitted?	10 days after the request by the authority
Does the MF have to be prepared in the relevant local language ?	Documentation must be ready at the time of presenting the Annual Income Tax Statement, or 10 days after being requested by the Authority.
Is documentation in English permissible?	Yes in Spanish
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	No
	Local transfer pricing rules follow OECD rules.



3. Local File (LF)	
	Not implemented
What is the threshold requirement for the obligation to prepare a LF?	LF according to OECD BEPS has not been implemented. The answers provided relate to local transfer pricing documentation requirements. not indicated in the Law.
As from which year does this obligation exist?	2017
When does the LF need to be available?	At the time of submission of the Yearly Income Tax Statement.
When does the LF need to be submitted?	10 days after request / with yearly income tax statement.
How and where should the LF be filed?	With yearly income tax statement.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	In general, TP rules in Nicaragua follow the OECD rules but it is not provided in the Law.

4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. Not until today, waiting for the Law regulations.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Fines
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	None from the Tax authority.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	No. Not provided in the Law, waiting for the regulations.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	No experience in the country as this issue only entered into full effect starting July 2017.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes

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## Norway

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2008
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbC implemented in Dec. 2016 with effect as of FY 2017.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Tax code § 13-1, tax process code § 8-11 with guidelines and referrals to OECD TPG.

2. Master File (MF)	
	Intentions
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	More than 250 employees and either more than NOK 400M (EUR 38M) in turnover or more than NOK 350M (EUR 33M) on group level. Except for oil business and MNE dealing with jurisdictions where information exchange protocols are not in place.
Euro Equivalent	EUR 38,000,000
As from which year does this obligation exist?	When the thresholds are met.
When does the Master File need to be available?	In principle, contemporaneously, but at least 45 days after request.
When does it need to be submitted?	Upon request.
Does the MF have to be prepared in the relevant local language ?	No (English, Swedish and Danish also accepted)
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The local regulations have yet not fully implemented the differences but will most likely perform a transforming process within short time. The MF/LC concept is in general accepted and will not infringe with the present regulations.

3. Local File (LF)	Intentions
What is the threshold requirement for the obligation to prepare a LF?	More than 250 employees and either more than NOK 400M (EUR 38M) in turnover or more than NOK 350M (EUR 33M) on group level. Except for oil business and MNE dealing with jurisdictions where information exchange protocols are not in place.
Euro Equivalent	EUR 38,000,000
As from which year does this obligation exist?	When the thresholds are met.
When does the LF need to be available?	In principle contemporaneously, but at least 45 days after request.
When does the LF need to be submitted?	Upon request.
How and where should the LF be filed?	No
Does the LF have to be prepared in the relevant local language?	No (English, Swedish and Danish also accepted)
Or is documentation in English permissible?	Yes
What are the (possible) consequences of not having the required LF available?	Shifting the burden of proof and loosing the ability to appeal.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	NOK 6,5B (EUR 610M)
Euro Equivalent	EUR 610,000,000
As from which year does this CbCR obligation exist?	The year after the threshold is reached. The regulations are effective from accounting years ending after 1.1.2016, or from 1.1.2017 for all business activity present in Norway that is not group parent company.
When and how do the tax authorities need to be notified who the reporting entity is?	At the latest with the tax return, or without such obligation, end of May.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	At the latest with the tax return, or without such obligation, end of May.
Are there any deviating submission deadlines for the secondary mechanism?	Yes
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	<a href="http://www.altinn.no">www.altinn.no</a>
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Standard form to be prepared.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No

To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	We do not expect the regs. to differentiate.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	Tax return deadlines
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Fines, surtax, interests and potential criminal charges to the company and/or the individuals involved.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Criminal charge with fines or prison.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	RF 1123
What would be the filing deadline?	Same as tax return.
What would be the penalties for non-compliance?	Follows the tax return, no specific fines.

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. There is not any written detailed guidance on this topic, however, the guidance from Directorate of Taxes follows in most cases the best practice of OECD.

### 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intangibles, transfer of assets, financial transactions and normally the management fees. In regard to IPR the deemed royalty approach is a current trend by NTA.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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# Panama

## WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2010
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Article 762-I, 762-J, 762-K of Panamanian Fiscal Code. Article 10 and Article 11 of Executive Decree 39 of 24 October 2016.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	USA - 4/18/2017, Finland 12/20/2013, Faroe Island 3/15/2013, Iceland 11/30/2013, Greenland 3/9/2013, Denmark 12/28/2013, Norway 12/20/2013, Sweden 12/28/2013, Canada 12/6/2013, Japan 02/10/2017. Panama has signed the MCAA for CRS.
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	March 30.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	After the Tax Administration request the TP study they do the audit. They could determine a transfer pricing adjustment and collect the income tax not paid by the taxpayer.

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	No consequences.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Transfer Pricing 930 Form
What would be the filing deadline?	Six months after the end of fiscal year i.e. June 30.
What would be the penalties for non-compliance?	Failure to submit the report will be sanctioned with a fine equivalent to 1% of the total amount of transactions with related parties. For the computation of the fine, the gross amount of the operations will be considered regardless of whether they are representative of income, costs or deductions. The fine shall not exceed one million dollars (USD 1,000,000.00).

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>Yes. In order to determine whether two or more transactions are comparable, the following elements shall be taken into account insofar as they are economically relevant</p> <ol style="list-style-type: none"> <li>1. The specific characteristics of the operations, including: <ol style="list-style-type: none"> <li>A. In the case of financing operations, elements such as principal amount, term, risk rating, guarantee, debtor's solvency and interest rate.</li> <li>B. In the case of the provision of services, elements such as the nature of the service and whether the service involves an experience or technical knowledge.</li> <li>C. In the case of granting rights to use or dispose of tangible assets, elements such as physical characteristics, quality, reliability, availability of the good and volume of the offer.</li> <li>D. In the case of exploitation or transfer of an intangible asset, elements such as the class of property, patent, trademark, trade name, transfer of technology or know-how, duration and degree of protection and benefits expected Obtain from its use.</li> </ol> </li> <li>and. In the case of disposal of shares, the net worth of the issuer, the present value of the projected profits or cash flows, or the stock market quotation of the issuer of the last event on the day of the disposal.</li> <li>2. Significant economic functions or activities undertaken by the parties in relation to the operations under analysis, including the risks assumed and weighting, where appropriate, the assets used.</li> <li>3. The actual contractual terms from which, if any, operations are derived taking into account the responsibilities, risks and benefits assumed by each contracting party.</li> <li>4. The characteristics of markets or other economic factors that may affect operations.</li> <li>5. Business and business strategies, such as policies for penetration, permanence or expansion of markets, as well as any other circumstance that may be relevant in each case. If the taxpayer performs several operations of the same nature and in the same circumstances, he may group them to carry out the analysis of comparability, provided that this grouping respects the principle of free competition. Two or more separate operations may also be grouped together when they are so closely linked or so continuous that they can not be adequately valued independently.</li> </ol>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No



Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Administrative, technical and advertising services rendered and received.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Paraguay

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. Paraguay does not apply any transfer pricing rule.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
Does a taxpayer need to file TP-specific returns?	No
6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No
7. Year-end adjustments	
Are year-end adjustments permissible?	No

Does the taxpayer have to comply with any specific features or guidance?	No
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**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

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Peru

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Local File: Section g) Para. 1 of Article 32-A of the Income Tax Law, modified by LD 1312 published on 31 December 2016.</li> <li>• Master File: Section g) Para. 3 of Article 32-A of the Income Tax Law, modified by LD 1312 published on 31 December 2016.</li> <li>• CbCR: Section g) Para. 4 of Article 32-A of the Income Tax Law, modified by LD 1312 published on 31 December, 2016.</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	<p>Since the publication of LD 1312, a major change has been introduced in transfer pricing documentation requirements. As stated in 1.7, the rulings applicable to LD 1312 have not been published yet.</p> <p>In fact, a whole legal package related to transfer pricing documentation is expected to be published soon, whereby: (i) the content of the local file, master file and CbCR is respectively specified; (ii) complimentary thresholds to the ones established in LD 1312 -in order to be obliged to prepare either of the transfer pricing reports- are introduced; (iii) the deadlines to submit these reports are proposed; (iv) the format of the transfer pricing informative returns is described; and (v) complimentary instructions to file the CbCR are introduced.</p>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
Euro Equivalent	Taxpayers that are members of a group whose annual revenue for the fiscal year exceeds 20,000 Tax Units (approximately USD 24.55 million).
As from which year does this obligation exist?	EUR 20,067,928
When does the Master File need to be available?	As from January 1st, 2017.
When does it need to be submitted?	If the threshold is met in 2017, the Master File will be prepared for such fiscal year but will be filed in 2018 (according to the deadlines which will be published soon)
	See answer above

Does the MF have to be prepared in the relevant local language ?	Yes
Is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Generally speaking the provisions of LD 1312 are consistent with the OECD requirements. However, we need to wait until the rulings are published to have the complete framework.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Taxpayers whose annual revenue for the fiscal year exceed 2,300 Tax Units (approximately USD 2.822 million).
Euro Equivalent	EUR 2.295.630
As from which year does this obligation exist?	As from January 1st, 2016.
When does the LF need to be available?	If the threshold is met in 2016, the Local File will be prepared for such fiscal year but will be filed in 2017 (according to the deadlines which will be published soon)
When does the LF need to be submitted?	If the threshold is met in 2016, the Local File will be prepared for such fiscal year but will be filed in 2017 (according to the deadlines which will be published soon)
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Generally speaking the provisions of LD 1312 are consistent with the OECD requirements. However, we need to wait until the rulings are published to have the complete framework.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	No threshold has been defined yet. "Taxpayers that are members of a multinational group" is the only reference in the Law to whom may need to prepare a CbCR.
What is the threshold requirement for the obligation to prepare CbCR?	No threshold
As from which year does this CbCR obligation exist?	As from January 1st, 2017.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	If the threshold is met in 2016, the CbCR will be prepared for such fiscal year but will be filed in 2017 (according to the deadlines which will be published soon)
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Generally speaking the provisions of LD 1312 are consistent with the OECD requirements. However, we need to wait until the rulings are published to have the framework complete.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Our Tax Administration would have to prove the fraud intention. Legal consequences are imprisonment of up to eight years (serious cases up to 12 years) and (monetary) fines.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	He/she could be considered as an accomplice of the tax offence.
What would be the penalties for non-compliance?	<ul style="list-style-type: none"> <li>• Not submitting the local file, master file or CbCR informative return within the legal deadlines is penalized with a fine equivalent to 0.6% of the taxpayer's net income of the preceding year to the one under scrutiny. The penalty cannot be less than 10% of one Tax Unit nor be more than 25 Tax Units.</li> <li>• 1 Tax Unit = PEN 4,050 = USD 1,227.3, approximately</li> </ul>

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Export and import of extractive industries (mining, fish oil & fish meal, oil & gas, agroindustry).
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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# Philippines

## WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	The only related guideline released by the tax authorities in the Philippines is the RR 03-13.

2. Master File (MF)	
	Not implemented

3. Local File (LF)	
	Not implemented

4. Country-by-Country Reporting	
	Not implemented
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	As of the moment, no related guidelines was issued in the Philippines related to threshold requirement, and specific documentations to be submitted nor the obligation for Country-by-Country reporting. It does however provide guidelines for Advance Pricing Arrangements and Mutual Agreement Procedure.  It is said that a separate guideline was to be issued regarding the application of APA and MAP processes.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Section 13 of the Revenue Regulations 02-2013 states that the provisions of the Tax Code and other applicable laws regarding the imposition of penalties and other appropriate sanctions shall be applied to any person who fails to comply with or violates the provisions and requirements of these regulations. Also, taxpayers who have not prepared adequate documentation may find their application for MAP rejected or that the transfer pricing issue would be much more difficult to resolve. However, no specific penalties were mentioned.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Benchmarking is commonly known as "comparability analysis". It entails an analysis of the similarities and differences in the conditions and characteristics that are found in the associated enterprise transaction with those in an independent party transaction. Once the impact of these similarities or differences have on the transfer price have been determined, the arm's length price/margin (or a range) can then be established using an appropriate transfer pricing method.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, cross-border transactions, income and expenses shifted in favour of a related company with special tax privileges such as Board of Investments (BOI) Incentives and Philippine Economic Zone Authority (PEZA) fiscal incentives will further be scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Though not mandatory, if a taxpayer avails itself of an APA, it may choose freely between a unilateral and bilateral/multilateral APA. If a taxpayer does not choose to enter into an APA and its transactions are subject later on to transfer pricing adjustments, it may still invoke the MAP Article to resolve double taxation issues.  It is said that a separate guideline was to be issued regarding the application of APA and MAP processes.

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Poland

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2001
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The transfer pricing methods accepted by the tax authorities are based on the OECD Guidelines: CUP, Resale Price Method, Cost Plus, TNMM, Profit Split Method. Until the end of 2016, the application of the above methods was obligatory for the tax authorities when making the tax assessment (the taxpayers could choose different methods). Since 2017, the taxpayer has been required to present in the TP documentation the applied TP method (indicated in the OECD Guidelines) and its justification.
Are any TP methods preferred over others?	Until the end of 2016, if the taxpayer applied one of the following TP methods (CUP, Resale Price Method, Cost Plus) in a particular transaction, the tax authorities were obliged to apply such method whilst making a tax assessment. Since 2017, taxpayers have been obliged to apply one of the methods indicated in the OECD Guidelines.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Local File: Article 9a, Section 2b of the Corporate Income Tax Act, Article 25a Section 2b of the Personal Income Tax Act Master File: Article 9a, Section 2d of the Corporate Income Tax Act, Article 25a Section 2d of the Personal Income Tax Act CbCR: Articles 82-88 of the Act of automatic exchange of tax information with other countries.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	The main transfer pricing regulations: - Articles 9a, 11, 19, and 27 of the Corporate Income Tax Act; Articles 25, 25a, and 45 of Personal Income Tax Act; section IIa of Tax Ordinance of 29 August 1997 (APAs), - Articles 82-88 of Act on the automatic exchange of tax information with other countries of 9 March 2017 (for CbC-Reporting), - Transfer Pricing Decrees of 10 September 2009 (with further amendments), - Decrees on Tax Havens of 17 May 2017, - Decrees on additional information CIT-TP and PIT-TP of 8 June 2017, - Decree on the CbC-Reporting of 13 June 2017, - Decrees on detailed content of Local File and Master File - final drafts were published on 12.09.2017 and are awaiting the Minister of Finance and Development's signature, - the Accounting Act of 24 September 1994 which requires entities to disclose in their financial statements information on significant transactions with related entities that are not at arm's length.

2. Master File (MF)	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	The obligation exists if taxpayers' revenues or costs exceed the threshold of EUR 20.000.000 during the financial year previous to the year for which the TP documentation is being prepared (notwithstanding the consolidated revenue for the whole Group).
Euro Equivalent	EUR 20,000,000
As from which year does this obligation exist?	The obligation exists from the year following the year that the threshold is met.
When does the Master File need to be available?	The taxpayer should have the Master File available by the statutory deadline for filing the annual tax return of the entity being responsible for developing the Master File (the holding company).
When does it need to be submitted?	The taxpayer will be obliged to provide the Master File to the tax authorities upon their formal request (within statutory 7-days deadline).
Does the MF have to be prepared in the relevant local language ?	Yes
Is documentation in English permissible?	No
Penalties?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	<p>Generally consistent with OECD requirements. Details on the content have been published in the Decrees of 12.09.2017 which were published on 18.09.2017. The Master File will have to include, among others:</p> <ul style="list-style-type: none"> <li>- description of TP policy applied within the group (including: information on pricing intercompany services, intangibles, incl. results of R&amp;D works, intercompany financing with information on the type of financing and the details on the group entity providing financing, other areas of group's activity where the intercompany pricing rules are applied),</li> <li>- detailed information on intellectual property owned by the entities in the group that influence the intercompany pricing,</li> <li>- information about the related party, which was responsible for preparing Master File and its deadline for submitting annual tax return,</li> <li>- presentation of organisation structure (scheme), which presents names, legal forms and places of headquarters and equity participation in companies of the group,</li> <li>- information on the geographical markets, on which at least 10% of profits are obtained in particular major supply chains,</li> <li>- description of important business restructuring transactions, acquisitions and divestitures in each major supply chain (detailed criteria are provided).</li> </ul>

3. Local File (LF)	Yes
What is the threshold requirement for the obligation to prepare a LF?	<p>The obligation exists if the taxpayers' revenues or costs exceed the threshold of EUR 2 million during the financial year previous to the year for which the TP documentation is being prepared.</p> <p>The documentation should contain the relevant information for all transactions or business events with the related parties that exceed a specific materiality level (the lowest materiality threshold has been set at EUR 50k and increases pro rata depending on the taxpayer's revenue or costs, the highest threshold is EUR 500k for the taxpayers with revenues costs in previous year exceeding EUR 100 million).</p>
Euro Equivalent	EUR 2,000,000
As from which year does this obligation exist?	The obligation exists from the year following the year that the threshold is met.

When does the LF need to be available?	The Polish taxpayer should have the Local File prepared by the statutory deadline for filing the annual tax return (in case of CIT taxpayers 3 months after the fiscal year-end).
When does the LF need to be submitted?	The taxpayer is obliged to provide the Local File to the tax authorities only upon formal request (within statutory 7-days deadline). The tax authorities may also request the taxpayer to prepare documentation in respect of transactions / events even if the value does not exceed the statutory limits, provided that the circumstances suggest that their value could have been underreported in order to avoid the documentation obligation. In that case, the Local File should be submitted within 30 days of the request.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>Generally consistent with OECD requirements. Details on the content have been published in the decrees of 12.09.2017 published on 18.09.2017</p> <p>Those taxpayers whose revenue or costs exceed €10 million during a preceding tax year will have to include in their Local File comparables or benchmarking study showing that the intercompany prices are arm's length. The comparable study should contain comparable data of the Polish entities, if such data is available.</p> <p>The scope of information has been extended to not only cover the description of a transaction, but also "other events included in the accounting books" if they were agreed by related parties and influence the taxpayer's taxable income, such as cash pooling arrangements, cost contribution arrangements, partnership agreements or similar arrangements. Additionally, descriptions of any business restructurings must be included.</p> <p>Together with the tax return for a particular tax year the taxpayer files a statement that the Local File has been prepared.</p>

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Consistent with OECD requirements - EUR 750 million consolidated revenue in the previous financial year
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	The obligation of preparing Country-by-Country Report (CbC-R) exists from the year the threshold is met (so that CbC-R is prepared for the group's reporting year in which the threshold was met or exceeded). First reports will be provided for the reporting period that starts after 31 December 2015.
When and how do the tax authorities need to be notified who the reporting entity is?	Each Polish entity that belongs to a group obliged to file a CbC-R will have to: <ul style="list-style-type: none"> <li>- notify tax authorities that it is an ultimate parent company; or</li> <li>- specify the reporting entity and the state in which the information will be provided.</li> </ul> <p>For the group's reporting year beginning after 31 December 2015 but no later than on 31 December 2016, the notification is to be filed within 10 months after the end of such reporting year. For the following periods, the notification is to be filed no later than on the last day of the reporting period.</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Consistent with OECD requirements - for reporting years starting after 31 December 2015, with filing within 12 months from the year end. For the first time taxpayers have to prepare CbC-R for the year 2016 (with deadline until 31 December 2017). There are particular situations when CbC-R obligation applies also to Polish entities not being the ultimate parent if there is no other reporting entity designated in the group, i.e. (i) if the ultimate parent entity is not obliged to file a CbC-R for the reporting year in its tax jurisdiction, (ii) if the appropriate jurisdiction in which ultimate parent entity is resident for tax purposes has not undertaken to share information about the entity group within 12 months of the end of the given reporting year, (iii) the tax jurisdiction of the ultimate parent entity suspended automatic sharing of CbC-R or failed to fulfil the obligation without notifying the dominating entity. In such cases, if the Polish entity being reporting does not receive all required information about the group from the parent company, the Polish company should disclose this fact in the CbC-R.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No. According to the Decree on the CbC Reporting, the reporting entity may choose the data source (e.g. consolidated financial statements, internal management accounting documents). Data source chosen should be consequently used in the following years. The information on the source of the data used should be disclosed in the Table 3 of the CbC-R (Additional Information).
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The way of submitting CbC-R is only via electronic communication means. Generally it follows the OECD CbC-R XML Schema, however the specific template announced by the Polish Ministry of Finance has to be followed. The Polish Ministry of Finance has also published an electronic version of notification which must be submitted in order to inform tax authorities which group member prepares the CbC-R and in which tax jurisdiction CbC-R will be submitted (CbC-P).

How is the CBCR to be submitted, specifically, is there any prescribed standard?	The way of submitting CbC-R is only via electronic communication means. Generally it follows the OECD CbC-R XML Schema, however the specific template announced by the Polish Ministry of Finance has to be followed. The Polish Ministry of Finance has also published an electronic version of notification which must be submitted in order to inform tax authorities which group member prepares the CbC-R and in which tax jurisdiction CbC-R will be submitted (CbC-P).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	The regulations regarding the CbC-R came into force in 1 January 2016 (they were initially included in the Corporate Income Tax Act). In 2017, the regulations were transferred to the Act of automatic exchange of tax information with other countries of 9 March 2017 and entered into force for the reporting years starting after 31 December 2015. Poland implemented to the local regulations the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU) - Act of automatic exchange of tax information with other countries of 9 March 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. As of the date of filing the tax return the taxpayer needs to state whether the TP documentation has been prepared. No further information at this point is required.
What would be the filing deadline?	The deadline for filing the annual tax return (in case of CIT taxpayers 3 months after the fiscal year-end).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	When a tax assessment is made in a course of a tax audit, the taxpayer will have to pay the outstanding tax amount (at standard 19% tax rate in case of CIT, 18/19/32% in case of PIT) plus penalty interest (currently 8% p.a.). If the TP documentation is not provided to the tax authorities within 7 days upon their formal request or the submitted TP documentation does not fulfil necessary requirements, a 50% penal tax rate could be applied for income assessed by the tax authorities. Additionally, the taxpayer's Board Members / individuals assigned to be responsible for the financial matters could be held personally responsible on the basis of Fiscal Penal Code (monetary fine or imprisonment depending on the circumstances).

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	When a tax assessment is made in a course of a tax audit, the taxpayer will have to pay the outstanding tax amount (at standard 19% tax rate in case of CIT, 18/19/32% in case of PIT) plus penalty interest (currently 8% p.a.). If the TP documentation is not provided to the tax authorities within 7 days upon their formal request or the submitted TP documentation does not fulfil necessary requirements, a 50% penal tax rate could be applied for income assessed by the tax authorities. Additionally, the taxpayer's Board Members / individuals assigned to be responsible for the financial matters / the person drafting and filing the tax return could be held personally responsible on the basis of Fiscal Penal Code (monetary fine or imprisonment depending on the circumstances). Potentially, in case of professional advisors some disciplinary procedures may be applied.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Tax form CIT-TP, PIT-TP (obligatory for the taxpayers with income / costs for the particular year exceeding EUR 10 million).
What would be the filing deadline?	The deadline for filing the annual tax return (in case of CIT taxpayers 3 months after the fiscal year-end).
What would be the penalties for non-compliance?	The taxpayers' Board Members / individuals assigned to be responsible for the financial matters could be held personally responsible for the lack of the additional CIT-TP/ PIT-TP on the basis of Fiscal Penal Code (monetary fine).

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. According to the TP regulations in force, those taxpayers whose revenue or costs exceed EUR 10 million during a previous tax year will have to include in their Local File comparables or benchmarking study showing that the intercompany prices are arm's length. The comparable study should contain comparable data of the Polish entities, if such data is available. The Decrees of 12.09.2017 published on 18.09.2017 contain details on the contents of the benchmarking study .
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. The obligation exists if the taxpayer's costs or revenues exceeded EUR 10 million in previous tax year
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. In case of benchmarking study, the analysis should be updated at least once every 3 years (if the business circumstances change in a way affecting the analysis the benchmarking analysis should be reviewed earlier).

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intangible services (management, consulting etc.), royalties, intercompany financing, etc.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The APA decision is not issued in case of transactions being subject to tax audit or court proceedings.</p> <p>The APA decision applies only if the facts, circumstance and critical conditions underlying the APA decision do not change.</p> <p>In case of material changes in the economic environment affecting the TP method subject to APA, the APA decision can be changed (upon the request by the taxpayer or ex officio by the tax authority).</p> <p>The Polish taxpayer must prepare and submit periodical APA compliance reports.</p> <p>The APA proceedings are subject to fee (the fee amount depends on the type of APA applied for and the value of the transaction).</p>

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# Portugal

## WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2002
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	<p>The following methods that may be adopted to determine an arm's length price are:</p> <ul style="list-style-type: none"> <li>- Comparable uncontrolled price method;</li> <li>- Resale price method;</li> <li>- Cost plus method;</li> <li>- Profit splits method (on a subsidiary basis)</li> <li>- Transactional profit method (on a subsidiary basis)</li> <li>- other methods that are justified according to the relevant facts and circumstances (on a subsidiary basis).</li> </ul>
Are any TP methods preferred over others?	The comparable uncontrolled price method, resale price method and cost plus method are the preferred methods. Profit splits method, transactional profit method or any other applicable method may only be used if the preferred methods cannot be applied or, although applicable, are not sufficiently reliable in arm's length perspective.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF expected to be implemented - in progress.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbCR: Article 121-A and 121-B of the Corporate Income Tax Code. Ministerial Order 367/2017 and 383-A/2017.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	<p>Regarding CbCR please see above.</p> <p>There are further articles of law and Ministerial Orders.</p> <p>Transfer Pricing is primarily governed by Articles 63 and 138 of the Corporate Income Tax Code, approved by Decree-law No 442-B/88 of 30 November 1988. These provisions contain the main rules and principles related to transfer pricing and advance pricing agreements. This articles are complemented by important secondary legislation:</p> <ul style="list-style-type: none"> <li>- Ministerial Order No 1446-C/2001 of 21 December 2001, which contains, for example, detailed rules on the arm's length principle, transfer pricing methodologies, cost contribution and intra-group services arrangements and ancillary obligations.</li> <li>- Ministerial Order No 620-A/2008 of 16 July 2008, which contains rules on the conclusion of advance pricing agreements</li> <li>- Article 77 of the General Tax Law, approved by Decree-Law No 398/98 of 17 December 1998, which provides that, to be justified, all transfer pricing adjustments made by the Portuguese tax authorities must comply with certain requirements.</li> </ul>



<b>2. Master File (MF)</b>	Intentions
<b>3. Local File (LF)</b>	Intentions
What is the threshold requirement for the obligation to prepare a LF?	<p>Although there is only the intention of Portuguese government to implement LF, according to the local TP documentation rules companies with a turnover in the previous tax year that exceeds EUR3 million must prepare a transfer pricing file that must include (among other information):</p> <ul style="list-style-type: none"> <li>• An analysis of all transactions with related parties.</li> <li>• A selection of the best method to assess market conditions.</li> <li>• A benchmarking of comparable companies.</li> </ul>
<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	<p>As from the year following the year that the threshold is met.</p> <ul style="list-style-type: none"> <li>• For primary reporting, CbCR is first to be prepared for fiscal years starting at 1 January 2016</li> <li>• For secondary reporting, CbCR is first to be prepared for fiscal years starting after 1 January 2017.</li> </ul>
When and how do the tax authorities need to be notified who the reporting entity is?	The Portuguese taxpayer which is part of a group that has other entity which is required to provide financial and tax information respecting the multiple tax jurisdictions where the group entities are active, must notify the Portuguese Tax Authorities who the reporting entity is and its country of tax residence until 31 May of the year following to the tax year to which CbCR relates. For year 2017, such notification should have been complied with until 31 December 2017.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the reporting period of the multinational group.
Are there any deviating submission deadlines for the secondary mechanism?	No. First submission deadline for secondary reporting is one year later than for primary reporting.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Portuguese Tax Authorities.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	CbCR should be submitted electronically through a specific form (Form 55). The reporting entity should also be notified electronically through Form 54.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes

Please specify the country involved and date the agreement came into force.	Portugal implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU). The EU Directive 2016/881 has been adopted in August 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Taxpayers need to provide transfer pricing information on their annual Simplified Business Information return (IES). Taxpayer must specify the amount and nature of each controlled transaction and which method was used for its analysis, identify the related parties with which it entered into transactions and declare if contemporaneous documentation is available.
What would be the filing deadline?	IES shall be submitted until July 15th of the year following the tax year-end.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Tax fraud is defined as any illegitimate conduct under the law that is aimed at avoiding the assessment, delivery or payment of any tax due, provided the tax advantage is at least EUR 15,000. If a taxpayer files a tax return for which he understands or should understand that the result reported is too low and that may provide a tax advantage of at least EUR 15,000 can be accused of tax fraud, and be liable to imprisonment for up to three years (in case of natural person) or to daily fines for up to 360 days (in case of legal person). The prison sentence and fines can be significantly increased in cases of severe fraud. If the taxpayer conduct does not constitute tax fraud, general administrative penalties may still be applicable.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If there is a participation on the tax fraud, legal consequences referred above may also be applicable.
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Tax Authorities show a preference for local comparables. Tax Authorities use SABI and Amadeus database, but other database may be used.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. Portuguese documentation requirements are silent in this regard.

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. Portuguese documentation requirements are silent in this regard.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	In the past 12 to 18 months, transfer pricing disputes have mainly focused on the analysis, under the arm's length principle, of the terms and conditions of financing transactions between related parties, namely payments for intra-group services, financial transactions and business restructuring processes.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA procedure requires taxpayers to disclose to the Portuguese tax authorities a wide range of information on transactions with related entities. Taxpayers cannot refuse to provide documents or information on the grounds that they are confidential. Also, the conclusion of an APA requires the payment of administrative fees, which can vary between EUR 3,152 and EUR 34,915.

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Romania

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	All TP methods described in the OECD Guidelines may be applied.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented and local variation of MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<p>The master file and local file standard elements contained in Annex I and Annex II of Chapter V of OECD BEPS Action 13 have been implemented in the local country legislation through Order 442/2016 approved by the President of National Agency for Fiscal Administration ("NAFA") on conditions regarding the amounts of transactions, submission of the transfer pricing documentation file, content and conditions of requesting the preparation of the transfer pricing documentation file and application of transfer pricing adjustment/estimation procedure ("Order 442/2016").</p> <p>Thus, the Romanian legislation is not requesting separate documentation for Master File and Local File, these are integral parts/sections of the Transfer pricing documentation ("TP documentation"), the content of which is regulated by Order 442/2016.</p> <ul style="list-style-type: none"> <li>• Local File: Section B. Information on the taxpayer/payer of the Appendix no.3 to Order 442/2016.</li> <li>• Master File: Section A. Information on the group of the Appendix no.3 to Order 442/2016.</li> <li>• CbCR: Emergency Ordinance no. 42/2017 approved by the Romanian Government on 9 June 2017, with effective date on 23 June 2017.</li> </ul>

<p>Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general .</p>	<p>Same as above (i.e. Order 442/2016 and Emergency Ordinance no. 42/2016). In addition, the local legislation on transfer pricing matters include the following:</p> <p>Romanian Fiscal Code (Law 227/2015) and related Methodological Norms, as further completed and supplemented:</p> <ul style="list-style-type: none"> <li>- definitions included within Article 7, points 26, 32 and 33;</li> <li>- possible adjustments/estimations and description and implementation of the transfer pricing methods article included within Article 11(4) and related methodological norms;</li> <li>- implementation of the market value principle included within Article 19 (6).</li> </ul> <p>Fiscal Procedure Code (Law 207/2015):</p> <ul style="list-style-type: none"> <li>- obligation to prepare the transfer pricing documentation included within Article 108 (2);</li> <li>- definition of concepts: advance pricing agreement and individual anticipated fiscal resolution included within Article 52;</li> <li>- mutual agreement procedure for double tax avoidance defined within Article 282 and Article 283;</li> </ul> <p>Order 3737/2015 approves the template and content of the form "Decision to adjust/estimate income and expenses of an affiliated person".</p> <p>Order 3735/2015 approves the procedure for issuing the advance pricing agreement.</p> <p>Furthermore, the Romanian transfer pricing legislation closely follows the provisions of international legislation:</p> <ul style="list-style-type: none"> <li>- OECD Transfer pricing Guidelines and other reports issued by OECD, as further completed with BEPS measures and other;</li> <li>- Various materials issued by European Joint Transfer Pricing Forum.</li> </ul>
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2. Master File (MF)	Yes
<p>What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?</p>	<p>The Romanian legislation does not provide a specific threshold on consolidated revenue but it provides certain materiality thresholds on the value of the annual inter-company transactions, based on which a transfer pricing documentation (including Master File and Local File) must be prepared by the taxpayer. Thus, the Romanian legislation makes a distinction between:</p> <ul style="list-style-type: none"> <li>• Large taxpayers with a total annual value of inter-company transactions equal to or above the following materiality thresholds, based on the type of transaction: <ul style="list-style-type: none"> <li>- EUR 200,000, for interest on financial services;</li> <li>- EUR 250,000, for supply of services;</li> <li>- EUR 350,000, for purchases / sales of tangible or intangible assets.</li> </ul> </li> <li>• The remaining large taxpayers with a total annual value of inter-company transactions equal to or above specific materiality thresholds (i.e. EUR 50,000, for interest on financial services; EUR 50,000, for supply of services and EUR 100,000, for purchases / sales of tangible or intangible assets) but under the above-mentioned materiality thresholds for large taxpayers and</li> <li>• Small- and medium-sized taxpayers with a total annual value of inter-company transactions equal to or above the following materiality thresholds, based on the type of transaction: <ul style="list-style-type: none"> <li>- EUR 50,000, for interest on financial services;</li> <li>- EUR 50,000, for supply of services;</li> <li>- EUR 100,000, for purchases / sales of tangible or intangible assets.</li> </ul> </li> </ul>
<p>As from which year does this obligation exist?</p>	<ul style="list-style-type: none"> <li>• As from the year following the year that the materiality thresholds are met.</li> <li>• Applies for fiscal years starting after 01 Jan 2016.</li> </ul>
<p>When does the Master File need to be available?</p>	<ul style="list-style-type: none"> <li>• Large taxpayers that carry out inter-company transactions at or exceeding specific materiality thresholds (i.e. euro 200,000 – euro 350,000, based on the type of transaction) are required to prepare TP documentation (including Master File and Local File) on an annual basis. The deadline for preparing TP documentation is the legal deadline for submitting their annual corporate income tax return for the relevant year (i.e. currently, 25 March).</li> <li>• For the rest of large taxpayers, and also the small and medium - sized taxpayers that carry out inter-company transactions at or exceeding specific materiality thresholds (i.e. euro 50,000 – euro 100,000, based on the type of transaction) there is no contemporaneous documentation requirement, meaning that the TP documentation (including Master File and Local File) can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 30 up to 60 calendar days limitation between the submission request and the submission deadline.</li> </ul>

<p>When does it need to be submitted?</p>	<ul style="list-style-type: none"> <li>• Large taxpayers (defined above) are required to present their TP documentation (including Master File and Local File) at the request by the tax inspectors, during a tax audit but also on other occasions, pursuant to their obligation to provide information and documents to enable the ascertaining of fiscal circumstances in accordance with the Fiscal Procedure Code. The deadline for presenting the TP documentation is 10 days from the date of the request, but not earlier than 10 days after the expiry of the deadline for their preparation (i.e. 25 March).</li> <li>• The remaining large taxpayers, and also the small- and medium-sized taxpayers (defined above) have the obligation to prepare TP documentation (including Master File and Local File), where a written request is made by the tax inspector during a tax audit. The deadline for presenting their TP documentation is between 30 and 60 calendar days. A one-off extension of no more than 30 calendar days is allowed.</li> <li>• Taxpayers that do not meet the materiality thresholds (i.e. EUR 50,000 – EUR 100,000, based on the type of transaction) are required to document the arm's length principle, during a tax inspection, based on the general principles provided by the financial/ accounting and tax regulation.</li> </ul>
<p>Does the MF have to be prepared in the relevant local language ?</p>	<p>Yes. All documents in foreign languages that are included in the TP documentation must be backed up by an official translation into Romanian language.</p>
<p>Is documentation in English permissible?</p>	<p>No</p>
<p>What are the (possible) consequences of not having the required MF available?</p>	<p>see below</p>
<p>Penalties?</p>	<p>Yes</p>
<p>Imprisonment?</p>	<p>No</p>
<p>Shifting of the burden of proof?</p>	<p>Yes</p>
<p>Other?</p>	<p>Yes</p>
<p>To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?</p>	<p>Consistent with OECD requirements.</p>

3. Local File (LF)	Yes
<p>What is the threshold requirement for the obligation to prepare a LF?</p>	<p>The Romanian legislation does not provide a specific threshold on consolidated revenue but it provides certain materiality thresholds on the value of the annual inter-company transactions, based on which a transfer pricing documentation (including Master File and Local File) must be prepared by the taxpayer. Thus, the Romanian legislation makes a distinction between:</p> <ul style="list-style-type: none"> <li>• Large taxpayers with a total annual value of inter-company transactions equal to or above the following materiality thresholds, based on the type of transaction: <ul style="list-style-type: none"> <li>- EUR 200,000, for interest on financial services;</li> <li>- EUR 250,000, for supply of services;</li> <li>- EUR 350,000, for purchases / sales of tangible or intangible assets.</li> </ul> </li> <li>• The rest of large taxpayers with a total annual value of inter-company transactions equal to or above specific materiality thresholds (i.e. EUR 50,000, for interest on financial services; EUR 50,000, for supply of services and EUR 100,000, for purchases / sales of tangible or intangible assets) but under the above mentioned materiality thresholds for large taxpayers, and</li> <li>• Small and medium-sized taxpayers with a total annual value of inter-company transactions equal to or above the following materiality thresholds, based on the type of transaction: <ul style="list-style-type: none"> <li>- EUR 50,000, for interest on financial services;</li> <li>- EUR 50,000, for supply of services;</li> <li>- EUR 100,000, for purchases / sales of tangible or intangible assets.</li> </ul> </li> </ul>
Euro Equivalent	No Threshold
As from which year does this obligation exist?	<ul style="list-style-type: none"> <li>• As from the year following the year that the materiality thresholds are met.</li> <li>• Applies for fiscal years starting after 01 Jan 2016.</li> </ul>
When does the LF need to be available?	<ul style="list-style-type: none"> <li>• Large taxpayers that carry out inter-company transactions at or exceeding specific materiality thresholds (i.e. EUR 200,000 - EUR 350,000, based on the type of transaction) are required to prepare TP documentation (including Master File and Local File) on an annual basis. The deadline for preparing TP documentation is the legal deadline for submitting their annual corporate income tax return for the relevant year (i.e. currently, 25 March).</li> <li>• For the rest of large taxpayers, and also the small and medium - sized taxpayers that carry out inter-company transactions at or exceeding specific materiality thresholds (i.e. EUR 50,000 - EUR 100,000, based on the type of transaction) there is no contemporaneous documentation requirement, meaning that the TP documentation (including Master File and Local File) can be prepared upon request in a tax audit. In practice, it is recommended to prepare TP documentation in advance due to the 30 up to 60 calendar days limitation between the submission request and the submission deadline.</li> </ul>



When does the LF need to be submitted?	<ul style="list-style-type: none"> <li>• Large taxpayers (defined above) are required to present their TP documentation (including Master File and Local File) at the request by the tax inspectors, during a tax audit but also on other occasions, pursuant to their obligation to provide information and documents to enable the ascertaining of fiscal circumstances in accordance with the Fiscal Procedure Code. The deadline for presenting the TP documentation is 10 days from the date of the request, but not earlier than 10 days after the expiry of the deadline for their preparation (i.e. 25 March).</li> <li>• The rest of large taxpayers, and also the small and medium - sized taxpayers (defined above) have the obligation to prepare TP documentation (including Master File and Local File), where a written request is made by the tax inspector during a tax audit. The deadline for presenting their TP documentation is between 30 and 60 calendar days. A one-off extension of no more than 30 calendar days is allowed.</li> <li>• Taxpayers that do not meet the materiality thresholds (i.e. EUR 50,000 - EUR 100,000, based on the type of transaction) are required to document the arm's length principle, during a tax inspection, based on the general principles provided by the financial/ accounting and tax regulation.</li> </ul>
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	<p>Even though Romania is not part of the OECD yet, the OECD Transfer Pricing Guidelines are, in principle, recognised by the Romanian transfer pricing legislation. Nevertheless, the Romanian legislation also contains a number of specific national elements related to transfer pricing, which prevail and which are carefully verified by the tax authorities during transfer pricing tax audits.</p> <p>e.g. The detailed regulations regarding the content of the local transfer pricing documentation file include specific provisions on the procedure to conduct benchmarking studies. These should include local comparables. European or international benchmarking studies are accepted, provided that there are no local comparables or if the set of local comparables is too limited.</p> <p>The content of the "group related information" (MasterFile) and "taxpayer related information" (Local File) is harmonized with the new Chapter V requirements, approved by BEPS Measure 13.</p>

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met (so that CbCR is prepared for the year in which the threshold was met or exceeded).

When and how do the tax authorities need to be notified who the reporting entity is?	<p>Romanian resident entities part of MNE groups have to notify the Romanian tax authorities if they are the ultimate parent, the surrogate parent or other Romanian resident entity required to file the CbC report. Alternatively, the Romanian resident entity has to notify the Romanian tax authority regarding the identity of the MNE member filing the CbC report and its residency.</p> <p>According to the new law, this notification is due by the last day of the MNE group's reporting fiscal year, but no later than the deadline for filing a tax return for the respective constituent entity for the preceding fiscal year.</p>
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Within 12 months of the last day of the MNE group's reporting fiscal year.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbC reports should be submitted to the correspondent Romanian tax authority.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The template and the content for CbC reports, including the notification template, was published by the National Agency for Fiscal Administration Order.
What are the (possible) consequences of not having the required CbCR available?	See below
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Please specify the country involved and date the agreement came into force.	Emergency Ordinance No. 42/2017 was issued, in order to implement the measures set out in the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU). The EU Directive was implemented in Romania in June 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	<p>A non-declaration penalty is applicable, at 0.08% per day, starting from the day following the due date until the date of payment. This penalty applies to the main tax obligations declared incorrectly or not declared by the taxpayer and is established by a tax authorities.</p> <p>The late-payment interest rate is 0.02% for each day of delay. Subsequent late-payment penalties also apply.</p> <p>The penalty is set at 0.01% per day of delay. This penalty does not apply to main tax obligations not declared by the taxpayer and is established by a tax inspection authority decision.</p>
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	<p>There is no legal penalty. However, legal consequences may arise in case transactions recorded in the accounting statements prove to be artificial.</p> <p>Thus, in determining the amount of any tax, duty or mandatory social contribution, the tax authorities may disregard a transaction which does not have an economic purpose, by adjusting its tax effects, or they may reclassify the form of a transaction in order to reflect the economic substance of the transaction/activity.</p>
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>Yes. For Romanian transfer pricing purposes, in order to determine the arm's length character of prices charged between a Romanian entity and its related parties, a local market benchmark study has to be carried out first. It is only in the case of insufficiently available information regarding local comparables that Romanian tax authorities will accept a pan-European search.</p> <p>Nevertheless, the search for comparables in the local market has to be documented and justified as "not possible/ not relevant/ not sufficient".</p>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Based on our experience, Romanian tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, especially cash pools, losses, management services, transfer of intangible assets, business restructuring and compliance with OECD BEPS. We also expect that data alignment issues will be further scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The Romanian taxpayer has to agree with the APA issued. In case the taxpayer / applicant payer disagrees with the APA issued it can submit a notification to the Romanian tax authorities and in such cases the APA has no legal effect.</p> <p>Where an APA is issued, there are specific requirements regarding the content of the annual report to be submitted by the taxpayer/ applicant payer beneficiary of the agreement.</p> <p>The Romanian tax authorities are only bound to the APA agreement if:</p> <ul style="list-style-type: none"> <li>- the underlying facts and circumstances to the APA agreement are met;</li> <li>- the critical conditions are adhered to; and</li> <li>- the tax authorities receive the relevant financial statements/annual APA compliance reports.</li> </ul>

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## Russia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2012
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The comparable uncontrolled price method, the resale price method, the cost plus method, the transactional net margin method, the transactional profit split method.
Are any TP methods preferred over others?	Yes, the CUP method remains the primary method
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR, MF, LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Articles 105.16-1 - 105.16-6 of the Tax code of the Russian Federation.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Sector V.1 "Related parties. General provisions of prices and taxation. Tax control due to the transactions between related parties. Pricing agreements. Documentation on MNEs", Articles 129.3-129.4, 126 of the Russian Tax Code.
2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	There are the following conditions under which the taxpayer has NO obligation to prepare Master File: <ul style="list-style-type: none"> <li>• Consolidated revenue of MNE is less than RUB 50 billion (about EUR 715 million) or</li> <li>• Consolidated revenue of MNE is below the threshold established by the legislation of the foreign state (territory) for the obligation to submit the CbCR to the tax authorities of such state (territory), in the event that the parent company of MNE recognised a tax resident of the respective foreign state (territory).</li> </ul>
Euro Equivalent	EUR 726,863,000
As from which year does this obligation exist?	From the year following the year that the threshold is met. The first reporting year is 2017.
When does the Master File need to be available?	Upon the request by the tax authorities, not earlier than 31st of December of the year following the reporting year.
When does it need to be submitted?	Within three months by the request by the tax authorities, not earlier than twelve months and not later than thirty-six months from the end of the reporting period specified in the requirement. If the specified requirement goes in connection with the request by tax authority of the foreign state (territory) which was received in accordance to the Russian Tax Code and provisions of the international treaties of the Russian Federation, the copy of such request should be attached.

Does the MF have to be prepared in the relevant local language ?	No
Is documentation in English permissible?	Yes. The taxpayer has a right to submit country information in a foreign language simultaneously (according to the draft law).
What are the (possible) consequences of not having the required MF available?	Penalties
Penalties?	Yes
Imprisonment?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The Master File (the term in national legislation is "Global Documentation") local rules generally complies with the OECD content requirements for the Master File as shown in the BEPS implementation overview chart.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Cross-border transactions with affiliated legal entities in general: <ul style="list-style-type: none"> <li>• RUB 60,000 for transactions with entities from offshore jurisdictions,</li> <li>• RUB 0,00 for transactions with entities from foreign jurisdictions, except offshore jurisdictions.</li> </ul>
Euro Equivalent	EUR 872.25
As from which year does this obligation exist?	As from the year following the year that the threshold was met (so that the Local File is prepared for the year in which the threshold was met or exceeded) for fiscal years starting from 2018.
When does the LF need to be available?	By the request by the tax authorities within 30 days from the date of receiving of such request, but no earlier than 1 June of the year, following the reporting period.
When does the LF need to be submitted?	Upon the request by the tax authorities In practice, it is recommended to prepare TP documentation in advance before 1 June of the financial year.
<del>a.</del> Does the LF have to be prepared in the relevant local language?	Yes
<del>b.</del> Or is documentation in English permissible?	Yes. The taxpayer have a right to submit the Documentation (the term in national legislation is "National documentation" in a foreign language simultaneously).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	The local rules is similar to the OECD standard regarding the OECD content requirements for the Local File. The taxpayer has the right to provide other information confirming that the commercial and (or) financial terms of the controlled transactions correspond to those that occurred in comparable transactions.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Consolidated revenue of MNE is more than RUB 50 billion (about EUR 715 million) or consolidated revenue of MNE exceeds the threshold established by the legislation of the foreign state (territory) for the obligation to submit the CbCR to the tax authorities of such state (territory), in case that the parent company of MNE recognised a tax resident of the respective foreign state (territory).
Euro Equivalent	EUR 726,863,000

As from which year does this CbCR obligation exist?	As of the year following the year that the threshold is met (so that CbCR is prepared for the year in which the threshold was met or exceeded). • For primary reporting, CbCR is first to be prepared for fiscal years starting from 1 January 2017 • The taxpayer has the right to prepare a report in respect of financial years starting during the period before 1 January 2017.
When and how do the tax authorities need to be notified who the reporting entity is?	The Russian taxpayer has to submit the Notification about participation if it is a (a) parent company of MNE, (b) designated surrogate parent company. The taxpayer submit the Notification of participation in an international group of companies no later than eight months from the date of the end of the last financial year for the parent company.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	The CBCR is submitted to tax authorities no later than twelve months from the date of completion of the reporting year. Failure to submit this information will cause penalty of 100 thousand rubles (about EUR 1500).
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	Yes. Information is to be filled on the basis of consolidated financial statements prepared by the parent company of an international group of companies in accordance with IFRS or other internationally recognized standards for the preparation of financial statements, or on the basis of accounting and (or) tax accounting data generated on the basis of rules adopted in the state (territory) of tax residency of the relevant member of an international group of companies, or on the basis of other information that provides completeness and reliability of the country report. At the same time, the taxpayer also ensures annual consistent use of the same sources of information to fill in the relevant indicators, and when they change the disclosure of the reasons for such change.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	No information
How is the CBCR to be submitted, specifically, is there any prescribed standard?	According to the established forms (formats) in the electronic form (the officially prescribed xlm-standard).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Basically, local CBCR rules are consistent with the OECD CBCR Guidelines, however, Russian tax code does not provide templates or guidelines of filling the CBCR.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Over 100 countries. Intended first information exchange in Russia by September 2018.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines up to 40% on unpaid amount of tax to imprisonment of up to 1 year, in serious cases of up to 3 years.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	The consequences for the tax crime are provided only for officials of the taxpayer. Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment up to 6 years, depends on the degree of the tax crime.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Taxpayers submit the Notification of the controlled transactions they have made in the calendar year.
What would be the filing deadline?	The notification of controlled transactions should be submitted no later than May 20 of the year following the calendar year in which controlled transactions are made.
What would be the penalties for non-compliance?	Failure to submit the notification of controlled transactions, or submission a notification containing inaccurate information leads to a penalty of 5 000 rubles.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. The official letter of Ministry of Finance of Russian Federation and Federal Tax Service from 30 August 2012 N OA-4-13/14433@ "About preparation and providing of Documentation about controlled transactions for the Tax audit purposes" and Articles 105.7 and 105.8 of Russian Tax Code. Pan-European benchmarking studies would likely be challenged by the Russian tax authorities. Where the results of the benchmarking study performed on the basis of local comparables differ from the results of pan-European benchmarking studies, the local benchmarking study will likely prevail and the Russian tax authorities may have grounds for an additional tax assessment. The results of benchmarking studies aimed at testing the arm's length nature of prices/margins of Russian companies (or foreign companies with a Russian PE) are more likely to be acceptable if the data for the search were obtained from Russian databases (i.e. SPARK, RUSLANA, etc.). To test the arm's length nature of prices/margins of European companies, the Amadeus database can be used.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No



7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, the transactions of purchase and sale of real estate, purchase and sale of resources, deals with intangible assets, leases of facilities.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA could be concluded by Russian taxpayer, referred to the category of largest taxpayers and the Tax authority; If taxpayer had complied with the conditions of APA (including confirmation during tax audit) the tax authorities have no right to make the decision about the tax crime, fines and penalties or the reduction of the amount of loss with respect to those controlled transactions, prices for which (methods) were agreed in the APA.

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## Senegal

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Draft legislation pending.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Articles 17; 18; 570; 638 and 639 of the Senegalese General Tax Code
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Senegal has entered into information exchange agreements on a bilateral basis with the following countries: Mauritania, France, Tunisia, Belgium, Norway, Qatar, Italia, Canada, Lebanon, Mauritius, Morocco, Spain, Malaysia, Portugal, United Kingdom, Egypt, Kuwait, United Arab Emirates, Turkey, Luxembourg, the member states of WAEMU
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Article 679 Paragraph 1: Imprisonment of 2 years up to 5 years, plus a (monetary) fine of 5,000,000 to up to 25,000,000

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If his complicity is proved true or if he has any interest in the fraud, the tax advisor/accountant, etc. bills the same punishments as his customer (Article 687 General Tax Code)
Does a taxpayer need to file TP-specific returns?	No
What would be the filing deadline?	Upon Tax audit: 20 days (to be confirmed)
What would be the penalties for non-compliance?	The taxpayer will be subject to an automatic taxation ("Taxation d'office" with penalty at a rate of 50% of the estimated tax amount.

**6. Benchmarking**

**7. Year-end adjustments**

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	The mining sector, the financial sector and the télécom sector
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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Serbia

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	According to the Rulebook on transfer pricing, the following methods are applicable: 1) Comparable Uncontrolled Price Method (CUP) 2) Cost plus method 3) Resale minus method 4) Transactional net margin method (TNMM) 5) Profit Split method (PS) 6) All other appropriate methods based on reasonable assumptions
Are any TP methods preferred over others?	According to the Rulebook on transfer pricing, all methods are equal. However, in tax practice, CUP method, as the most direct method, is preferred. If CUP method is not preferred, then resale minus and cost plus method are considered. In case these methods are N/A, TNMM is considered and, ultimately, the PS method or any other appropriate method based on reasonable assumptions.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	No documentation requirements of OECD BEPS Action 13 are implemented in Serbia.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	1) Articles 59-62 of Corporate income tax law 2) Rulebook on transfer pricing and methods according to the "arm's length" which shall apply in determining the price of transactions between related parties 3) Guidelines OECD for the implementation of the rules on transfer pricing for multinational enterprises and tax administrations, translated and published by the Serbian Fiscal Society in July 2010.

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	In Serbia there is no obligation to prepare a Master file.

3. Local File (LF)	
As from which year does this obligation exist?	From 2013.
When does the LF need to be available?	Documentation needs to be available when income tax return is filed, which is 180 days from the end of fiscal year (for most of taxpayers that is the end of June)
When does the LF need to be submitted?	The taxpayer actively files documentation before a deadline (180 days from the end of fiscal year)

How and where should the LF be filed?	Documentation is filed to local the Tax authorities branch in paper.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	According to Corporate Income tax law, article 61a, the Minister of finance regulates transfer pricing in detail, having in mind guidelines and other transfer pricing documentation published by OECD. The Minister of finance published the latest version of Rulebook on transfer pricing in 2014, which was primarily based on OECD Guidelines published in July 2010. Since then, Serbian regulation on transfer pricing has not been updated in order to be harmonised with new OECD documents.

<b>4. Country-by-Country Reporting</b>	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	180 days from the end of fiscal year (for most of Serbian companies that is the end of June).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	For intention for avoidance of tax payment, if the tax amounts over RSD 500,000 (EUR 4,000), person responsible is to be punished by prison penalty of six months to 5 years according to the article 225 of Criminal Law.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If the taxpayer's tax balance sheet is prepared by an independent company, if the tax amounts over RSD 500.000 (€4,000), person responsible in an independent company is to be punished by prison penalty of six months to 5 years according to Article 225 of the Criminal Law.
Does a taxpayer need to file TP-specific returns?	No

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. According to the Rulebook on transfer pricing and methods according to the "arm's length" which shall apply in determining the price of transactions between related parties, benchmark analysis should be prepared each year.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Management fees and similar services.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## Singapore

### WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR, MF, LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> <li>• Master File: Paras 6.9, 6.10, 6.11, 6.14 and 6.15 of the Singapore TP Guidelines.</li> <li>• Local File: Paras 6.9, 6.12, 6.13, 6.14 and 6.15 of the Singapore TP Guidelines.</li> <li>• CbCR: Para 6.9 of the Singapore TP Guidelines and IRAS e-tax Guide on CbCR, first released on 10 October 2016 and updated (2nd edition) issued on 11 July 2017.</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Chapter 6 (Paras 6.1 to 6.22) of the Singapore TP Guidelines contains detailed guidance on TP documentation.

<b>2. Master File (MF)</b>	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>TP documentation needs to be maintained where related-party transactions (excluding any amounts exempt – refer "Exemptions") for the current financial year equal or exceed thresholds below.</p> <ul style="list-style-type: none"> <li>• Purchase of goods from related parties – SGD 15 million (EUR 9,474,022)</li> <li>• Sale of goods to related parties – SGD15 million</li> <li>• Loans owed to related parties – SGD 15 million</li> <li>• Loans owed by related parties – SGD 15 million</li> <li>• All other categories of related party transactions – SGD 1 million (EUR 631,601), e.g.             <ul style="list-style-type: none"> <li>- Service income</li> <li>- Service expense</li> <li>- Royalty income</li> <li>- Royalty expense</li> <li>- Rental income</li> <li>- Rental expense</li> <li>- Guarantee income</li> <li>- Guarantee expense</li> </ul> </li> </ul> <p>The SGD 1 million threshold is determining separately by aggregating each category of related-party transaction.</p> <p>Exemptions: The IRAS has provided administrative concessions for the following cases, where TP documentation need not be maintained.</p> <ul style="list-style-type: none"> <li>• Transactions with domestic related parties (excluding related-party loans) where both parties are subject to the same Singapore tax rates</li> <li>• Domestic related-party loans (where the lender is not in the business of borrowing and lending)</li> <li>• Routine low-value added services where the 5% cost mark-up safe harbour is applied</li> <li>• Related-party loans where the indicative margin safe harbour is applied</li> <li>• Related-party transactions covered by an APA</li> </ul>
Euro Equivalent	EUR 15,000,000
As from which year does this obligation exist?	As from the year in which the threshold is met (so that the Master File is prepared for the year in which the threshold was met or exceeded). Singapore TP documentation requirements should be practically applicable to taxpayers from FY2014 onwards.
When does the Master File need to be available?	TP documentation should be prepared on a contemporaneous basis. IRAS does not require taxpayers to submit the TP documentation when they file their tax returns. Taxpayers should keep their TP documentation and submit it to IRAS within 30 days upon request.
When does it need to be submitted?	30 days upon request
Does the MF have to be prepared in the relevant local language ?	No. IRAS may request for translation of any TP documentation not written in English.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No answer



<p>To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?</p>	<p>Largely consistent with OECD requirements, except below.</p> <p>Description of group's lines of businesses:</p> <ul style="list-style-type: none"> <li>• Singapore TP Guidelines: Description of all group lines of businesses, products and services, as relevant to Singapore taxpayer.</li> <li>• OECD: Description of group's five largest products/services by turnover and those products/services amounting to more than 5% of group turnover.</li> </ul> <p>Industry overview:</p> <ul style="list-style-type: none"> <li>• Singapore TP Guidelines: Description of industry, market and regulatory factors relevant to the group.</li> <li>• OECD: none</li> </ul> <p>Group intangibles/R&amp;D arrangements:</p> <ul style="list-style-type: none"> <li>• Singapore TP Guidelines: A listing of group intangibles and the related parties owing them.</li> <li>• OECD: Significant additional disclosures including description of the group strategy for IP development/ownership/ exploitation, R&amp;D locations, key intercompany arrangements, TP policies and IP transfers during the year.</li> </ul> <p>Group financing arrangements:</p> <ul style="list-style-type: none"> <li>• Singapore TP Guidelines: Description of financing arrangements between related parties.</li> <li>• OECD: Additional disclosures such as details of key third party financing arrangements, specific central financing function within the group etc.</li> </ul> <p>Group financial position:</p> <ul style="list-style-type: none"> <li>• Singapore TP Guidelines: Group financials, as relevant to the Singapore's taxpayer's line of businesses.</li> <li>• OECD: Group's consolidated financial position.</li> </ul>
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<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Same as above
Euro Equivalent	EUR 15,000,000
As from which year does this obligation exist?	Same as for MF
When does the LF need to be available?	Same as for MF
When does the LF need to be submitted?	Same as for MF
Does the LF have to be prepared in the relevant local language?	No
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	SGD 1,125 million (approximately EUR 750 million)
Euro Equivalent	EUR 750.000.000
As from which year does this CbCR obligation exist?	If the threshold is met in the preceding financial year (so that CbCR is prepared for the following year in which the threshold was met or exceeded). CbCR is first to be prepared for financial years beginning on or after 1 January 2017 (but before 1 January 2018). For the transition period beginning on/after 1 January 2016 (FY2016) when some jurisdictions begin implementing CbCR, reporting entities of affected Singapore-headquartered groups may voluntarily file a CbC Report.
When and how do the tax authorities need to be notified who the reporting entity is?	Not specified. The ultimate parent entity of a multinational group that is tax resident in Singapore will be required to file a CbC Report from FY2017 onwards for all entities in the group.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the financial year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	Yes. Information in the CbCR should reflect on a consistent basis either: (a) Information for the fiscal year of relevant group entities ending on the same date as the fiscal year of the reporting entity, or ending within the 12-month period preceding such date (e.g. if CbCR is for reporting entity's FYE 31 December 2017, financial information of group entities having FYE 31 March 2017, 30 Sep 2017 and 31 Dec 2017 would be included); OR (b) Information for relevant group entities for the fiscal year of the reporting entity (e.g. if CbCR is for reporting entity's FY 1 Jan 2017 - 31 Dec 2017, financial information of group entities for that same period be included. This can be done by directly identifying financial information of group entities for the period 1 Jan 2017 – 31 Dec 2017).
Where is the CBCR to be submitted ?	IRAS is developing an IT system to collect CbCR information. Details on mode of submission will be released at a later date.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	In accordance with the CbCR XML Schema prescribed by the OECD Guidelines and the IRAS' supplementary instructions.
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Singapore has TIEAs or has included information exchange provisions in its DTAs (double tax agreements) with most treaty partners.

5. TP disclosure in tax return or transfer pricing specific returns	
<p>Does a taxpayer need to disclose information regarding TP documentation in his tax return?</p>	<p>Yes. From Year of Assessment 2018 (FY2017) onwards, taxpayers must report certain details of related party transactions if the value of such transactions in the audited accounts for the financial year exceeds SGD 15 million. The value of related party transactions is defined as the sum of all local and cross-border related-party transaction items (i) in the income statement and (ii) the year-end balances of loans and non-trade amounts. The below categories of related party transactions are to be reported in the form:</p> <ul style="list-style-type: none"> <li>• Sales and purchases of goods</li> <li>• Services income and expense</li> <li>• Royalty and licence fee income and expense</li> <li>• Interest income and expense</li> <li>• Other income and expense</li> <li>• Year-end balances of loans and non-trade amounts</li> </ul> <p>Where a company has cross-border related party sales or purchases of goods/services, it has to list the top 5 foreign related parties that it transacts with (by value of sales or purchases respectively) and provide entity details including entity names, countries, relationship and amounts transacted.</p>
<p>What would be the filing deadline?</p>	<p>The form for reporting related-party transactions would need to be submitted together with Form C of the tax return. The annual filing deadline for Form C is 30 November (for paper file) and 15 December (for e-filing).</p>
<p>When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?</p>	<p>The form for reporting related-party transactions is part of Form C of the tax return. This form is expected to provide IRAS with relevant information to assess companies' transfer pricing risks and to improve enforcement of the arm's length requirement. Penalties may be imposed for non-filing or incorrect filing of Form C. In cases where the error/omission/discrepancy in the tax return was made without any intention to evade taxes,</p> <ul style="list-style-type: none"> <li>• Penalty up to 200% of the amount of tax undercharged;</li> <li>• Fine of up to SGD 5,000; and/or</li> <li>• Imprisonment of up to 3 years.</li> </ul> <p>In cases where the error/omission/discrepancy in the tax return was made with intention to evade taxes,</p> <ul style="list-style-type: none"> <li>• Penalty of up to 400% of the amount of tax undercharged;</li> <li>• Fine of up to SGD 50,000; and/or</li> <li>• Imprisonment up to five years.</li> </ul> <p>The IRAS will consider individual circumstances (e.g. negligence, compliance history, co-operation during audits, future commitment to compliance etc.) when deciding the penalty only in cases where there is no evidence of any intention to evade taxes.</p>
<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>The IRAS and takes a serious view of offences by errant tax agents. The IRAS has stated that it will take deterrent actions (e.g. penalties/fines/imprisonment) against tax agents who deliberately facilitate their clients' under-declaration of taxes, assist in falsifying records or provide objectionable tax advice to clients. The IRAS will treat any voluntary disclosures of errors in tax returns as mitigating factors and impose lower penalties.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

**6. Benchmarking**

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. TP benchmarking is to be included as part of the Local File and should contain:</p> <ul style="list-style-type: none"> <li>• Choice of TP method/tested party and reasons for the same</li> <li>• Details of comparables chosen and screening criteria employed</li> <li>• Comparability analysis of related-party transactions/tested party and the comparables</li> <li>• Details (and reasons for) any comparability adjustments made</li> <li>• Arm's length price/margin, with detailed computations and any assumptions made</li> <li>• Details/reasons to support arm's length range used</li> <li>• Segmented financial accounts showing operating results of tested party (in respect of tested transaction), including explanations of assumptions used if any.</li> </ul> <p>Factors to be considered when selecting external comparables:</p> <ul style="list-style-type: none"> <li>• Databases: IRAS does not have a preference for any particular commercial database as long as it provides a reliable source of information</li> <li>• Comparables with publicly available information: Taxpayers should only use comparables with publicly available information. IRAS has a preference for listed comparables.</li> <li>• Non-local comparables: The IRAS has a preference for local comparables. When taxpayers are unable to find sufficiently reliable local comparables, they may expand their search to regional comparables.</li> <li>• Loss-generating comparables: Comparables should be excluded if they have (a) weighted average loss for the tested period; and/or (b) loss incurred for more than half of the tested period.</li> </ul>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>Yes. The benchmarking analysis forms part of the Local File. The same thresholds that apply for TP documentation as in 2.1 above apply.</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>Yes</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>No</p>

**7. Year-end adjustments**

<p>Are year-end adjustments permissible?</p>	<p>Yes</p>
<p>Does the taxpayer have to comply with any specific features or guidance?</p>	<p>Yes. Taxpayers may make year-end adjustments to report arm's length results in the tax return, even if they differ from actual financial results. The IRAS will accept year-end adjustments when following conditions are met:</p> <ul style="list-style-type: none"> <li>(a) Contemporaneous TP documentation/analyses to establish arm's length prices have been maintained;</li> <li>(b) Year-end adjustments are made symmetrically in the accounts of all affected related parties; and</li> <li>(c) Year-end adjustments are made before filing of tax returns.</li> </ul> <p>Even where the IRAS has accepted year-end adjustments, it is not precluded from conducting TP audits or making subsequent TP adjustments. Where the conditions are not met, upward adjustments will be subjected to tax however downward adjustments will not be allowed.</p>

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Detailed TP Guidelines having been introduced in Singapore only in 2015, the IRAS are in their first couple of years of TP audit. All intercompany transactions (regardless of whether or not they exceed the specified threshold value for TP documentation) are queried although management fees and intercompany financing tend to be accorded special scrutiny.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>Bilateral/multilateral APAs are available to Singapore resident taxpayers normally for a period of 3 to 5 years and for 2 prior/roll-back years). Taxpayers must:</p> <ul style="list-style-type: none"> <li>• Comply with all requirements pertaining to pre-filing meetings/application processes</li> <li>• Provide access to TP documentation</li> <li>• Maintain relevant documents and file annual compliance reports to demonstrate compliance with the terms and conditions of the APA agreement together with the income tax returns</li> <li>• Should notify IRAS and relevant foreign competent authority of any breach of the APA conditions as early as possible</li> <li>• Inform IRAS and relevant foreign competent authorities if the matter is adjudicated through legal/ judicial proceedings while the APA process is still ongoing</li> <li>• Provide an impact analysis and proposed course of action to facilitate the competent authorities' evaluation and discussion.</li> </ul> <p>Notwithstanding the APA process, the IRAS is not precluded from conducting an audit on the taxpayer if there is non-compliance with Singapore tax law.</p>

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## Slovakia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2009
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	CUP, Resale minus, Cost+, profit split method, net trading margin method
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbC Reporting - Sections 22a, 22b, 22c, 22d, 22e, 22f, 22g, 24b of Act on international cooperation in a field of tax administration Nr. 442/2012.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general: -	Income Tax Act: Sections (definitions of related parties, transfer pricing methods allowed, anti-avoidance rules, new penalty rules etc.) - 2(n), 2(o), 2(p), 2( r), 2(ab), 17(5), 17(6), 17(7), 18, 18a, 50a, Tax Procedure Code (penalties in general, foreclosure period): Sections - 69, 154(1/j), 155(1/e,f,g), 155(2), 155(5) Guideline by the Ministry of Finance of the Slovak Republic No. MF/014283/2016-724 on determining the content of the documentation on the pricing method Methodical guideline on application of transfer pricing methods, on system of APA's.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Intentions Master File is always as a part of the Transfer pricing documentation and is not linked to any threshold requirements/conditions. Actual requirement on content of Master File respect the OECD TP guideline. There are no special regulations regarding Master File; it has no separate status and is always as a part of Transfer pricing documentation which has to be submitted only upon the request by tax authority.
3. Local File (LF)	
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Intentions Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met (so that CbCR is prepared for the year in which the threshold was met or exceeded) <ul style="list-style-type: none"> <li>• For primary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2015 (but not sooner than 28 February 2017)</li> <li>• For secondary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2016 (but not sooner than 28 February 2017).</li> </ul>
When and how do the tax authorities need to be notified who the reporting entity is?	The Slovak taxpayer (so called basic entity) has to declare in the announcement via electronic submission, if it is a (a) parent company of MNE, (b) designated surrogate parent company or (c) the basic entity obliged to prepare CbC Report to the competent authority in Slovakia, on the last day for submitting of corporate income tax return for the relevant tax period at least. The basic entity has to declare in the announcement via electronic submission the name of the MNE's entity obliged for submitting of CbC Report, its company seat, its business number and the name of the state, in which it has the tax residency to the competent authority in Slovakia, on the last day for submitting of corporate income tax return for the relevant tax period at least. Notification needs to be made in Slovak and applies to tax years starting after 31 December 2016. There is a prescribed form of the announcement, available on web site of the tax administrator.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates (in this manner, till the end of the 2017 for the first time)
Are there any deviating submission deadlines for the secondary mechanism?	Yes. 12 months from the end of the fiscal year to which CbCR relates (in this manner, till the end of the 2018, for the first time)
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Slovak Financial Administration via web portal.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	CbCR is to be submitted using the officially prescribed xlm-standard in line with the OECD.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	The EU Directive was implemented in Slovakia in January 2015.

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Theoretically yes; complicity.
Does a taxpayer need to file TP-specific returns?	No
What would be the penalties for non-compliance?	Penalties from EUR 60 to EUR 3000

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. Not explicit defined, but no need for a new benchmark study, if the crucial pre-conditions of a controlled transaction stays unchanged.



**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. Based on our experience, Slovak tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	All intercompany transactions (e.g. intercompany financing, service and goods transactions, guarantees).
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Request 60 days before the start of the relevant tax period, at least; - max. for 5 tax periods, possibility of prolongation for next 5 periods - fee EUR 10 000 for unilateral APA resp. EUR 30 000 for multilateral APA - appeal against decision from tax administrator not possible.

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South Africa

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2016
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	All OECD methods
Are any TP methods preferred over others?	As per the OECD guidelines.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR, MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Local file prepared into Practice Note 7 of 1999 (to be replaced), the OECD guidelines and Section 29 of the Tax Administration Act. Master File prepared into OECD guidelines and SARS guidance. CbC incorporated into OECD guidelines and SARS guidance issued and to be issued.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Section 31 of Income Tax Act, Practice Note 7/99 (to be updated), Section 29 of Tax Administration Act, OECD guidelines.

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	A Reporting Entity (other than a Surrogate Parent Entity) resident in South Africa must submit a return in the form and containing the information specified in the BRS: CbC and Financial Data Reporting relating to the CbC Report, master file and the local file. If the aggregate of a person's potentially affected transactions for the year of assessment, without offsetting any potentially affected transactions against one another, exceeds or is reasonably expected to exceed R100 million, the person must submit a return in the form and containing the information specified in the BRS: CbC and Financial Data Reporting relating to the master file and the local file.
Euro Equivalent	EUR 6,802,119.54
As from which year does this obligation exist?	Must submit returns for the Reporting Fiscal years and financial years commencing on or after 1 January 2016 and the subsequent Reporting Fiscal Years and financial years.
When does the Master File need to be available?	At the time the return needs to be filed.
When does it need to be submitted?	Due date for submitting a return: A return must be submitted within 12 months from the last day of the Reporting Fiscal Year.
How and where should the MF be filed?	SARS e-filing
Does the MF have to be prepared in the relevant local language ?	No, must be filed in English

Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	A Reporting Entity (other than a Surrogate Parent Entity) resident in South Africa must submit a return in the form and containing the information specified in the BRS: CbC and Financial Data Reporting relating to the CbC Report, master file and the local file. If the aggregate of a person's potentially affected transactions for the year of assessment, without offsetting any potentially affected transactions against one another, exceeds or is reasonably expected to exceed R100 million, the person must submit a return in the form and containing the information specified in the BRS: CbC and Financial Data Reporting relating to the master file and the local file.
Euro Equivalent	EUR 6,802,119.54
As from which year does this obligation exist?	Must submit returns for the Reporting Fiscal years and financial years commencing on or after 1 January 2016 and the subsequent Reporting Fiscal Years and financial years.
When does the LF need to be available?	At the time the return needs to be filed .
When does the LF need to be submitted?	Due date for submitting a return: A return must be submitted within 12 months from the last day of the Reporting Fiscal Year.
How and where should the LF be filed?	SARS e-filing
Does the LF have to be prepared in the relevant local language?	No. Must be filed in English.
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	The ultimate parent entity, resident in South Africa, of a multinational group with a total consolidated group revenue of R10 billion or more for the previous financial year must submit the required information on a return in the format as specified in the Business Requirements Specification (BRS): Country-by-Country and Financial Data Reporting. The BRS can be found on the SARS website. Local filing of a CbC Report by others members of an MNE Group is required in the circumstances described in Article 2(2) read with Article 2(3) of the CbC Regulations.
Euro Equivalent	EUR 698,219,000

As from which year does this CbCR obligation exist?	Must submit returns for the Reporting Fiscal years and financial years commencing on or after 1 January 2016 and the subsequent Reporting Fiscal Years and financial years. A return must be submitted within 12 months from the date on which the ultimate parent entity's financial year ends.
When and how do the tax authorities need to be notified who the reporting entity is?	Notifications pertaining to the entity responsible for filing these reports must be provided to SARS no later than 12 months after the last day of the financial year of an MNE Group. The notification must until further notice be forwarded to the following email address: Bus_Sys_CDSupport@sars.gov.za
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Must be provided to SARS no later than 12 months after the last day of the financial year of an MNE Group.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The CbC Report will be presented in a CbC01 form. A return must be submitted electronically by using the SARS eFiling platform. The notification must until further notice be forwarded to the following email address: Bus_Sys_CDSupport@sars.gov.za
How is the CBCR to be submitted, specifically, is there any prescribed standard?	A return must be submitted electronically by using the SARS eFiling platform. The notification must until further notice be forwarded to the following email address: Bus_Sys_CDSupport@sars.gov.za
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	When return is submitted
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Adjustments/ penalties/ interest

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If intentional could have criminal and civil liability implications.
Does a taxpayer need to file TP-specific returns?	No

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Inter group services, use of intellectual property and certain industries.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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## South Korea

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	1995
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	CUP, Resale Price Method, Cost Plus Method, Profit Split Method, Transactional Net Margin Method and other methods not specified in the law.
Are any TP methods preferred over others?	No. Best transfer pricing method principle. However, other methods can be used in the situation where the above listed five methods cannot be applied.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Article 11 of the LCITA, Article 21-2 of the PED of the LCITA and Article 6-2 of Supplementary Regulation of the LCITA in relation to the documentation requirements of OECD BEPS Action 13.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Article 11 of the LCITA, Article 19 of the PED of the LCITA and Article 6-3 of Supplementary Regulation of the LCITA in relation to the general transfer pricing documentation requirement.
2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	International related-party transactions in excess of KRW 50 billion (EUR 38,766,500.) and total sales revenue in excess of KRW 100 billion (EUR 77,533,000) during the corresponding taxable year (i.e., same as the Local File requirement).
Euro Equivalent	EUR 77,533,000
As from which year does this obligation exist?	From 2017 (Starting the fiscal year of 2016, if the taxpayer meets the thresholds, the master file should be submitted within 12 months from the end of fiscal year of 2016).
When does the Master File need to be available?	To be prepared within 12 months after the end of the fiscal year.
When does it need to be submitted?	To be submitted within 12 months after the end of the fiscal year.
How and where should the MF be filed?	The master file should be submitted to the tax office the hardcopy of the report with electronic filing of the report.
Does the MF have to be prepared in the relevant local language ?	No
Is documentation in English permissible?	Yes, but it should be accompanied by the Korean translation within 1 month from the date of submission.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes

To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Generally, the Korean transfer pricing rules are the same as the guideline of OECD. The Korean tax authority has provided a more detailed guideline in line with the OECD requirements to assist taxpayers to prepare the Master File more efficiently.
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<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	International related-party transactions in excess of KRW 50 billion and total sales revenue in excess of KRW 100 billion during the corresponding taxable year (i.e., same as the Master File requirement).
Euro Equivalent	EUR 75,685,600
As from which year does this obligation exist?	From 2017 (Starting the fiscal year of 2016, if the taxpayer meets the thresholds, the master file should be submitted within 12 months from the end of fiscal year 2016).
When does the LF need to be available?	To be prepared within 12 months after the end of the previous fiscal year.
When does the LF need to be submitted?	To be submitted within 12 months after the end of the previous fiscal year.
How and where should the LF be filed?	The master file should be submitted to the tax office the hardcopy of report with electronic filing of the report.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Generally, the Korean transfer pricing rules are the same as the guideline of OECD. The Korean tax authority has provided a more detailed guideline in line with the OECD requirements to assist taxpayers to prepare the Local File more efficiently.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	For Korean multinational companies, if the sales revenue of the ultimate parent company on the consolidated financial statement for the prior year is more than 1 trillion Won, they should submit the CbCR. For the foreign multinational companies located in the country where there is a domestic regulation for submission of CbCR, the same thresholds of such foreign regulation is applied for submission to the Korean tax authority. However, for the ultimate parent company of the foreign multinational companies located in the country where there is no such thresholds of submission of the CbCR, the thresholds will be EUR 750 million under the OECD guideline for submission to the Korean tax authority.
Euro Equivalent	EUR 756,856,000
As from which year does this CbCR obligation exist?	From 2017 (Starting the fiscal year of 2016, if the taxpayer meets the thresholds, the CbCR should be submitted within 12 months from the end of fiscal year of 2016).
When and how do the tax authorities need to be notified who the reporting entity is?	Multinational enterprise groups (i.e., both domestic corporations and foreign corporations with a domestic place of business) in Korea is required to submit a reporting entity notification form of the CBCR within 6 months after the close of the relevant fiscal year.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	To be submitted within 12 months after the end of the previous fiscal year.

Are there any deviating submission deadlines for the secondary mechanism?	No. If the CbCR will be exchanged under the automation exchange of the information with the Korean tax authority and the relevant foreign tax authority, the taxpayer is not required to submit the CbCR to the Korean tax authority.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No, but the fiscal years of the group need to be specified in the remarks section on the CBCR.
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	By electronic filing only (www.hometax.go.kr of the National Tax Service).
How is the CBCR to be submitted, specifically, is there any prescribed standard?	By uploading Excel data to the website (www.hometax.go.kr of the National Tax Service).
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	The Korean tax authority has adopted the OECD standard regarding the content requirements for the CBCR.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Korea has concluded the multilateral agreement on exchange of CBCR with OECD member countries (37 countries) and Non-OECD member countries (25 countries) in June 2016. In addition, recently, Korea has signed on the agreement of exchange of the CBCR with the United States on June 22, 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	By the tax return filling due date, which is within 3 months after the end of the previous fiscal year.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	It may be subject to the penalty taxes. If the taxpayer intentionally reports the lower taxable income and the under-reported amount is significant by fraud or wrongful actions, they may be subject to imprisonment (up to 3 years) or significant penalty (up to 3 times of the taxes avoided) under the Punishment of Tax Evaders Act.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If tax advisor files the tax return for the tax taxpayer in false in order to avoid the taxes payable, he may be subject to imprisonment (up to 2 years) or the penalty (KRW 20 million).
Does a taxpayer need to file TP-specific returns?	Yes



Please state the filing form number and name.	(i) Detailed statement of the overseas related-party transactions ("SORPT"), (ii) Summarised income statements of the foreign related parties, and (iii) Declaration of Transfer Pricing Method and Reasons for the Selection.
What would be the filing deadline?	By the tax return filing due date, which is within 3 months after the end of the previous fiscal year.
What would be the penalties for non-compliance?	The failure for submission of the SORPT within due date will be subject to the penalties KRW 5 million per a overseas related party.

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Generally no, but the Korean tax authority prefers the use of local comparables.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. If year-end adjustment is not made on the accounting book, taxpayer can file the corporate income tax return by adjusting the taxable income based on such adjustment with submission of the from on report of the transfer price adjustment within due date of filing the corporate income tax return. In such case, the transfer pricing report supporting the adjustment would be necessary to be prepared for submission to the tax authority upon their request.

## 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	All of areas under scrutiny but I think the management service fees (cross-border intercompany charges) are frequently challenged recently.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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Spain

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	CUP / Cost Plus / Resale Price / TNMM / Profit Split / other
Are any TP methods preferred over others?	CUP / Cost Plus / Resale Price / TNMM / Profit Split Other methods can only be applied when it is not possible to use the methods stated above.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Local File: article 15 of Royal Decree 634/2015, of Corporate Income Tax Regulations. Master File: article 16 of Royal Decree 634/2015, of Corporate Income Tax Regulations. CbCR: Article 14 of Royal Decree 634/2015, on Corporate Income Tax Regulations.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Article 18 of Law 27/2014, of Corporate Income Tax. Articles 13 to 36 of Royal Decree 634/2015, of Corporate Income Tax Regulations.

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
Euro Equivalent	Groups with a turnover not exceeding EUR 45 million are not obliged to prepare a Master File.
As from which year does this obligation exist?	EUR 45,000,000
When does the Master File need to be available?	As from the year following the year that the threshold is met.
When does it need to be submitted?	Taxpayers are obliged to have available the master file no later than the due date for the filing of the tax return for the fiscal year in question; i.e. 25 days following the 6 months after the conclusion of the tax period.
Does the MF have to be prepared in the relevant local language ?	The documentation has to be provided to the Tax Authorities upon request.
Is documentation in English permissible?	No. The Tax Authorities are entitled to request the documentation in Spanish.
Penalties?	Yes. The documentation is generally accepted in English, but a translation into Spanish may be requested.
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No
	Yes

To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.
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<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Regulations allow for the preparation of a 'simplified' LF for taxpayers with a turnover not exceeding EUR 45 million. A super simplified LF may be filed by taxpayers with turnover not exceeding EUR 10 million.
Euro Equivalent	EUR 45,000,000
As from which year does this obligation exist?	As from the year following the year that the threshold is met.
When does the LF need to be available?	Taxpayers are obliged to have available the LF no later than the due date for the filing of the tax return for the fiscal year in question; i.e. 25 days following the 6 months after the conclusion of the tax period.
When does the LF need to be submitted?	The documentation has to be provided to the Tax Authorities upon request.
Does the LF have to be prepared in the relevant local language?	Yes. The Tax Authorities are entitled to request the documentation in Spanish.
Or is documentation in English permissible?	Yes. The documentation is generally accepted in English, but a translation into Spanish may be requested.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million.
Euro Equivalent	EUR 750,000,000
As from which year does this CbCR obligation exist?	As of the year following the year that the threshold is met.
When and how do the tax authorities need to be notified who the reporting entity is?	Before the end of the fiscal year to which the CbCR refers.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	During the twelve months following the end of the fiscal year to which the CbCR refers.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	Spanish Tax Authorities' website.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Web access.

Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Spain has implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU). Royal Decree 634/2015, of Corporate Income Tax Regulations, implemented the Directive.
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

## 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	If the taxpayer provides complete documentation, no penalties arise.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	The tax advisor/accountant/administrator can also be responsible of a criminal case when it is understood that there is a wilful misconduct.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form 232, informative tax return of transactions with related parties and tax havens.
What would be the filing deadline?	In general, during the month of May. For fiscal years started in 2016, the filing deadline will be during the month of November.
What would be the penalties for non-compliance?	The bill does not establish a specific regime of penalties. Therefore, our understanding is that the general penalty regime will apply. The amount due will be determined by the number of missing or incomplete data / group of data.

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Article 17 of Royal Decree 634/2015, of Corporate Income Tax Regulations, sets forth basic guidance with regard to the preparation of a benchmarking study.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Services, specially if received from abroad.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The Tax authorities can adjust the tax due (i) if the underlying facts and circumstances to the APA agreement are not met or (ii) the taxpayer does not apply the APA in the terms agreed.

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Sweden

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2007
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	All commonly used TP methods
Are any TP methods preferred over others?	No (as long as reasonable and arm's length the method is accepted).
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	The proposed law (prop. 2016/17:47) implementing BEPS Action 13 was adopted in March 2017 and entered into force on 1 April 2017.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	In Sweden there is only one statutory rule on transfer pricing (Chapter 14 Section 19 SITA). This section adopts the arm's-length principle for transactions between related enterprises and authorities. However, the Swedish Tax Authority ("STA") and the Supreme Administrative Court seek guidance from Article 9 of OECD's Model Tax Convention and OECD's Transfer Pricing Guidelines.

2. Master File (MF)	
	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Companies will be exempt from the requirement to prepare Swedish transfer pricing documentation if, in the year prior to the subject financial year, the company had less than 250 employees and either reported revenue not exceeding SEK 450 million (EUR 45,995,323) or total assets not exceeding SEK 400 million (EUR 40,884,732).
Euro Equivalent	EUR 45,995,323
As from which year does this obligation exist?	The new documentation requirements are effective for fiscal years beginning 1 April 2017 or later. The Master file must be prepared/available by the time when the Corporate Income Tax return of the parent company is due. Which in Sweden normally is 6 months after the end of the fiscal/financial year end.
When does the Master File need to be available?	See answer above.
When does it need to be submitted?	Upon request from STA. Such request is possible from the date the income tax return is filed (no later than six months after the fiscal year ends).
Does the MF have to be prepared in the relevant local language ?	No. The documentation can be prepared in Swedish, Norwegian, Danish or English.
Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes

Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Revenue threshold is the same as for the Master File (no specific requirements for Local Files). (However, insignificant transactions (below SEK 5 million) do not need to be documented)
Euro Equivalent	EUR 496,914
As from which year does this obligation exist?	The new documentation requirements are effective for fiscal years beginning 1 April 2017 or later. The Local file must be prepared by the time when the tax return of the parent company is due.
When does the LF need to be available?	Same as for Master File.
When does the LF need to be submitted?	Same as for Master File.
How and where should the LF be filed?	Same as for Master File.
Does the LF have to be prepared in the relevant local language?	No
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	Applies to companies with annual consolidated group revenue equal to or exceeding SEK 7 billion in the previous year. Regulations extend to subsidiary entities.
Euro Equivalent	EUR 695,680,000
As from which year does this CbCR obligation exist?	Applies to fiscal years beginning on or after 1 January 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	Must be filed no later than 12 months after the last day of the reporting fiscal years. Swedish entities must submit a notification to STA by the end of the fiscal year with information of which group entity that will be filing the CbC reporting for the group. An extension has been granted for the first fiscal year. The notification should be submitted by 30 April 2017, for fiscal years that have ended before 1 April 2017. The notification should be sent manually to STA (Skatteverket, 403 32 Göteborg, Sweden). A notification has to be prepared for each Swedish taxpayer within the group. The notification does not have to be signed by the representative of the Swedish taxpayer.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	See answer above.
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The report needs to be filed electronically on the STA website ( <a href="https://www.skatteverket.se/">https://www.skatteverket.se/</a> ). The online service will open the autumn of 2017.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The CbC report will need to be provided in Swedish, Danish, Norwegian, or English and Sweden has adopted the OECD's XML Schema standardised electronic format.
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Sweden has implemented the European Union Automatic Exchange Directive (EU Directive 2016/881/EU). The directive was implemented 2 march 2017.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The penalties are ranging from 10% to 40% of the additional tax imposed. However, an intentionally submitted incorrect tax return may constitute a tax crime (with risk of imprisonment of up to 6 years in serious cases).
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	An intentionally submitted incorrect tax return may constitute a tax crime (with risk of imprisonment of up to 6 years in serious cases).
Does a taxpayer need to file TP-specific returns?	No

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. There are no legal requirements to present a benchmark. Only a comparability analysis is required. However, a benchmark is commonly requested by the STA. The STA prefers Swedish comparables when auditing a Swedish company, but pan-European comparables are readily accepted. Comparability is more important than location. Local comparables are preferred when a foreign entity is the tested party, but also in these cases pan-European, pan-Asian comparables etc. are readily accepted depending on tested party's location.
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Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

### 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

### 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Restructurings/IP transfers/IP-set-ups and more general/overall TP-doc/set-up compliance checkings.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The current filing fee is SEK 150,000 per country involved for a new APA and SEK 100,000 for a renewal. Unfortunately, STA has limited resources which makes the APA process slow.

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# Taiwan

## WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2004
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. It depends on tax officers as the OECD TP guidelines are not regulation in Taiwan, but most tax officers would take it seriously. However, some officers will have their explanation of law and sometimes ignore TP Guidelines.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	TNMM
Are any TP methods preferred over others?	The tax authority prefers TNMM but also prefers to segregate the transactions by different related-parties.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF Implemented .
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	The new regulation provides for CbCR/MF/LF since 2017, according to articles regarding this. <ul style="list-style-type: none"> <li>• Local File: Article 22 of the non-arm's length transaction auditing regulation (TP regulation);</li> <li>• Master File: Article 21-1 of the non-arm's length transaction auditing regulation (TP regulation);</li> <li>• CbCR: Article 22-1 of the non-arm's length transaction auditing regulation (TP regulation) .</li> </ul>
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general: -	Same as above. In addition, the original legal base for transfer pricing auditing is Article 43-1 of Income Tax Law which authorises the Tax Authority to investigate related-party transactions. More than Transfer Pricing Documentation, tax officers can request more reasonable documentation if they deem this necessary.

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
Euro Equivalent	The thresholds for preparing MF are taxpayers with 3 billion Taiwan Dollar revenue and 1.5 billion Taiwan Dollar related-party transactions amount both. The related-party transactions amount calculate with aggregate separate transaction types by gross base.
As from which year does this obligation exist?	EUR 83,361,100
When does the Master File need to be available?	Applies since 2017 fiscal year.
When does it need to be submitted?	In one year after the end of fiscal year which taxpayer reached the threshold.
Does the MF have to be prepared in the relevant local language ?	The taxpayer should filed to local tax authority in one month upon requested by tax authority.
Is documentation in English permissible?	Yes
	No, unless it been approved by tax authority

What are the (possible) consequences of not having the required MF available?	If the tax adjustment was regarded as tax avoidance then an administration penalty from 3,000 to 30,000 Taiwan Dollar to apply and the tax adjustment will base on the deemed profitability.  If the tax adjustment was regarded as tax evasion then will trigger a penalty of up to 200 percent of underpaid tax liability.
Penalties?	Yes
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements basically.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	Related-party transactions with two conditions were met: <ul style="list-style-type: none"> <li>• Taiwan Dollar 300 million for revenue</li> <li>• Taiwan Dollar 200 million for related-party amount</li> </ul>
Euro Equivalent	EUR 8,336,110
As from which year does this obligation exist?	For the fiscal year of 2004.
When does the LF need to be available?	There are five months for preparing Local File after the end of fiscal year, however, taxpayer submission is based on the request from tax authority and having one month submission period.
When does the LF need to be submitted?	Upon request and having one month to submit
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes. Only if taxpayer have permission
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements basically.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	The threshold is 27 billion Taiwan Dollar of consolidated revenue of parent company.
Euro Equivalent	EUR 750,249,000
As from which year does this CbCR obligation exist?	Applies since 2017 fiscal year
When and how do the tax authorities need to be notified who the reporting entity is?	The multinationals need to submit CbCR to tax authority in one year after the end of fiscal year. Which taxpayers need to access the regulation by themselves without notifying tax authority in advance.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	In one year
Are there any deviating submission deadlines for the secondary mechanism?	No

Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The detailed procedure remains to be clarified later by circular.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	The detailed procedure remains to be clarified later by circular.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements basically.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Singapore, Indonesia, Vietnam, South Africa, Australia, New Zealand, Gambia, Malaysia, Swaziland, Macedonia, Netherland, UK, Senegal, Sweden, Belgium, Denmark, Israel, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes. Some basic information such as related-party transaction types, amount, count parties information.
What would be the filing deadline?	Five months after the end of fiscal year.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect tax return and result in tax adjustment which will receive at most two times of adjusted tax as penalty, the discretionary power is on the tax authority. Furthermore, if the taxpayer's behaviour was treated as tax evasion then the taxpayer may have at most five years imprisonment, however, the trigger point of tax evasion is very high.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If the taxpayer behaviour was treated as tax evasion and tax advisor/accountant was proved to assist the taxpayer did it then they may have at most four and half years imprisonment. Otherwise, there is no legal responsibility for tax advisor/accountant/ administrator.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. The benchmarking should prepare annually with updated financial figures, but the benchmarking/comparables could be the same as prior year if no significant function, risk change.

7. Year-end adjustments	
Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	The tax authority prefer reviewing the related-party transactions by separate type of transactions, which means they prefer to test the profitability of different type transaction, such as trading, services providing etc..., not reviewing the aggregate amount of one party. And entities having transactions with low tax jurisdictions are easily been selected for tax auditing.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	There are few conditions for applying to APA process as below: 1, The revenue is over 500 million Taiwan Dollar and 200 million related-party Taiwan Dollar. 2, No significant tax compliance failure in three years. 3, Well prepare TP Documentation. 4, other requirements made by the Treasury.

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## Tanzania

### WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2014
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable Uncontrolled Price (CUP) Method, Resale Price Method, Cost Plus Method, Profit Split Method, Transactional Net Margin Method and any other method as may be prescribed by the Commissioner from time to time (Regulation 5(1) of the TP Regulations).
Are any TP methods preferred over others?	As per Regulation 5(2) of the TP Regulations, "in application of the methods referred in sub-regulation (1), a person shall first apply the traditional transaction methods". These methods are: CUP Method, Resale Price Method and Cost Plus Method. Sub-regulation (5) however states that, notwithstanding the previous provisions, "a person shall apply the most appropriate method."
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Income Tax Act, Transfer Pricing Regulations (2014) and Transfer Pricing Guidelines.
<b>2. Master File (MF)</b>	
	Not implemented
<b>3. Local File (LF)</b>	
	Not implemented
<b>4. Country-by-Country Reporting</b>	
	Not implemented
<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. However, the documentation needs to "be in place prior to the due date for filing the income tax return for that year".
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Making a statement, in a return for example, that is false or misleading is an offence. Such a taxpayer "...shall be liable to a penalty equal to: where the statement or omission is made without reasonable excuse, 50 percent of the underpayment of tax that, in the Commissioner's view, may have resulted if the inaccuracy of the statement had gone undetected; or where the statement or omission is made knowingly or recklessly, 100 percent of the underpayment of tax that, in the Commissioner's view, may have resulted if the inaccuracy of the statement had gone undetected (Section 101 of the Income Tax Act).

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	A person who knowingly or recklessly aids, abets, counsels or induces another person to commit an offence of a type referred to in Division II shall be liable for a penalty equal to 100 percent of the underpayment of tax that, in the Commissioner's view, may have resulted if the offence had been committed and had gone undetected (Section 102 of the Income Tax Act).
Does a taxpayer need to file TP-specific returns?	No

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	<p>Yes. The Transfer Pricing Guidelines bring out the fact that it is important to decide the level at which transactions are compared i.e. whether to compare: a single transaction, a bundle of transactions, results at gross margin level, results at net margin level or results by reference to some other measures such as return on capital, ratio of costs to gross margin etc.</p> <p>Determination of the tested party; As a general rule, the tested party is the one to which a transfer pricing method can be applied in the most reliable manner and for which the most reliable comparables can be found.</p> <p>The guidelines add a caveat that the TRA gives priority to the availability of sufficient and verifiable information on both tested party and comparables. As such, TRA does not accept foreign tested parties where information is neither sufficient nor verifiable.</p> <p>The comparability analysis mentioned in 6.1. above should include:</p> <ol style="list-style-type: none"> <li>1. The data collected and the analysis performed to evaluate comparability of uncontrolled transactions with the relevant controlled transactions;</li> <li>2. Criteria used in the selection of comparables including database screens and economic considerations;</li> <li>3. Identification of any internal comparables, among other items.             <ul style="list-style-type: none"> <li>(vii) Adjustments (details and reasons for those adjustments) made to the comparables.</li> <li>(viii) Aggregation analysis (grouping of transactions for comparability).</li> </ul> </li> </ol>
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. It is only sufficient as long as there are no material changes to the factors affecting the transfer prices.

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. No guidelines. The adjustments should however not be on an ad hoc basis. There needs to be a pre-determined agreed mechanism. Additionally, from experience, upward adjustments are preferred (by the revenue authority) to downward adjustments.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Companies in continuous losses over long periods, brands shared by non-resident entities, intercompany financing.
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>An APA shall be for a period not exceeding five years of income but may be reviewed.</p> <p>The Commissioner may cancel an APA with a person by notice in writing if:</p> <ol style="list-style-type: none"> <li>1. The person has failed to materially comply with a fundamental term of the agreement;</li> <li>2. There has been a material breach of one or more of the critical assumptions underlying the agreement;</li> <li>3. There is a change in the tax law that is materially relevant to the agreement;</li> <li>4. The agreement was entered into based on a misrepresentation, a mistake or omission by the person.</li> </ol> <p>The taxpayer is also required to furnish the Commissioner with a compliance report for each year of income of the covered period on the date of filing the return of income.</p>

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## Thailand

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	In principle, all internationally accepted methods are acceptable.
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF yet, may come with new transfer pricing law.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. (but additional information may be requested by the assessment officer).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The assessment officer has the power to reassess the price and demand for payment of the additional tax resulting from reassessment (if any) + penalty (up to 100% of unpaid tax) + interest (1.5% per month).
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Liability to compensate the client for damages.
Does a taxpayer need to file TP-specific returns?	No
6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
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**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Mark-up between intercompany transaction in comparison with the 3rd party transaction and benchmark of gross profit from RD database, intercompany loan with lower interest rate than market rate or no interest.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The Thai Revenue Department would consider rejecting the APA application if 1. the taxpayer does not submit sufficient information for their consideration, 2. the APA application was rejected by the tax authorities of the relevant countries, 3. it is a new business type for which Thailand does not have enough database, 4. or have a ground to suspect that there is an attempt to avoid tax or to commence any unusual acts without commercial reasons. In general, APA's are taking a long time to be approved.

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## Ukraine

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	1) Comparable uncontrolled price method and modified CUP based on exchange prices for commodities 2) Resale price method; 3) Cost plus method; 4) Transactional net margin method; 5) Transactional profit split method.
Are any TP methods preferred over others?	According to the Tax Code of Ukraine, where it is possible to apply both the CUP method and any other method, the CUP method shall be used. In case where the Resale price method or the Cost plus method and the Transactional net margin method or the Transactional profit split method can be applied by the taxpayer with the same reliability, the Resale price method or the Cost plus method shall be used.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR Intended, No MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Draft Law No.3630 of 11.12.2015 on amending of the Tax Code of Ukraine.

<p>Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general</p>	<p>1) subpara. 14.1.159 of para. 14 of the Tax Code of Ukraine (identification of the related parties)                  2) Art. 39 of the Tax Code of Ukraine (arm's length principle, transfer pricing methods, official sources of information, advance pricing agreements)                  3) Resolution of the Cabinet of Ministers Of Ukraine No. 381 as at 4 June 2015 "On approval of the procedure for calculating the price (profitability) range and the median of such range for transfer pricing purposes"                  4) Resolution of the Cabinet of Ministers Of Ukraine No. 191 as at 29 March 2017 "On approval of the Procedure for determining the average weighted profitability indicator for a comparable legal entity for transfer pricing purposes"                  5) Resolution of The Cabinet of Ministers Of Ukraine No. 616 as at 8 September 2016 "On approving the list of commodities quoted on exchanges and commodity exchanges to establish the compliance of conditions of controlled transactions with the arm's length principle"                  6) Resolution of the Cabinet of Ministers Of Ukraine No. 480 as at 4 July 2017 "On approval of the list of organisational and legal forms of non-residents that do not pay income tax (corporate tax), including tax on income received outside of the state of registration of such non-residents, and/or are not tax residents of the state in which they are registered as legal entities"                  7) Ruling of the Cabinet of Ministers of Ukraine No.1045 as at 27 December 2017 "On approval of the list of states (territories) that meet the criteria, set out in para. 39.2.1.2 of para. 39.2.1 of para.39.2 of Art. 39 of the Tax Code of Ukraine" (low-tax jurisdictions)</p>
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<p><b>2. Master File (MF)</b></p>	<p>Not implemented</p>
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<p><b>3. Local File (LF)</b></p>	<p>Not implemented</p>
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<p>What is the threshold requirement for the obligation to prepare a LF?</p>	<p>The Ukraine has not implemented a LF requirement in line with OECD BEPS 13 but local transfer pricing documentation requirements are in place for annual revenue of UAH 150 million (around EUR 5 million) and value of potentially controlled operations with one counterparty of more than 10 million per year (around EUR 333.333)</p>
<p>As from which year does this obligation exist?</p>	<p>September 2013 upon request by fiscal authorities and mandatory from 01.01.2015</p>
<p>When does the LF need to be available?</p>	<p>After May 1 of the year next to the reporting year.</p>
<p>When does the LF need to be submitted?</p>	<p>30 days upon request.</p>
<p>Does the LF have to be prepared in the relevant local language?</p>	<p>Yes</p>
<p>Or is documentation in English permissible?</p>	<p>No</p>
<p>Penalties?</p>	<p>Yes</p>
<p>Imprisonment?</p>	<p>No</p>
<p>Shifting of the burden of proof?</p>	<p>Yes</p>
<p>To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?</p>	<p>More extensive information on the transactions is to be provided, specific independence criteria, specific CUP method for transactions with commodities.</p>

4. Country-by-Country Reporting	
	Intentions
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Austria, Azerbaijan, Algeria, Belgium, Belarus, Bulgaria, Brazil, Great Britain, Vietnam, Armenia, Greece, Georgia, Denmark, Egypt, Estonia, Israel, India, Indonesia, Iran, Ireland, Iceland, Italy, Jordan, Kazakhstan, Canada, Cyprus, Kyrgyz Republic, China, the Republic of Korea, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Morocco, Mexico, Moldova, Mongolia, the Netherlands, Norway, the United Arab Emirates, Pakistan, South African Republic, Poland, Portugal, Russian Federation, Romania, Saudi Arabia, Singapore, Syria, Slovakia, Slovenia, USA, Tajikistan, Thailand, Turkey, Turkmenistan, Hungary, Uzbekistan, Finland, France, Federal Republic of Germany, Croatia, the Czech Republic, Switzerland, Sweden, Republic of Serbia and the Republic of Montenegro, Spain, Malaysia, Japan.

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No, (except in case of self-adjustments).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	If taxpayer understands that the prices are not at arm's length prior to submission of annual corporate profit tax return taxpayer may adjust tax results by filling of separate annex "TL" of the CPT return. At any other time it is possible to submit adjustment CPT return with respective TP corrections. In case of self-assessment of additional tax liabilities taxpayer shall pay the amount of tax and the fine in the amount of 3 per cent of the amount of tax. This fine shall be paid prior to submitting of the adjustment CPT return.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Administrative penalty or criminal prosecution for tax evasion depending on the amount of charges.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Report on the controlled transactions, approved by the Order of the Cabinet of Ministers of Ukraine No. 8 as of January 18, 2016.
What would be the filing deadline?	1st of October of the year following the reporting year.
What would be the penalties for non-compliance?	Penalty for non-submission equals to 300 amounts of living wage set on 1 January of the reporting year (currently UAH480'000 that is around EUR16'000). Penalty for non-declaration of the controlled transactions in the submitted Report on the controlled transactions equals to 1 % of the sum of such non-declared controlled transaction, but shall not exceed 300 amounts of living wage set on 1 January of the reporting year.

6. Benchmarking

<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. Article 39 of the Tax Code of Ukraine is the main guidance that should be considered during the preparation of the benchmark study.</p> <p>According to para. 39.5.3.1 of the Tax Code of Ukraine, the taxpayer and the controlling authority shall use the sources of information that contain information that enables to compare the commercial and financial conditions of transactions in accordance with para. 39.2.2 of Art. 39, in particular:</p> <p>A) information on comparable uncontrolled transactions of the taxpayer, as well as information on comparable uncontrolled transactions of its counterparty (in the controlled transactions) with unrelated parties;</p> <p>B) any sources of information, which contain publicly available information and provide information on comparable transactions and entities;</p> <p>C) other sources of information, from which the information was received by the taxpayer in accordance with the requirements of the legislation and which provide information on comparable transactions and entities, provided that the taxpayer submits such information to the controlling authority;</p> <p>D) information received by the controlling authority under the international agreements, concluded by Ukraine.</p> <p>In accordance with para. 39.3.2.8 of Art. 39 of the Tax Code for the purpose of calculating the profitability range, information about comparable uncontrolled transactions of the taxpayer (or his counterparty in the controlled transaction), as well as information about the comparable legal entities shall be used, based on the accounting and financial reporting data, reflected in accordance with the national accounting regulations (standards) or international financial reporting standards for the reporting (tax) period (year) in which the controlled transaction was executed, or for several tax periods (years).</p> <p>Also in accordance with para. 39.3.2.9 of Art. 39 of the Tax Code, information about comparable legal entities is used for the calculation of financial indicators in the case of simultaneous compliance with the following conditions:</p> <p>1) the comparable legal entity carries out activities comparable to those of the taxpayer within the scope of the controlled transaction and performs comparable functions related to such activity. Comparison of activities is determined taking into account the types of economic activity in accordance with the Classifier of economic activities 009: 2010, as well as international classifiers;</p> <p>2) the comparable legal entity has losses in accordance with the accounting (financial) statements not more than in one reporting period of the periods used to calculate the relevant financial indicators;</p> <p>3) the comparable legal entity does not own directly or indirectly corporate rights of another legal entity with a share of such participation of more than 20 percent and no legal entity own the corporate rights of the comparable legal entity with a share of direct (indirect) participation of more than 20 percent.</p> <p>Art. 39 of the Tax Code of Ukraine also contains other requirements with regard to the preparation of the benchmark study.</p>
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>No</p>

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. Ukrainian documentation requirements are silent in this regard.

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. The Company should provide Adjusting Annex "TL" "Self-Adjustment of the Tax Liabilities of the Taxpayer for the TP Purposes" to the Corporate profit tax return. Self-adjustment should not result in lower taxes in Ukraine.

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Tax authorities pay their attention to the procedural issues and application of the methods of comparative uncontrollable price. Tax authorities usually pay special attention to the activity of the exporters of agricultural products (wheat, corn, sunflower, and sunflower oil), metal products, chemical products and milk products.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Yes. Only large taxpayers (business entity or permanent establishment of non-resident, total income of which for the last 4 tax (reporting) quarters exceeds UAH 1,000,000,000 [around EUR 33.333.333] or the overall sum of money, paid to the Budget by such entity or permanent establishment of non-resident, for the same period exceeds UAH 20,000,000) can apply for bilateral or multilateral APAs.

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## United Arab Emirates

### WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
<b>2. Master File (MF)</b>	
	Not implemented
<b>3. Local File (LF)</b>	
	Not implemented
<b>4. Country-by-Country Reporting</b>	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
<b>7. Year-end adjustments</b>	
	N/A
<b>8. Transfer Pricing Audit and Dispute Resolution Mechanisms</b>	
	N/A

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UK

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	1999
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Consistent with OECD methods.
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF/LF Intentions
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	<p>Legislation for accounting periods ending on or after 1 April 2010 is at Part 4 of TIOPA 2010.</p> <p>S.164 of TIOPA 2010 provides that the legislation is to be construed in a manner that best secures consistency with:</p> <ol style="list-style-type: none"> <li>1. the expression of the arm's length principle in Article 9 of the OECD Model Tax Convention on Income and on Capital ('Article 9') and</li> <li>2. the guidance in the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations</li> </ol> <p>On 16 August 2017 HMRC released guidance stating that HMRC requires that transfer pricing documentation should be retained to support the arms-length pricing. Such documentation should be proportionate to the size and complexity of the transactions or business involved and should be the same as that specified in Annexes I and II of the Action 13 report.</p>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Intentions Consistent with OECD requirements.
As from which year does this obligation exist?	HMRC may anticipate MNEs will have prepared MF from 2016 given many countries have already implemented Action 13 requirements.
When does the Master File need to be available?	There is no set requirement, but HMRC would expect that the documentation is available to support the transfer pricing when a tax return is filed.
When does it need to be submitted?	Upon request should HMRC open an enquiry into the return. HMRC will give the company a minimum of 30 days to respond but generally will accept an extension to this period.
Does the MF have to be prepared in the relevant local language ?	Yes

Is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements.

<b>3. Local File (LF)</b>	Intentions
What is the threshold requirement for the obligation to prepare a LF?	Consistent with OECD requirements.
As from which year does this obligation exist?	Consistent with OECD requirements.
When does the LF need to be available?	There is no set requirement, but HMRC would expect that the documentation is available to support the transfer pricing when a tax return is filed.
When does the LF need to be submitted?	Upon request should HMRC open an enquiry into the return. HMRC will give the company a minimum of 30 days to respond but generally will accept an extension to this period.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million.
As from which year does this CbCR obligation exist?	The requirement to file CbC reports applies to accounting periods commencing on or after 1 January 2016 and companies will have 12 months from the end of the relevant accounting period to file a report with HMRC.
When and how do the tax authorities need to be notified who the reporting entity is?	UPEs and UKEs are required to notify HMRC for each period covered by a CbC report. The deadline for notification is the later of end of the period to which the report relates or 1 September 2017. HMRC prefer the notification to be made by email, but it can also be made by post.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates.
Where is the CBCR to be submitted ?	CbC reports must be filed online through a secure HMRC portal. The MNE will need to register online (once only but this can be amended subsequently), in order to be able to use the online submission portal.

How is the CBCR to be submitted, specifically, is there any prescribed standard?	The report must be made in the form of an XML document. The reason for this is that XML documents can be validated and provide a common medium for exchange between the countries who have introduced CbC reporting rules.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	UK implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU).
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect tax return constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Intentionally submitting an incorrect tax return constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment.
Does a taxpayer need to file TP-specific returns?	No

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. OECD guidance should be followed.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Transfer pricing relating to Intellectual property transfers and licences.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes

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USA

WTS Global Country TP Guide

Last Update: December 2017

<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. U.S. tax authorities refer to the Section 482 Regulations for transfer pricing rules and regulations. The Section 482 Regulations and the OECD Guidelines have similarities in their principles and methods.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	Tangible Property: Comparable Uncontrolled Price (CUP), Resale Price Method (PSM), Profit Split Method (PSM), Berry Ratio, Comparable Profits Method (CPM), Cost Plus, other unspecified methods; Intangible Property: Comparable Uncontrolled Transaction (CUT), CPM, PSM, Income Method, Acquisition Price Method, Market Capitalisation, Residual Profit Split, and other unspecified methods; Services: Services Cost Method (SCM), Gross Services Margin (GSM), Cost of Services Plus (CSPM), PSM, other unspecified methods.
Are any TP methods preferred over others?	Section 482 Regulations indicate that whichever method provides the most reliable result (i.e. the "best method") is preferred. In practice, there is a preference for transaction-based approaches (e.g. CUT and CUP).
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; No MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	U.S. Treasury Regulations Section 1.6038-4: Country-by-Country Reporting (IRS Form 8975), Schedules A, Tax Jurisdiction and Constituent Entity Information.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	Transfer Pricing Regulations: Section 482 Regulations, Treas. Reg. §1.482-0 through 9; CbC Reporting Regulations: Federal Register final regulations: T.D. 9773 Required Information Returns: Prop. Treas. Reg. §1.6038-4.

<b>2. Master File (MF)</b>	Not implemented
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<b>3. Local File (LF)</b>	Not implemented
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<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	USD 850 million consolidated revenue in the previous financial year
Euro Equivalent	EUR 691,455,000
As from which year does this CbCR obligation exist?	CbC must be prepared in the year following the year that the threshold is met. CbCR applies for fiscal years beginning on or after 30 June 2016. Taxpayers may file voluntary CbC reports for periods beginning between 1 January 2016 and 30 June 2016.
When and how do the tax authorities need to be notified who the reporting entity is?	The U.S. taxpayer has to declare in its tax return if it is a U.S. ultimate parent company of a MNE. However, a U.S. territory ultimate parent entity may designate a U.S. business entity that it controls to file on its behalf. The United States does not provide for the possibility to act as a surrogate. The filer must list the U.S. MNE group's constituent entities, indicating each entity's tax jurisdiction (if any), country of organisation and main business activity, and provide financial and employee information for each tax jurisdiction in which the U.S. MNE does business.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Must be filed on or before the due date (including extensions) for the annual tax return.
Are there any deviating submission deadlines for the secondary mechanism?	Yes. Voluntary filers whose period begins between 1 January 2016 and 30 June 2016 have been given an extension with respect to 2016 only. Voluntary filers have 12 months from the last day of the reportable period to submit a CbCR via an amended return (i.e., for calendar year 2016, early period filers have until December 31, 2017).
Does your country have a requirement that the financial figures of the group need to be aligned with?	Yes. MNE groups with a U.S. based ultimate parent entity must consolidate the accounts of its other business entities with its own accounts for financial reporting purposes under US generally accepted accounting principles (GAAP).
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	The Form 8975 and Schedules A (Form 8975) must be attached to the applicable paper tax return.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	An ultimate parent entity that files its return electronically must file the Form 8975 through the IRS Modernized e-File system in Extensible Mark-up Language (XML) format, not as a binary attachment (such as a PDF file). If filing the tax return on paper only, the IRS requests that you also mail a copy of page 1 of Form 8975 to Internal Revenue Service P.O. Box 9941 Mailstop 4912 Ogden, UT 84401 in order to notify the IRS that you have filed Form 8975 and Schedules A (Form 8975) with a paper return.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	The specific information that must be included in IRS Form 8975 is materially the same as the CbCR model template outlined in BEPS Action 13. However, the tables included in Form 8975 have a materially different structure and format than BEPS Action 13.

Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	The United States pursued information exchanges on a bilateral basis. Country-by-Country Reporting data is exchanged pursuant to bilateral Competent Authority Arrangements (CAAs), which rely on Double Taxation Conventions ("DTC"), Tax Information Exchange Agreements ("TIEA"), or the Convention on Mutual Administrative Assistance in Tax Matters that permit automatic exchanges of information. The US signed / is in negotiations with 8 countries for TIEAs and with 34 countries for DTCs.
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	No

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No. There is no requirement to provide transfer pricing documentation to the IRS at the time of filing the tax return. However, transfer pricing documentation must be prepared contemporaneously with the tax return and kept on file in order to provide penalty protection. There are certain administrative disclosures related to cost sharing arrangements that must be disclosed with the tax return (See IRC Section 482-7(k)(4)).
What would be the filing deadline?	The cost sharing arrangement disclosures must be filed with the annual tax return. The deadline for corporate federal income tax returns is the 15th day of the third month following the close of the tax year (e.g. March 15 for calendar-year taxpayers). Corporate taxpayers may request a seven-month extension to file (e.g. October 15 for calendar-year taxpayers).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The US tax authorities would readjust the income of the multinational, and the firm would be subject to penalties. The IRS has three years from the tax return filing date to make adjustments. However, if gross income in excess of 25 percent of the gross income stated in the return is omitted, the statute is extended to six years. The statute is unlimited if a false or fraudulent return is filed, if a wilful attempt to evade taxes is made, or if no return is filed. There are two types of penalties that can be assessed as an additional 20 percent or 40 percent of the tax underpayment. The Transactional Penalty applies at a 20 percent rate where the misstated transfer price for any property or service is 200 percent or more, or 50 percent or less, of the correct price. The Transactional Penalty applies at a 40 percent rate if the misstated transfer price is 400 percent or more, or 25 percent or less, of the correct price. The Net Adjustment Penalty applies at a 20 percent rate if the total net transfer pricing adjustment for the year is more than USD 5 million or 10 percent of gross receipts. The Net Adjustment Penalty applies at a 40 percent rate if the adjustment is more than USD 20 million or 20 percent of gross receipts.

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	From U.S. Code § 7201: Any person who wilfully attempts to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof: Shall be imprisoned not more than 5 years; Or fined not more than \$250,000 for individuals (\$500,000 for corporations); Or both, together with the costs of prosecution.
Does a taxpayer need to file TP-specific returns?	No
Please state the filing form number and name.	There is no TP-specific return, but required documentation to be filed with the annual return includes IRS 5471, 5472, 8865, schedule UTP (Form 1120). Cost sharing arrangement documentation is also necessary to be governed by Treas. Reg. Section 1.482-7.
What would be the filing deadline?	Due with the filing of the income tax return (including extensions).
What would be the penalties for non-compliance?	A penalty of 10,000 US dollars (USD) is imposed for each Form 5471 or Form 5472 that is filed after the due date of the income tax return (including extensions) or does not include the complete and accurate information described in Section 6038(a).

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. For US tested parties, the IRS typically expects publicly traded US (and sometimes Canadian) comparables to be used in benchmarking studies unless comparables from other regions are expected to provide a more reliable result. For foreign tested parties, the IRS has not shown a specific preference for US comparables, global comparables, regional comparables or country specific comparables as long as the parameters selected provide the most reliable result.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. At a minimum, taxpayers should update the financials of the comparables included in the benchmarking study annually. The Section 482 Regulations indicate that the results of uncontrolled comparables should be compared with the results of the controlled transaction in the taxable year under review.

## 7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Transfer pricing adjustments that increase or decrease U.S. taxable income are allowed on timely filed original tax returns. Transfer pricing adjustments to amended tax returns are only allowed only if they increase U.S. taxable income.



8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Outbound transfers of IP, Financial Transactions, "Round-Trip" transactions involving a foreign licensee (i.e. foreign entity licenses IP from U.S. entity, U.S. entity contract manufactures and sells to foreign licensee, foreign licensee sells back to U.S. limited risk distributor).
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No specific restrictions or guidance provided on APA acceptance criteria.

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# Uruguay

## WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2007
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. The OECD Transfer Pricing Guidelines do not represent a binding law in Uruguay. While there are certain differences between the OECD Transfer Pricing Guidelines and Uruguay transfer pricing rules and practices, Uruguayan tax authorities generally tend to use the OECD Transfer Pricing Guidelines for interpretative references.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	Same OECD methods (for commodities CUP is mandatory considering quotations in transparent and public markets).
Are any TP methods preferred over others?	Best method approach
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR and MF implemented, Local variation of LF in place.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Law 19,484 Articles 66 - 67 introduced requirements regarding Master File and CbCR.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	Title 4 of "Texto Ordenado" 1996, articles 38 to 46 (as amended by Law 18,083 of 27/12/2006 and Law 19,484). Decree 56/009 and Tax Authority Resolution N° 2084/009.
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Further regulation is required. The tax authority may request the Master File but no threshold has yet been set
As from which year does this obligation exist?	2017
When does the Master File need to be available?	Further regulation is required.
When does it need to be submitted?	Further regulation is required.
Penalties?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD standard.

3. Local File (LF)	Yes
What is the threshold requirement for the obligation to prepare a LF?	LF in line with OECD BEPS 13 has not been implemented. Answers relate to local transfer pricing documentation requirements. Cross-border transactions with related parties greater than USD 6 Million approximately (threshold is of Indexed Units 50,000,000 which is equivalent to approximately USD 6 Million)
Euro Equivalent	EUR 6,000,000
As from which year does this obligation exist?	The local file is prepared for the fiscal year in which the threshold is met.
When does the LF need to be available?	Within the ninth month following the end of the fiscal year.
When does the LF need to be submitted?	Within the ninth month following the end of the fiscal year.
How and where should the LF be filed?	It needs to be actively filed to the Tax Authorities.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
Penalties?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD standard.

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	To be determined by further regulation but is expected to be in line with international standards (EUR 750 million)
As from which year does this CbCR obligation exist?	2017. The CbCR is prepared for the year in which the threshold is met
When and how do the tax authorities need to be notified who the reporting entity is?	The country-by-country report will not be required when the parent company of the group or a designated company has submitted that report in another country and through the mechanisms for the exchange of tax information between countries, Uruguay can "effectively" access that report. In these cases the local entity must declare to the tax authorities which is the company of the group that files said report.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	Further regulation is required.
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	Further regulation is required.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Further regulation is required.
Penalties?	Yes

To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD standard.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Bilateral agreements for exchange of information and Multilateral Competent Authority Agreement on CRS <a href="http://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/exchange-relationships/#d.en.345426">http://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/exchange-relationships/#d.en.345426</a> . <a href="http://www.oecd.org/ctp/beps/country-by-country-reporting-update-on-exchange-relationships-and-implementation.htm">http://www.oecd.org/ctp/beps/country-by-country-reporting-update-on-exchange-relationships-and-implementation.htm</a> <a href="http://www.dgi.gub.uy/wdgi/page?2,principal,ConveniosInternacionales,O,es,0">http://www.dgi.gub.uy/wdgi/page?2,principal,ConveniosInternacionales,O,es,0</a> ,
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes

### 5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The legal consequence would be penalties for the amount of the tax due arising from the transfer pricing adjustment not included in the tax return (fine of 20% of the tax and surcharges of approximately 1% per month capitalizable quarterly). Not including the transfer pricing adjustment is not per se a tax crime.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Directors and administrators are liable for the tax liabilities of the company.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form 3001
What would be the filing deadline?	Within the ninth month following the fiscal year end together with the local transfer pricing report.
What would be the penalties for non-compliance?	Fine of up to USD 200,000

### 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
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**8. Transfer Pricing Audit and Dispute Resolution Mechanisms**

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Transfer pricing audits are relatively new in Uruguay and it is not possible to establish specific areas of scrutiny.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	APAs apply to 3 years.

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## Venezuela

### WTS Global Country TP Guide

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<b>1. Legal Basis</b>	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2003
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	CUP, RPM, CPM, PSM, TNMM (Income Tax Law. Articles 134 to 139).
Are any TP methods preferred over others?	Best method rule, with priority for CUP (Income Tax Law art. 140).
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	No documentation or other form of authority has been issued to date. No official statements from the competent authorities on the matter.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	Master Tax Code (Executive Decree Nr. 1.434, Official Gazette Extraordinary Nr. 6.152, Section Twelve, Chapter III, Title IV - latest amendment effective February 18, 2015) . Income Tax Law (ITL) (Executive Decree No. 2.163. Official Gazette Extraordinary No. 6.210, Chapter III, Title VII -latest amendment effective December 30, 2015). SENIAT Ruling (Providencia) No. SNAT-2003-2424, Information Return on transactions with overseas related parties, dated February 13, 2004 (effective from date of issuance). SENIAT Ruling (Providencia) Nr. SNAT-2010-0090 which establishes the procedure for computing and applying the TP arm's length range or interval, dated 20 December 2010 (effective from date of issuance).
<b>2. Master File (MF)</b>	
Not implemented	
<b>3. Local File (LF)</b>	
Not implemented	
What is the threshold requirement for the obligation to prepare a LF?	No. OECD Guidelines Local File rules. Reference to OECD Guidelines is not sufficient authority for SENIAT to request the same. In any case, there is a requirement for local filing of a return covering for all related-party transactions (PT-99).
<b>4. Country-by-Country Reporting</b>	
Not implemented	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime. Legal consequences may range from (monetary) fines to imprisonment from 6 months up to 7 years.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	None for tax advisor or accountant. In the case of the filing company's administrator, management and directors, the same can be held jointly liable with the company, only to the extent they have directly participated, and they managed assets or the business of the company.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Information Statement on transactions entered with overseas related parties - PT 99.
What would be the filing deadline?	Must be filed within six months following the end of the fiscal year.
What would be the penalties for non-compliance?	The penalty for failure to file the transfer pricing return or file it with a delay of more than one year is temporary closure of the office, local or establishment, if its exist, for 10 days and a fine of 150 tax units. The penalty for failure to file the communications established by the law or administrative rules is 50 tax units. (Tax Code art. 103, numeral 1 and 2).

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No. In Venezuela there is no legal limitation on using foreign comparable transactions (as such foreign databases may be used), nor as to which is going to be the reviewed party to the TP transaction.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. An adjustment should be included when the transactions performed between related parties are not arm's length. The transfer pricing adjustment, if required, must be included as additional income/gain or as a non-deductible item in the income tax return. The transfer pricing adjustment is applied for tax purposes only; therefore it is not recorded in the financial statements. There are no rules as to secondary adjustments.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	In Venezuela there are no specific areas of scrutiny by the tax authorities. In light of the size of the businesses, the tax authorities tend to focus on oil and gas, consumer goods and automotive industry.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>The Master Tax Code and the Income Tax Law enable the tax authority to approve or reject APAs and establish the formal rules governing APA application procedures. The same includes a list of the numerous documents that must be produced along with a taxpayer's application. Venezuelan transfer pricing establish the following aspects regarding this topic: - The taxpayer should present a proposal to the tax authorities for the valuation of one or more transactions, providing evident that such transactions comply with the arm's length standard. - The proposal should be prepared by the taxpayer and should be based on an accepted transfer pricing methodology. - The tax authorities can determine the format of the documents to be provided by the taxpayer in the proposal. - The APA process must be concluded by the end of the third year after the year of application. This may be extended if the APA is being negotiated through a competent authority procedure under a double tax treaty. - Either party may terminate the APA application process if commercial or operational changes occur in the assets, functions or risks of the relevant parties. - The tax authority may terminate the APA at any time if it concludes that fraud was committed or false information was provided in the APA proposal. Also may terminate the APA in the event of non-compliance with the agreed terms and conditions. - If the tax authority rejects an APA application, a taxpayer cannot seek any of the administrative remedies included in the Master Tax Code or other laws; the only course of action available is to initiate a new APA application.</p>

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Vietnam

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Transfer pricing methods: - arm's length price comparison method; - profit-comparison method; - Method for allocation of profits between related parties
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	According to Decree No.20/2017/ND-CP which took effect from 1 May 2017: Local file: prepared by using the Form No.02 given in the Appendix to this Decree; Master file: containing information relevant for global corporations, prepared by using the Form No.03 given in the Appendix to this Decree; Country-by-Country report of an ultimate parent company: prepared by using the Form No.04 given in the Appendix to this Decree.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general	In addition, there are further articles of law, legislative regulations, administrative circulars and case law applicable to transfer pricing in general. These include the following laws: - the Law on Government Organisation dated 19 June 2015; - the Law on Tax Administration dated 29 November 2006; the Law on Revision of certain articles of the Law on Tax Administration dated 20 November 2012; - the Law on Corporate Income Tax dated 3 June 2008; the Law on Revision of certain articles of the Law on Corporate Income Tax dated 19 June 2013; - the Law on Revision of certain articles of the Law on Tax dated 26 November 2014; - the Law on Investment dated 26 November 2014; - the Law on Enterprises dated 26 November 2014; - the Law on Accounting dated 20 November 2015;

<b>2. Master File (MF)</b>	Yes
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>Threshold of revenue and value of related-party transactions (“RPTs”): The taxpayers annual revenue does not exceed VND 50 billion and the total value of the related-party transactions does not exceed VND 30 billion;</p> <ul style="list-style-type: none"> <li>- Taxpayer having Advance Pricing Agreement (APA) has submitted annual APA report in accordance with the APA regulations. For those related-party transactions which are not covered by the APA, taxpayers are obliged to comply with the aforesaid transfer pricing documentation requirements.</li> <li>- Threshold of profit margin for taxpayers who perform routine functions and does not generate revenue or incur expense from exploitation and use of intangibles: the taxpayer’s annual revenue does not exceed VND 200 billion and the ratio of net operating profit before interest and CIT to net sales revenue (i.e. operating margin) exceeds: 5% for distributors; 10% for manufacturers; and 15% for toll manufacturers.</li> </ul>
Euro Equivalent	EUR 1,783,730
As from which year does this obligation exist?	As from the year that the threshold is met.
When does the Master File need to be available?	Transfer pricing documentation package must be prepared before the time of filing corporate income tax finalisation returns each year, and must be stored and presented to meet the demand for information requested by tax authorities. When a tax authority carries out transfer pricing audit, the time limit for provision of the transfer pricing documentation package shall not exceed 15 working days from the date of receipt of request from provision of information.
When does it need to be submitted?	<p>No longer than 15 working days upon receipt of request from tax authorities, in a tax audit</p> <p>No longer than 30 working days upon written request by the tax authority, in the Consultation Procedure prior to the audit. Where reasonable reason is provided, the submission deadline is extended only once to no longer than additional 15 working days upon the expiry date.</p>
Does the MF have to be prepared in the relevant local language ?	Yes
Is documentation in English permissible?	Yes, if the tax audit approves. But normally, taxpayer has to translate it to local language.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	In general, consistent with OECD requirements.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	<ul style="list-style-type: none"> <li>- Threshold of revenue and value of related party transactions ("RPTs"): The taxpayer's annual revenue does not exceed VND50 billion and the total value of the related-party transactions does not exceed VND30billion;</li> <li>- Taxpayer having Advance Pricing Agreement (APA) has submitted annual APA report in accordance with the APA regulations. For those related party transactions which are not covered by the APA, taxpayers are obliged to comply with the aforesaid transfer pricing documentation requirements.</li> <li>- Threshold of profit margin for taxpayers who perform routine functions and does not generate revenue or incur expense from exploitation and use of intangibles: the taxpayer's annual revenue does not exceed VND200billion and the ratio of net operating profit before interest and CIT to net sales revenue (i.e. operating margin) exceeds: <ul style="list-style-type: none"> <li>+ 5% for distributors;</li> <li>+ 10% for manufacturers; and</li> <li>+ 15% for toll manufacturers.</li> </ul> </li> </ul>
Euro Equivalent	EUR 1,783,730
As from which year does this obligation exist?	As from the year that the threshold is met.
When does the LF need to be available?	Transfer pricing documentation package must be prepared before the time of filing corporate income tax finalisation returns each year, and must be stored and presented to meet the demand for information requested by tax authorities. When a tax authority carries out transfer pricing audit, the time limit for provision of the transfer pricing documentation package shall not exceed 15 working days from the date of receipt of request from provision of information.
When does the LF need to be submitted?	<p>No longer than 15 working days upon receipt of request from tax authorities, in a tax audit</p> <p>No longer than 30 working days upon written request by the tax authority, in the Consultation Procedure prior to the audit. Where reasonable reason is provided, the submission deadline is extended only once to no longer than additional 15 working days upon the expiry date.</p>
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	Yes, only if the tax audit approves. But normally, taxpayer has to translate it to local language.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	In general, consistent with OECD requirements.

<b>4. Country-by-Country Reporting</b>	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	The CbC reporting is applicable for a Vietnamese Group having consolidated global revenue of VND18,000 billion (approximately EUR 750 million) and above in the respective tax period.
As from which year does this CbCR obligation exist?	As from the year that the threshold is met.
When and how do the tax authorities need to be notified who the reporting entity is?	For a taxpayer having an overseas ultimate parent company, a taxpayer shall be responsible for submitting a copy of its ultimate parent company's Country-by-Country report where that ultimate parent company is required to submit this report to the host-country tax authority by using the declaration form given by that tax authority or the declaration form No. 04 given in the Appendix to Decree No. 20/2017/ND-CP. Where a taxpayer fails to provide a Country-by-Country report, that taxpayer is obligated to provide a written explanation letter in which reasons for such failure, legal bases, and references to specific legislative regulations of the counterparty country on prohibiting taxpayers from providing Country-by-Country reports, should be stated.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CBCR submission deadline?	No longer than 15 working days upon receipt of request from tax authorities, in a tax audit. No longer than 30 working days upon written request by the tax authority, in the Consultation Procedure prior to the audit. Where reasonable reason is provided, the submission deadline is extended only once to no longer than additional 15 working days upon the expiry date.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CBCR to be submitted ?	CbCR is to be submitted electronically to the Tax authorities Office.
How is the CBCR to be submitted, specifically, is there any prescribed standard?	Not required
What are the (possible) consequences of not having the required CbCR available?	Tax authorities shall have authority to set the level of price, profit margin or profit allocation rate which is used for tax assessment or setting thresholds for taxable revenue or corporate income tax amount payable with respect to taxpayers engaged in the transfer pricing within a specified tax period, based on information, data and analysis of assessment of the tax authority.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	Yes
Other?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CBCR as shown in the 2017 OECD TP Guidelines?	In general, consistent with OECD requirements.

Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CBCR requirement by referring to the reporting entity in the same or another country?	Yes

**5. TP disclosure in tax return or transfer pricing specific returns**

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Tax authorities shall have authority to set the level of price, profit margin or profit allocation rate which is used for tax assessment or setting thresholds for taxable revenue or corporate income tax amount payable with respect to taxpayers engaged in the transfer pricing within a specified tax period, based on information, data and analysis of assessment of the tax authority.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Tax authorities shall have authority to set the level of price, profit margin or profit allocation rate which is used for tax assessment or setting thresholds for taxable revenue or corporate income tax amount payable with respect to taxpayers engaged in the transfer pricing within a specified tax period, based on information, data and analysis of assessment of the tax authority.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	2006-2009: Form No. GCN-01/TNDN of Circular no.117/2005/TT-BTC 2010-2013: Form No. GCN-01/QLT of circular No.66/2010/TT-BTC 2014-2016: Form No. 03-7/TNDN of circular No. 156/2013/TT-BTC From 2017: Form No. 1,2,3,4 of Decree No.20/2017/ND-CP
What would be the filing deadline?	Within 90 days from the end of Fiscal Year.
What would be the penalties for non-compliance?	Any taxpayer that commits tax evasion or tax avoidance shall incur a fine that is a multiple of the tax arrears from 1 to 3 times the tax arrears.

**6. Benchmarking**

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

**7. Year-end adjustments**

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Tax authorities will accept year-end adjustment if it is submitted before they issue a tax audit decision to taxpayers.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Businesses in finance and insurance, - Textile and apparel manufacturing enterprises; - Enterprises manufacturing automobile components; - Sewing processing
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Only according to the content of the APA and regulations requiring implementation and reporting.

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## Imprint

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