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 (Base Erosion and Profit Shifting) 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[2]. 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.

[2] 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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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. [2]

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 intercompany charges for services. In addition an increased tax audit focus is seen on the remuneration of intellectual property and on intercompany 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.

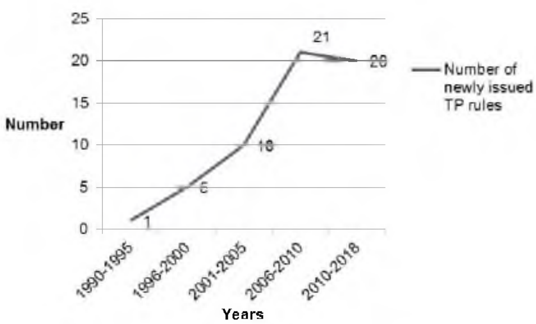
[2] The following countries are covered under Africa: Angola, Benin, Burkina Faso, Ghana, Kenya, Madagascar, Mauritius, Senegal, South Africa and Tanzania. The following countries are covered under Asia and Oceania: China, Georgia, Hong Kong, India, Indonesia, Japan, Kyrgyzstan, Laos, Malaysia, Myanmar, 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.[3]

Historic overview of issued TP rules



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[4].

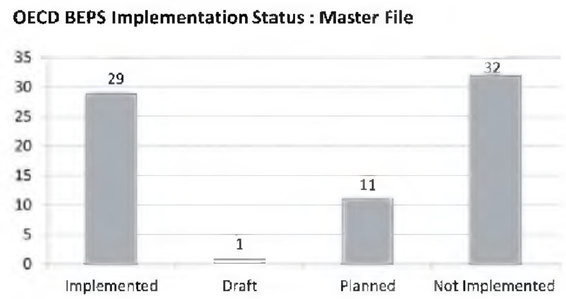
For over 80% of the covered countries, transfer pricing policies of multinational enterprises are, in principle, accepted by the tax authorities, if they are in line with the OECD TP Guidelines. With the exception of the US, all additional countries for which this does not apply are not (yet) OECD member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

[3] 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.

[4] WTS Global TP Newsletter: https://www.wts.com/global/knowledge

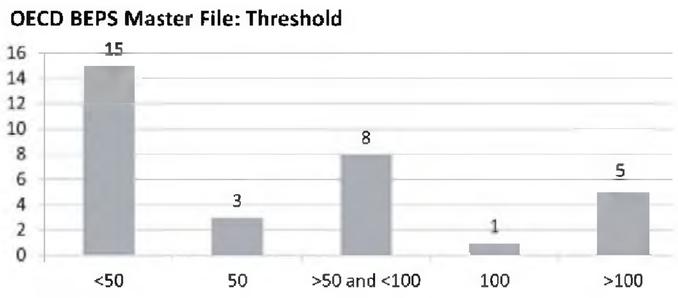
1.4. Implementation status of the MF

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[5]. A further 11 countries plan on implementing the MF.



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.

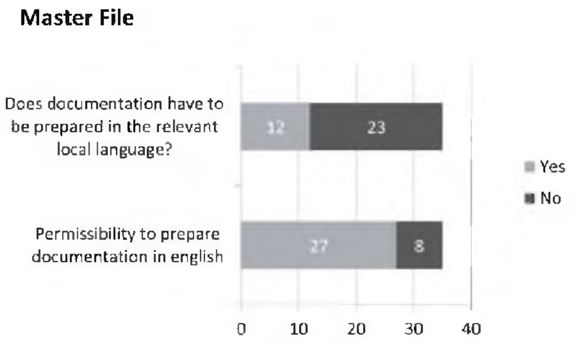
For almost half of the countries for which a threshold is provided for the local rules or draft rules, the applicable threshold triggering the preparation of a MF lies below EUR 50M.



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.

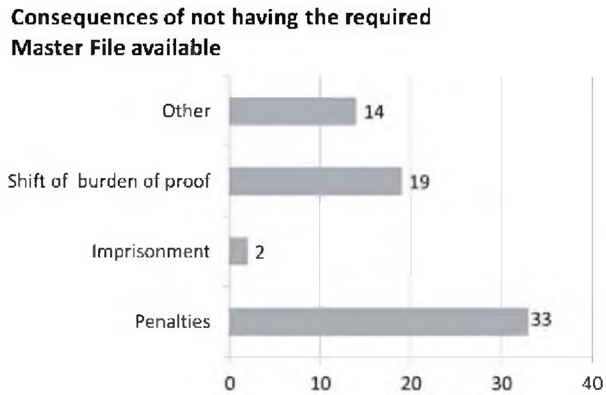
[5] Countries with a local variation of the MF in place largely consistent with the template of the OECD have been considered accordingly (e.g. Albania, Italy, France and Romania).

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.[6]



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[7].

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.



[6] 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.

[7] 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.

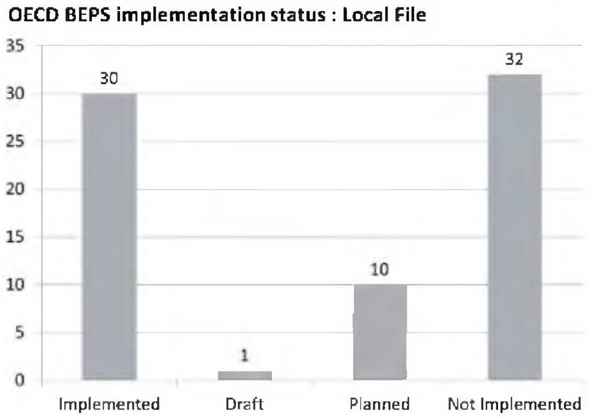
1.5. Implementation of the LF

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.

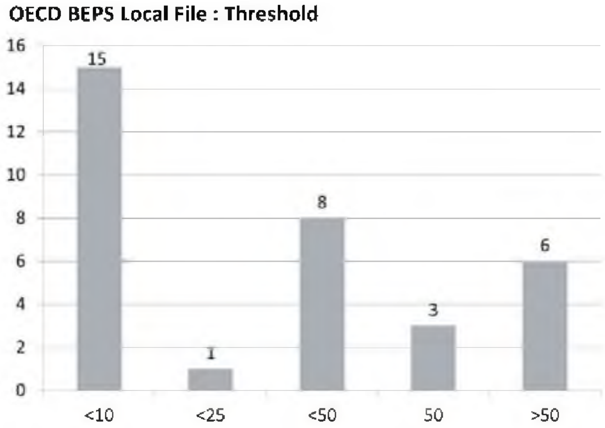
Out of the 31 countries that implemented LF or have draft provisions; Malaysia and Italy (currently) have no rules on thresholds.

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.



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.



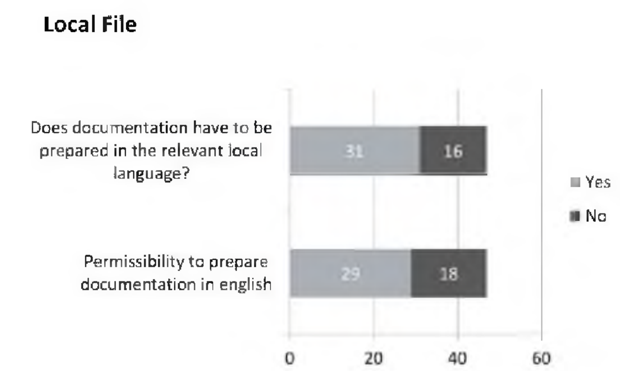
Given that the LF is the documentation of the relevant local country and as such primarily destined for the local tax authorities only, slightly more countries, eighteen in total, do not allow that the LF is prepared in English compared to the MF.

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.

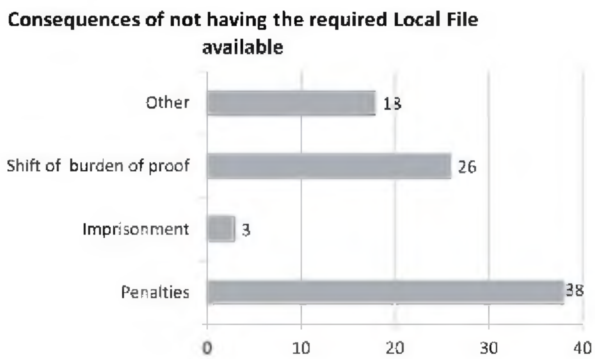
Some of these countries have implemented the LF in line with OECD BEPS 13 while others simply have local transfer pricing documentation rules in place.

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.

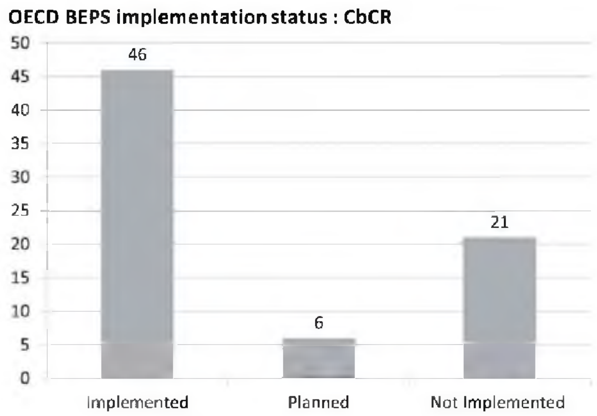


The consequences of not having local transfer pricing documentation in place overall provides a similar picture as for the MF with a greater focus on the shift of the burden of proof. For the Netherlands, Serbia and Singapore, non-compliance may lead to imprisonment based on the same rules that apply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

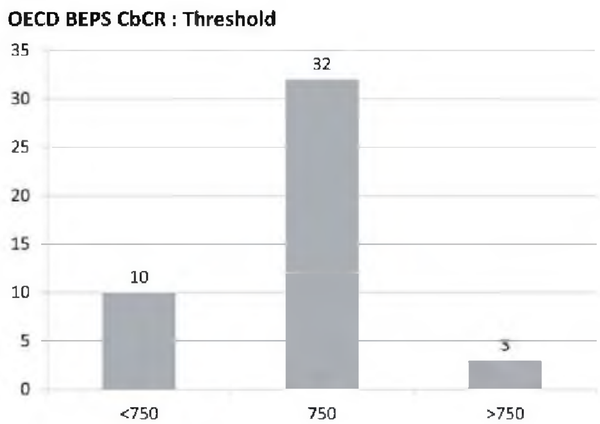


1.6. Implementation status of CbCR

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:



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[8]. For the remaining countries, the threshold is (mostly slightly) below EUR 750M which might also partly be driven by exchange rate effects.

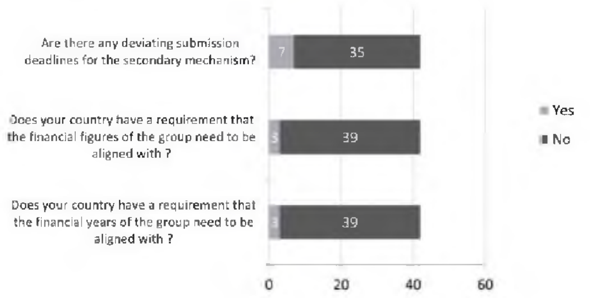


[8] Out of the 46 countries that implemented the CbCR or have draft provisions, Uruguay and Peru, have no thresholds. Hong Kong has intentions for implementations of the CbCR and already has information available on envisaged thresholds to be applied. This equals to a total of 45 countries being considered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

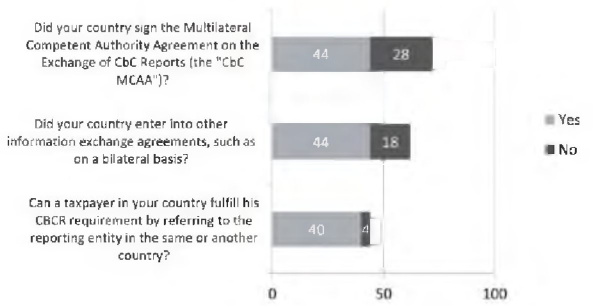
Very few countries have guidance in place on the alignment of the financial figures or financial years of the group. Brazil and Denmark, for instance, have rules or guidance requiring that the financial year of the group must be aligned with the fiscal year of the ultimate parent entity. Singapore requires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

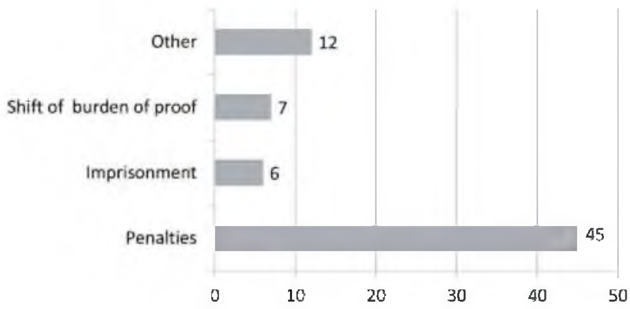


Almost all countries have penalties that apply for non-compliance with the CbCR requirements which vary substantially from one another. The Netherlands is one of the countries applying one of the highest penalties which may amount up to EUR 820,000.

In 6 countries non-compliance with the CbCR requirements may lead to imprisonment in the following countries: Chile, the Netherlands[9], 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



[9] In case of gross negligence or wilful intent. This likely also applies to more countries.

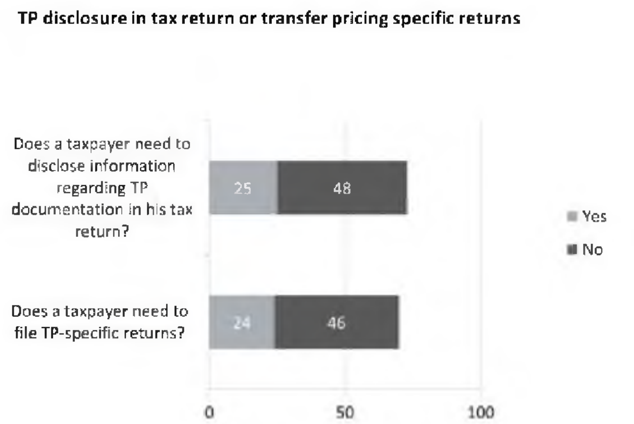
1.7. TP disclosure in tax and TP-specific returns and legal consequences for submitting incorrect information

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.

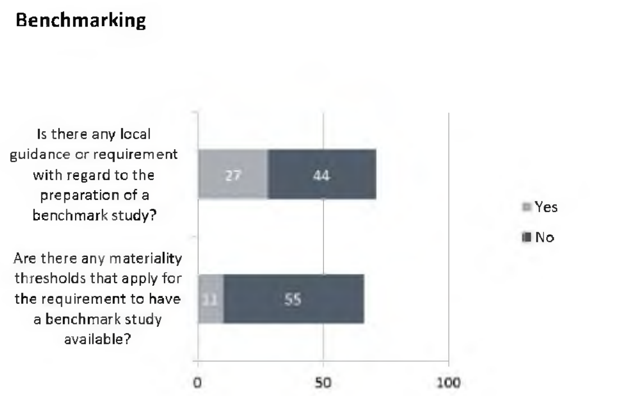


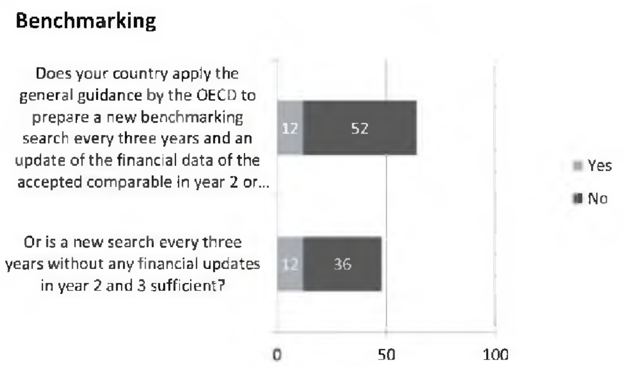
1.8. Benchmarking requirements

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 homogenous guidance on benchmarking studies.

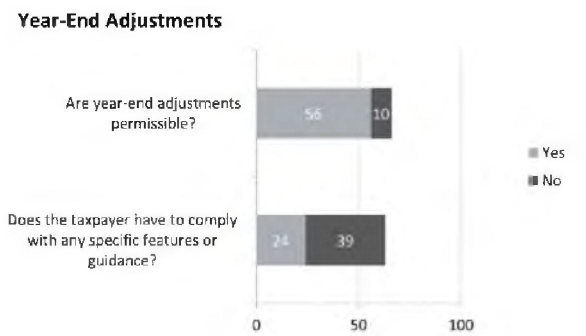




1.9. Permissibility of year-end adjustments

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.

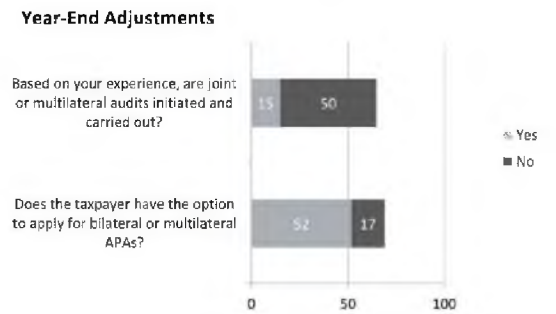
In about a third of these countries the taxpayer has to comply with certain guidance. Some countries require that year-end adjustments follow a pre-determined mechanism. Other countries have rules in place on the permissible timing of year-end adjustments. China, for instance, only allows upward adjustments 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.



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.



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.

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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wts global

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)	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.

3. Local File (LF)	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

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?	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. 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.
When and how do the tax authorities need to be notified who the reporting entity is?	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. The notification can be submitted: 1. by e-mail to address emta@emta.ee if digitally signed or 2. via e-Tax/e-Customs in subsection "Messages" (https://www.emta.ee/et/emta_login/nojs).
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

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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 the taxpayer knows or should have known that the amount of taxes reported is too low, it can lead to the following consequences: (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. (ii) Delay interest in the amount of 0.06% per day on the amount of unpaid taxes must be paid to the state; (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; (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; (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.
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?	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.
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. 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.
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?	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

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 an 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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Latvia

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?	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?	We currently have only draft project. Draft project determines that the company is required to prepare a Master File if one of the following thresholds is met: 1) related-party transaction amount in the previous financial year exceeds EUR 15 million; or 2) turnover in the previous financial year exceeds EUR 50 million and related-party transaction amount exceeds EUr 5 million. Master File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year. 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.
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?	Draft project determines that the company is required to prepare a Master File if one of the following thresholds is met: 1) related party transaction amount in the previous financial year exceeds EUR 15 million; or 2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million. Master File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year. 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.
How and where should the MF be filed?	Master File must be uploaded in Latvian State Revenue Service electronic declaration system (EDS). Please see the website address: https://eds.vid.gov.lv/login/
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.

3. Local File (LF)	Draft
What is the threshold requirement for the obligation to prepare a LF?	We currently have only draft project. Draft project determines that the company is required to prepare a Local File if: 1) related party transaction amount in the previous financial year exceeds EUR 15 million; or 2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million; or 3) related party transaction amount in the previous financial year exceeds EUR 5 million. Local File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year. 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.
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?	Draft project determines that the company is required to prepare a Local File if: 1) related-party transaction amount in the previous financial year exceeds EUR 15 million; or 2) turnover in the previous financial year exceeds EUR 50 million and related party transaction amount exceeds EUR 5 million; or 3) related-party transaction amount in the previous financial year exceeds EUR 5 million. Local File must be prepared and submitted by taxpayers to SRS within 12 months after the end of financial year. 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.
How and where should the LF be filed?	Local File must be uploaded in Latvian State Revenue Service electronic declaration system (EDS). Please see the website address: https://eds.vid.gov.lv/login/
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.

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?	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: https://eds.vid.gov.lv/login/

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.

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 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. 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. 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.
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. 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.

7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	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.

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 an 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

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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?	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.	1. Article 40 of the Law on Corporate Income Tax of Lithuania; 2. Order of the Minister of Finance No. 1K-123 as of 9 April 2004 on transfer pricing evaluation and documentation rules; 3. 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; 4. the Law on Corporate Income Tax of Lithuania and its implementation rules, introduced in 2004.

2. Master File (MF)	Intentions

3. Local File (LF)	Intentions

4. Country-by-Country Reporting	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 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 the further taxation periods CbCR has to be prepared within 12 months after the end of the reporting financial year. 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.
When and how do the tax authorities need to be notified who the reporting entity is?	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.
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 an 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?	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. The deadline for issuing an APA by the tax authorities is 60 days, extendable by 60 days. 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. The APA is not binding on the taxpayer.

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