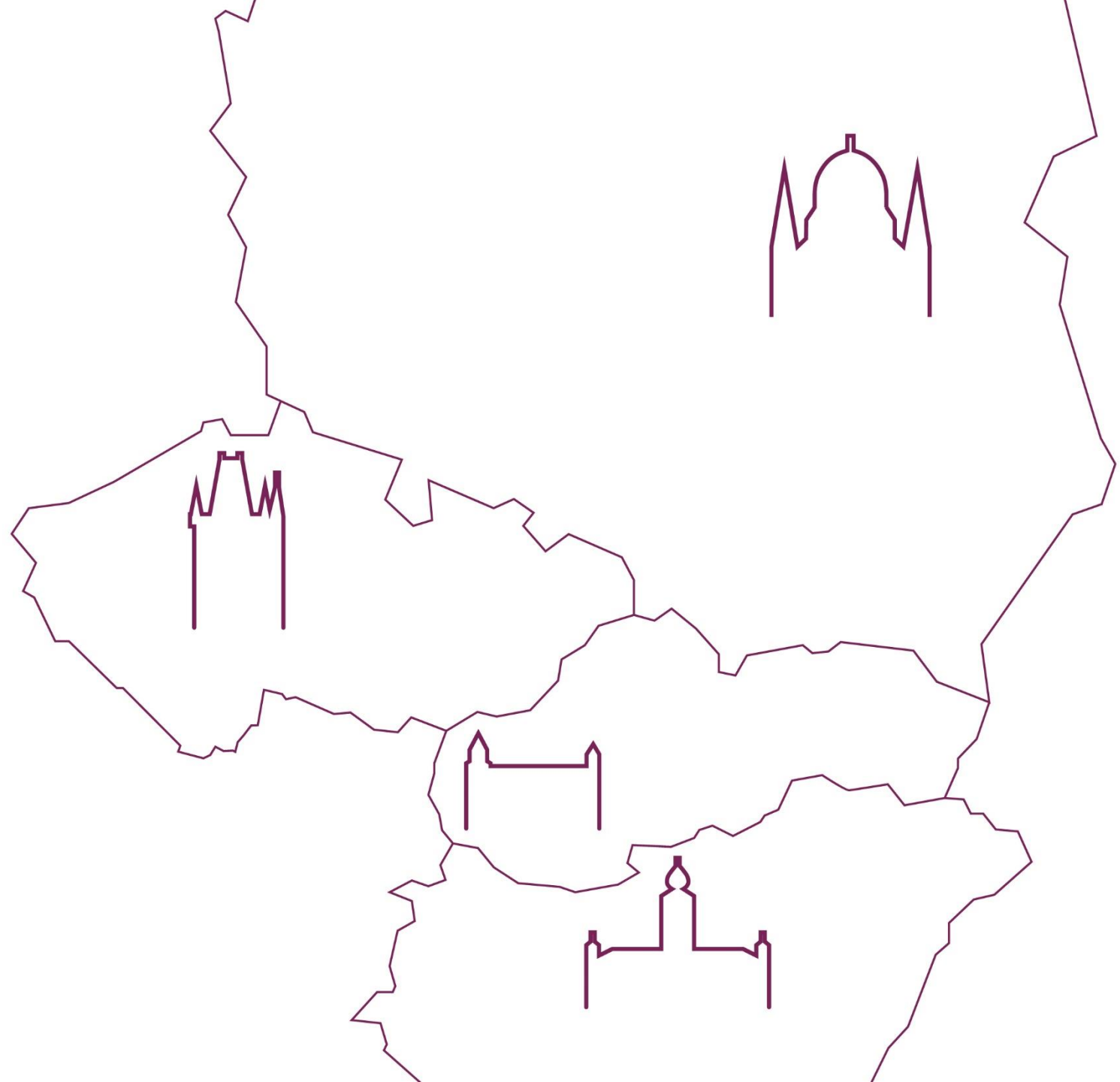


TPD as set by the guidance of the Ministry of Finance of the Slovak Republic - is there a conflict with ethical codex of the EU JTPF?

Ing. Michal Jelínek, Ph.D.

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Code of conduct on transfer pricing documentation for associated enterprises in the European Union (EU TPD)

- On 27th June 2006, the Council adopted a Code of Conduct on transfer pricing documentation for associated enterprises in the European Union (EUTPD) as a part of a Communication of the European Commission adopted on 10 November 2005.
- The Code of Conduct aims to standardise the documentation that multinationals must provide to tax authorities on their pricing of cross-border intra-group transactions.
- The Code, that was developed on the basis of work in the JTPF ([IP/02/1105](#)). The Code is a political commitment. It will **not** affect Member States' rights and obligations or the respective spheres of competence of the Member States and the EU.
- EU TDP as a set of information for assessment of a MNE group's transfer pricing
- EU TDP consists of two main parts:
 - The masterfile
 - Country-specific documentation



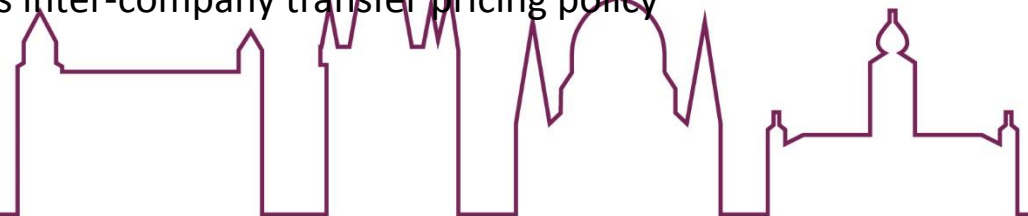
Code of conduct on transfer pricing documentation for associated enterprises in the European Union (EU TPD)

The masterfile

- general description of the business and business strategy
- general description of the MNE group's organisational, legal and operational structure
- general identification of the associated enterprises engaged in controlled transactions
- general description of the controlled transactions (flows of transactions, invoice flows, amounts of transaction flows)
- general description of functions performed, risks assumed and a description of changes in functions and risks compared to the previous tax year
- the ownership of intangibles
- the MNE group's inter-company transfer pricing policy
- list of cost contribution agreements, Advance Pricing Agreements and rulings covering transfer pricing aspects
- undertaking by each domestic taxpayer to provide supplementary information upon request and within a reasonable time frame in accordance with national rules

Country-specific documentation

- detailed description of the business and business strategy, including changes in the business strategy compared to the previous tax year
- information, i.e. description and explanation, on country-specific controlled transactions, including flows of transactions, invoice flows, amounts of transaction flows.
- comparability analysis (characteristics of property and services, functional analysis, contractual terms, economic circumstances, specific business strategies.
- explanation of the selection and application of the transfer pricing method
- relevant information on internal and/or external comparables
- description of the implementation and application of the group's inter-company transfer pricing policy



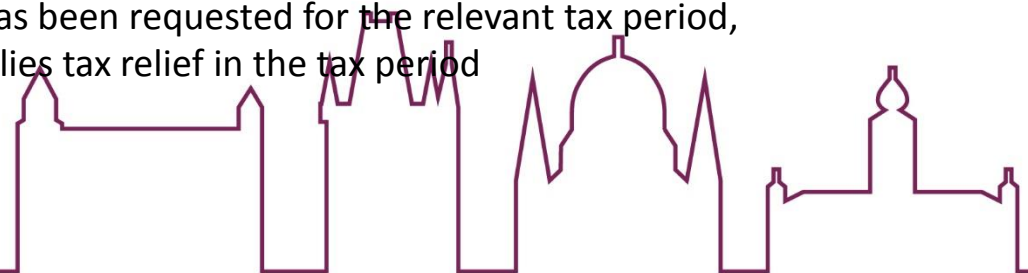
Guidance no. MF / 019153 / 2018-724 on the determination of the content of the transfer documentation

- recognize three types of the documentations in terms of extent –simplified, basic and full-scope
- changes were made in respect of criteria for determining type of documentation taxpayer has to keep, as well as the content of each type of documentation
- the scope of the transfer documentation depends on the type of taxpayer, but on the type of transaction being checked (significant/insignificant, cross-border/domestic)
- cancels the minimum transaction value of EUR 1,000,000 above that the transaction has to be described
- the deadline for submitting TPD is 15 days after request and cannot be extended



Guidance no. MF / 019153 / 2018-724 on the determination of the content of the transfer documentation

- The simplified documentation is a prescribed form and mentions only significant controlled transactions, (insignificant controlled transactions - the obligation of the transfer documentation is fulfilled by filing a income tax return for the relevant tax period)
- The basic documentation mentions:
 - significant cross-border controlled transactions by a taxpayer whose total economic activity and financial activity for the relevant tax period exceeded EUR 8 000 000
 - a controlled cross-border transaction or a group of controlled cross-border transactions that can be merged if the annual value of such a controlled transaction / group of transactions audited exceeds EUR 1,000,000
 - significant domestic controlled transactions of the taxpayer who applies tax relief in the tax period
 - insignificant controlled transactions with dependent persons who are taxpayers of a non-Contracting State
- The full-scope documentaion mentions:
 - The cross-border controlled transactions by taxpayer who reports its accounting results in the individual financial statements according to International Financial Reporting Standards (IFRS)
 - The cross-border controlled transactions or a group of cross-border controlled transactions that can be merged, with the value of such a controlled transaction / group of transactions exceeding EUR 10,000,000
 - significant controlled transactions with dependents who are taxpayers of a non-contracting state
 - controlled transactions for that the taxpayer requests the tax authority to issue a decision on approving the method
 - controlled transactions for that the taxpayer requests an adjustment of the tax base, except for adjustment the tax base in relation to domestic controlled transactions,
 - controlled transactions for that a tax dispute settlement mechanism has been requested for the relevant tax period,
 - significant cross-border controlled transactions by a taxpayer who applies tax relief in the tax period



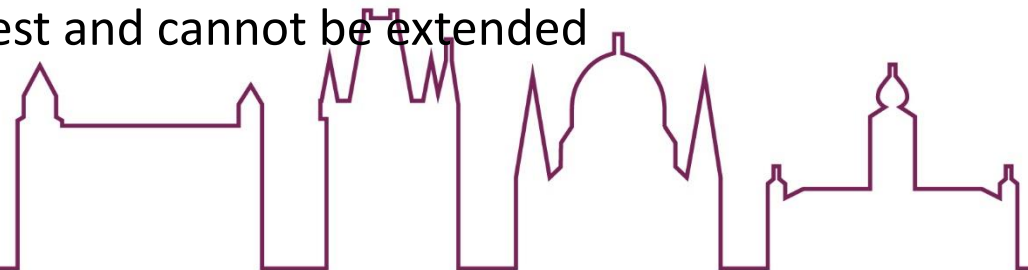
The comparison of Code of conduct on transfer pricing documentation for associated enterprises in the European Union (EU TPD) and MF SR Guideline 2018

Code of conduct on transfer pricing documentation

- The basic set of information for the assessment of a MNE group's transfer prices
- The use of the EU TPD is optional for a multinational enterprise group
- Member States undertake not to require smaller and less complex enterprises (including small and medium-sized enterprises) to produce the amount or complexity of documentation that might be expected from larger and more complex enterprises.
- Member States should:
 - not impose unreasonable compliance costs or administrative burden on enterprises in requesting documentation to be created or obtained;
 - not request documentation that has no bearing on transactions under review;
 - ensure that there is no public disclosure of confidential information contained in documentation.
- The period for providing additional information and documents should be determined on a case-by-case basis taking into account the amount and detail of the information and documents requested. Depending on specific local regulations, the timing should give the taxpayer a reasonable time (which can vary depending on the complexity of the transaction) to prepare the additional information.

MF SR Guideline 2018

- The content of the full-scope documentation as defined in the MF SR Guidelines 2018 is broadly harmonized with the content of the documentation recommended by the **OECD under the BEPS 13 project.**
- Much more complex
- Three types of the documentations
- The changes will mainly affect small and medium-sized enterprises.
- The deadline for submitting TPD 15 days after request and cannot be extended



Ing. Michal Jelínek, Ph.D.

Email: michal.jelinek@v4tax.cz

Tel.: +420 777 881 625

Thank you for your attention

V4 Tax, s.r.o.

U Trojice 1042/2

150 00 Praha-Smíchov

Jurečkova 20

702 00 Moravská Ostrava

info@v4tax.cz

Web: <http://www.v4tax.cz>