

B P i O N

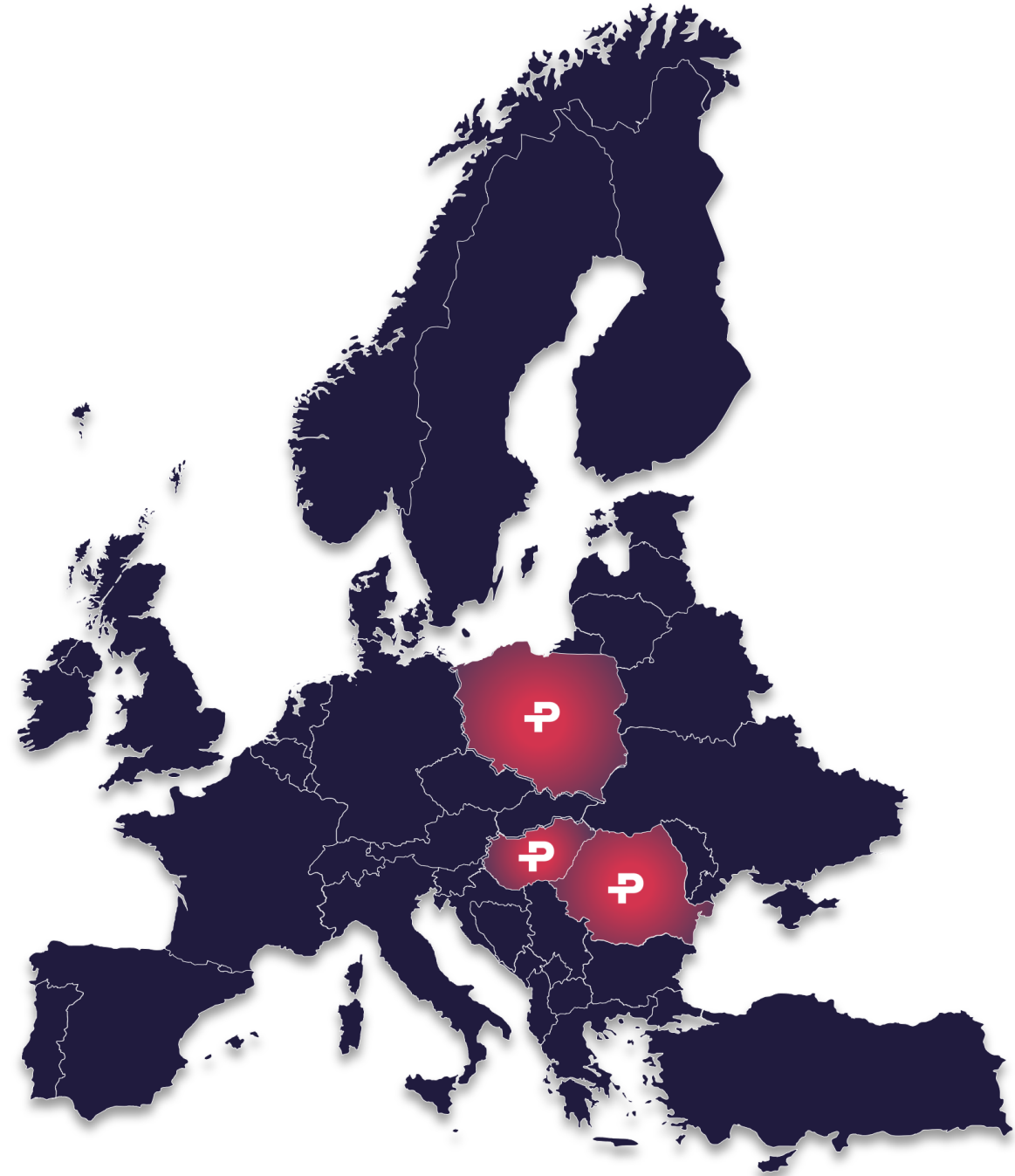
Bucharest - Budapest – Warsaw
Across Europe



Accounting | Payroll | Trust | SSC | Process

**Transfer pricing
requirements**

HOT TOPICS in HU&PL



What does transfer pricing mean?

The primary objective is to **protect the tax base** and to **avoid double taxation, harmful tax competition** and **avoid tax shortages**.



It is in the fundamental interest of every country to manage this area properly.

Exponential growth of international trade

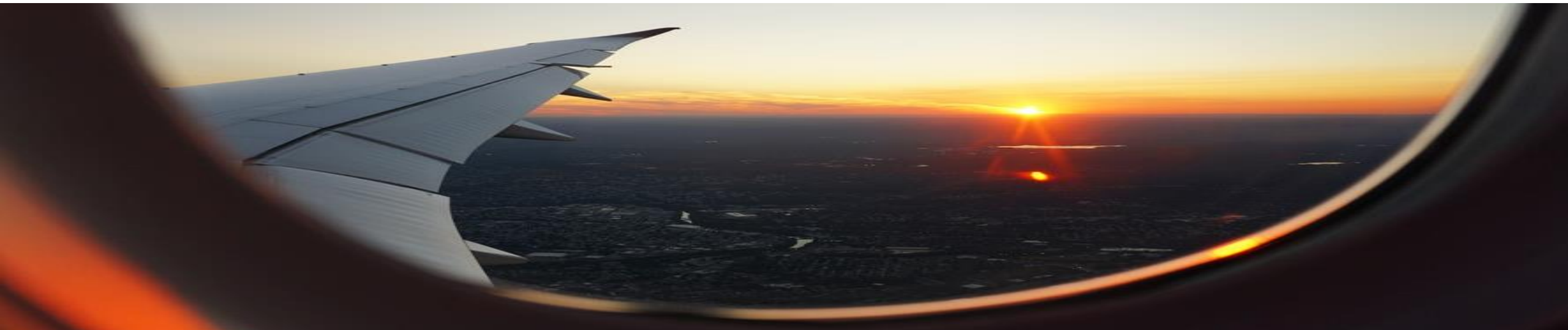
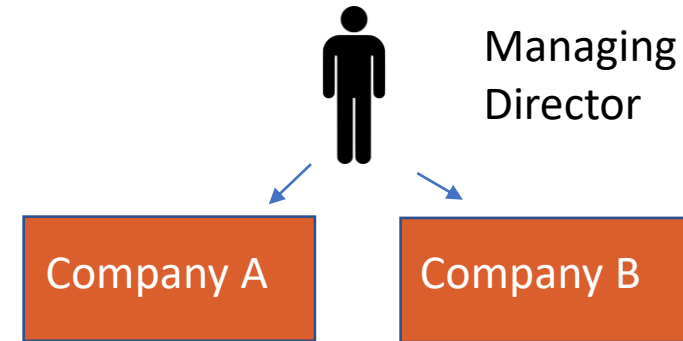
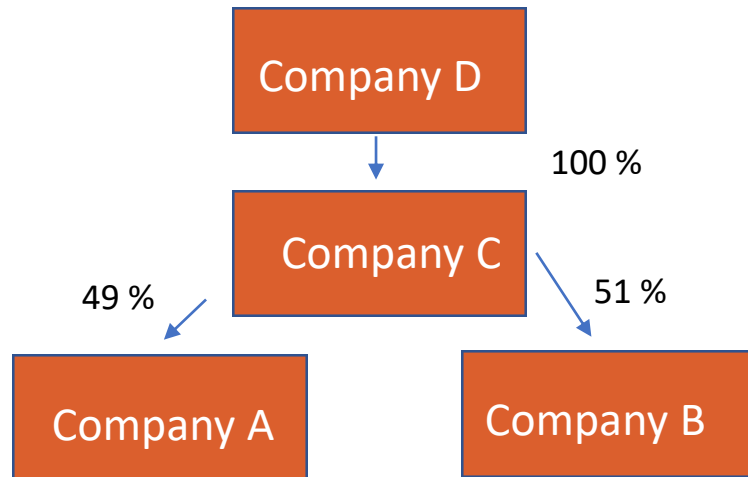
Acceleration of economic processes

Solution: tax treaties



Affiliated enterprise

GENERAL : Affiliated enterprises are not independent of each other from the point of view of ownership, management or other close dependence.



Three-level register

Level 1: CbC report

Group financial information

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(for each group member, by country, aggregated data, presentation of activities in countries)

Level 2: Master file

Group information

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(organizational structure, activities and functionality of members, financial-management data, intangible assets, financing)

Level 3: Local file

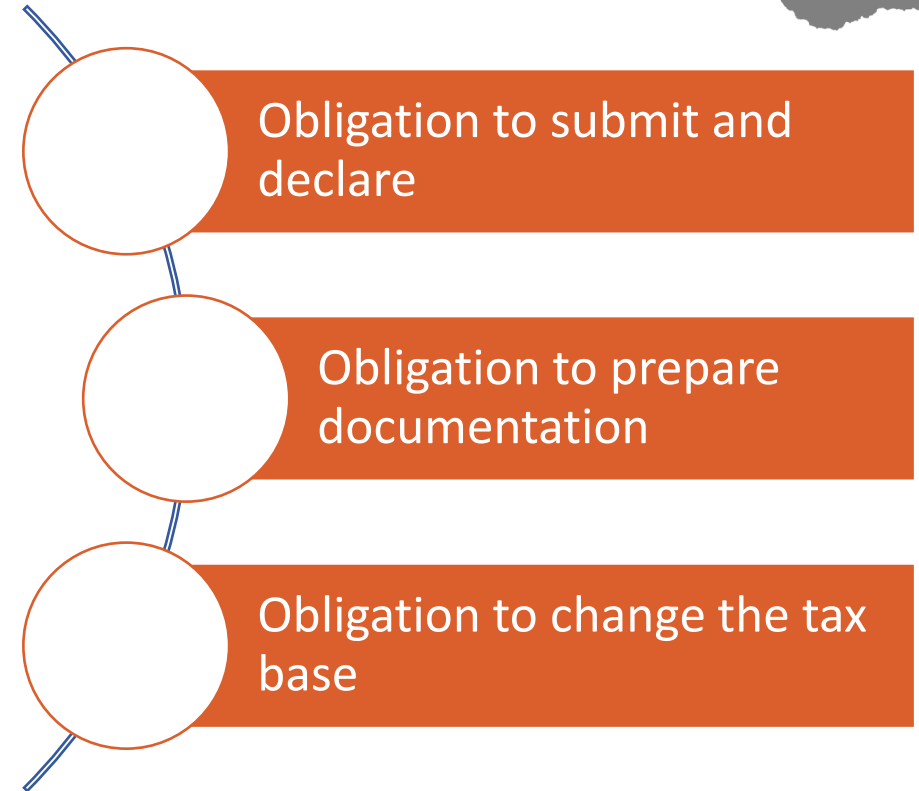
Information about a member company

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(domestic operations, organization and management, competitors, market, presentation and analysis of controlled transactions, financial data)

What obligations does it generate on country by country level? Is there any penalty?

Country	Documentation requirements			Penalty
	Local File	Master File	Country-by-Country report	
United States	no	no	yes	yes
Australia	yes	yes	yes	no
Austria	yes	no	yes	yes
The United Kingdom	no	no	yes	yes
France	yes	yes	yes	yes
The Netherlands	yes	yes	yes	yes
India	yes	yes	yes	yes
Japan	yes	yes	yes	yes
Canada	no	no	yes	yes
Poland	yes	yes	yes	yes
Hungary	yes	yes	yes	yes
Germany	yes	yes	yes	no
Slovakia	no	no	yes	no

Hungarian transfer pricing obligation



| New rules in Hungary



- ✓ provision of data in CIT returns starting from FY 2022.
- ✓ the transaction threshold to be documented has increased from HUF 50 million to HUF 100 million
- ✓ default fines due to missing, completed or incomplete transfer pricing records can be up to HUF 5 million



Polish transfer pricing rules



Limits of transactions subject to transfer pricing:

- ✓ PLN 10 000 000 for commodity transactions,
- ✓ PLN 10 000 000 for financial transactions,
- ✓ PLN 2 000 000 – for service transactions,
- ✓ PLN 2 000 000 for transactions other than those mentioned above,
- ✓ PLN 2,500,000 financial transaction concluded with an entity from a "tax haven",
- ✓ PLN 500,000 non-financial transaction concluded with an entity from a "tax haven"

Three-level register (required in Polish)

1. local transfer pricing documentation,
2. belongs to a group of related entities for which the consolidated financial statement is prepared (using the full or proportional method),
3. the consolidated revenues of the group of related entities will exceed PLN 200 million or its equivalent.

Deadline: to prepare the local document by the end of the 10th month after the end of the financial year and the General Document by the end of the 11th month.

Polish transfer pricing rules



- ✓ The most important change in TP regulations is the replacement of the CIT-TP form with the **TP-R form**.
- ✓ In 2022 The statement/ declaration **does not have to be sent electronically** that the TP documentation has been prepared in due time and the pricing terms for all the transactions documented in the Local File conform with the arm's length principle.
- ✓ This statement in the modified content was moved to information on transfer pricing (TPR-C/TPR-P).
- ✓ In the submitted declaration, the taxpayer will declare that the **local transfer pricing documentation has been prepared** in accordance with the actual state, and the **transfer prices** covered by the documentation are determined on terms that would be agreed between unrelated entities.

B P i O N

- ✓ Tax consultancy
- ✓ Preparation of transfer pricing documentation
- ✓ Transfer pricing consulting
- ✓ Conducting education and internal trainings
- ✓ Benchmarking



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