

News Flash

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Recommendations on Transfer Pricing

OECD released the first package of recommendations on Transfer Pricing on the BEPS (Base Erosion and Profit Shifting) action plan on 16 September 2014. These recommendations give Tax Authorities the arguments, guidance and instructions that they may apply during tax audits or tax ruling negotiations (APAs). The first package of recommendations refers especially to transactions relating to intangible assets, royalties and interests.

Furthermore, please note that a new obligatory appendix to the corporate tax return on transactions between related parties is going to be implemented. This appendix shall be filled for the first time together with the tax return for 2014. Although the final form of this appendix is not known yet, it will likely include a description of transactions with related parties and information whether the company has available transfer pricing documentation and in which form (number of companies have been already asked to fill in this kind of information into the special questionnaire on a voluntary basis for 2013).

It can be expected that the taxpayers who will declare that they do not have the transfer pricing documentation will be subject of increased focus from the tax authorities' side. The above shows that the transfer pricing area gradually attracts more attention of the Czech tax authorities. Therefore, we recommend that the taxpayers have documented all or at least the significant transactions with the related parties by the 2014 corporate income tax return filing deadline.

Should you have any further questions or requests related to the transfer pricing, please do not hesitate to contact us.

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