Transfer pricing represents the price agreed for transactions between related parties. Companies carrying out transactions with related parties should charge similar prices for these transactions as compared to transactions with independent parties, thus observing the arm’s length principle.

**WHICH SUBJECTS ARE OBLIGED TO KEEP DOCUMENTATION?**

Romanian tax payers that carry out transactions with foreign related parties

**Language of the documentation**

Romanian language

**Mandatory content of documentation**

The transfer pricing file should contain minimum the following information:

1. Information about the Group
2. Information about the Company
3. Industry analysis
4. Functional analysis
5. Information about the related party transactions
6. Economical analysis

**WHEN SHOULD THE DOCUMENTATION BE SUBMITTED?**

Deadline for submission of the documentation may be as tight as within 10 days of tax authority’s request for large tax payers

The 10 day deadline is applicable for large tax payers that carry out transactions with related entities above certain thresholds. For the other tax payers, the deadline is within 30 to 60 days of the tax authority’s request. Tax authorities have the right to require a tax payer to provide the transfer pricing documentation in justified cases at any time, i.e. not only during the tax inspection. Therefore, we recommend to prepare the documentation at the same time-controlled transactions between related parties are carried out.

**WHAT PENALTIES CAN BE IMPOSED?**

Up to Euro 3,000

For non-compliance with the transfer pricing documentation obligations, i.e. for breach of a non-monetary obligation

+ adjustment of tax base
+ penalties & late payment interest

**WHAT METHODS CAN BE APPLIED?**

Traditional methods and other methods according to the OECD Guideline can be used

Also combination of more methods is possible

**ADVANCED PRICING AGREEMENTS**

You can ask the tax authority to issue a decision on approval of a particular method of transfer pricing. By this way, you can secure a period of up to 5 years. As long as the transactions are carried out as described in the advanced pricing agreements, the tax authorities will not audit these transactions.

**ABOUT ACCACE**

With more than 250 professionals and branches in 7 countries, Accace counts as one of the leading outsourcing and consultancy service providers in Central and Eastern Europe. During past years, while having more than 900 international companies as customers, Accace set in motion a strategic expansion outside CEE to become a provider with a global reach.

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