



The deadline for fulfilling the transfer pricing obligations is really close

Due to the COVID-19 pandemic, the deadline for fulfilling the transfer pricing obligations has been extended by 3 months, i.e. **until December 31, 2020**.

We would like to remind you what taxpayers should prepare and report by the end of the year in order to meet the legal requirements. It should be remembered that failure to fulfill the obligations, i.e. failure to submit a statement or transfer pricing information (TPR), late submission or certification of information inconsistent with the facts, **is subject to penal and fiscal liability** and a fine of up to PLN 25 million.

- **Local transfer pricing documentation (Local file)**

The local file should contain, in addition to the description of the entities participating in the documented transactions, a description of the transaction, including functional analysis, financial information and, above all, transfer pricing analysis in the form of a benchmarking study or compliance analysis. **Transfer pricing analysis has been a mandatory element of transfer pricing documentation since 2019**. It is worth remembering that the analysis should be updated at least every 3 years.

- **Transfer pricing information (TP-R)**

In the new form taxpayers will be required to report detailed information on the taxpayer itself and transactions with related entities, **including benchmarking analysis and their results**. Any discrepancy will need to be reflected in the TP-R form, and such discrepancies may arouse the interest of tax audit authorities. Entities that carry out transactions with related entities with a value exceeding the statutory thresholds are required to submit TP-R. The form is submitted to the head of National Tax Administration.

- **Statement on the preparation of documentation and on the arm's length conditions of transactions concluded with related parties**

For 2019 taxpayers must declare not only the fact that they have transfer pricing documentation prepared, but also **declare that the prices they use in transactions with related entities are at arm's length level**. This is a very significant change in relation to the previous regulations, especially from the perspective of potential penal and fiscal liability. Please note that the statement cannot be signed by a proxy.

- **Country-by-Country reporting**

We also remind you to submit the CBCR (Country-by-Country Report) form, also by December 31, 2020.

Considering the wide range of transfer pricing obligations, including in particular the need to have benchmarking analysis and fill in a new, very detailed TP-R form, **this is certainly the last moment to start working on transfer pricing documentation.**

If you are interested in obtaining further information, or would like to discuss the impact of the above on your business activity please contact:

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