

Transfer pricing back in the spotlight. New presidential initiative could mean more audits

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A change in the Presidential Palace often signals a shift in economic and tax policy. This time, alongside the widely publicised proposal to introduce tax relief for families raising at least two children, the draft bill contains a provision that could significantly affect the area of transfer pricing and the tax audit regime for the country's largest enterprises.

Where will the money for the relief come from? Plan B – greater focus on TP audits

Under the draft legislation, taxpayers with an average annual revenue exceeding PLN 5 billion over the past three years would be subject to mandatory transfer pricing audits at least once every three years. In practice, this could mean the introduction of a form of “guaranteed audit” system for Poland's largest businesses.

More public data on high-risk transactions

The proposed rules also envisage expanding the scope of information published by the tax authorities. In addition to the existing reports on the largest taxpayers, selected data from the TPR form concerning procurement transactions in areas deemed particularly sensitive from a fiscal perspective would be made public.

These would include:

- certain selected services,
- financial transactions,
- transfers of assets and intangible property.

These areas are among the most frequent sources of disputes with tax authorities and carry a high risk of challenges to their arm's-length nature.

In practice, this would make certain values of transactions reported in the TPR form publicly available for the largest taxpayers.

Additionally, the draft legislation provides for the annual publication of:

- aggregated statistical data from TPR forms,
- summaries on the results and frequency of transfer pricing audits.

While this approach would increase transparency, it could also intensify public and media interest in the transfer pricing policies of large enterprises.

Why this matters for business

Although the PLN 5 billion revenue threshold applies to a relatively small group of entities – mainly large corporations and multinationals – the proposal raises questions about possible future steps by lawmakers. Should the regular audit mechanism prove effective from a fiscal standpoint, there is a risk of the revenue threshold being gradually lowered, potentially bringing more businesses within its scope.

Transfer pricing – a topic returning to the forefront

Transfer pricing has long been a key focus area for tax authorities, both in Poland and globally. Regular audits and the publication of detailed transaction data mean that taxpayers will need to:

- document related-party transactions even more thoroughly,
- keep benchmarking analyses up to date,
- continuously monitor compliance of their transfer pricing policy with applicable laws and administrative practice.

It is worth recalling that the obligation to prepare transfer pricing documentation applies to entities meeting certain transaction value thresholds, and the penalties for failing to provide documentation or for submitting inaccurate information can be severe – including significant financial sanctions.

What should businesses do?

Although the bill is still at an early stage of the legislative process, it is advisable to:

- review current transfer pricing documentation to ensure completeness and compliance with applicable rules,
- monitor revenue thresholds and the scope of transactions subject to documentation requirements,
- prepare for potential audits by implementing procedures for rapid data and analysis provision,
- track legislative developments that could impact tax compliance obligations.

Summary

While the new presidential proposal currently applies only to the largest entities, it could mark the beginning of broader changes in the tax authority's audit policy. Transfer pricing is once again becoming a hot topic, and businesses should remain alert and prepare accordingly. With increasing pressure from the tax administration, proactive measures may be the best defence against negative consequences.

Need support with transfer pricing?

If you want to ensure your transfer pricing documentation is fully compliant with current regulations and ready for a potential audit, we can:

- conduct a transfer pricing documentation audit,
- prepare or update benchmarking analyses,

- implement procedures to facilitate interactions with tax authorities,
- help your business minimise the risk of penalties.

Get in touch with us today – the earlier you act, the more control you have over the outcome of any future audit.

#MORE on how we can help >> <https://www.mddp.pl/transfer-pricing/>

In case you are interested in the above information and its impact on your business, please contact:

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