



Requirements for the Simplified transfer pricing documentation and the information to be contained therein

According to Section 15.2, Paragraph twelve of the act On Taxes and Duties, in some cases the taxpayer referred to in the Corporate Income Tax Act who is **the resident or a permanent establishment of a non-resident will be allowed not to prepare the Local file on the transactions for which** the tax legislation requires a simplified transfer pricing procedure and **a simplified transfer pricing documentation.**

Pursuant to Paragraph twelve of the same act, the information to be included in the simplified transfer pricing documentation is to be determined by the Cabinet.

According to Paragraph 4 of the Cabinet Regulation No 802 “Transfer pricing documentation and the procedure for entering into the advance ruling between the taxpayer and the tax administration on setting the arm’s length price (value) for a transaction or a kind of transaction” of 18 December 2018,

the simplified transfer pricing documentation on low value-added services must include the following information:

- 4.1.** information about the counterparty, to/from which low-value-added services are provided/received: the name, registration number, and place of residence;
- 4.2.** the description of the provided /received low value-added services;
- 4.3.** the justification as to why the relevant services are considered low-value-added services, taking into account the criteria laid down in the applicable tax legislation;
- 4.4.** the justification of the economic nature of low-value-added services in the context of the activity of a multinational enterprise group;
- 4.5.** the description of the derived or expected benefit in relation to each type of low-value-added services;

4.6. the description of and justification of the selected cost allocation criterion, i.e., why the relevant cost allocation criterion best reflects the benefits that accrue to the provider / recipient of low-value added services;

4.7. the confirmation on the application of a mark-up;

4.8. written contracts or agreements (including all amendments thereto) for the provision of low-value-added services, which reflects the agreement between the commercial companies of a multinational enterprise group, subject to the cost allocation criteria specified in sub-paragraph 4.6 hereof. The written contracts and agreements referred to herein may be drawn up as a document, which specifies the commercial companies involved in the provision / receipt of low-value added services, the nature of the services, as well as the terms and conditions of provision of the services;

4.9. the documentation and calculations that reflect the total costs of the low-value-added services and the determination of their mark-up, detailing all cost categories and amounts by type of service, including the cost of services that have been provided only to a single commercial company of the multinational enterprise group;

4.10. the calculations that reflect the application of the cost allocation criteria.

Services which correspond to the criteria of a low value-added services or would normally be regarded as such, or are not considered as such, as well as the calculation of the market value of low value-added services (the amount of the mark-up) shall be determined by Cabinet Regulation No 677 "Regulation of the Application of the Provisions of the Corporate Income Tax Act".