

Extension of deadlines for fulfilling transfer pricing documentation and information obligation for 2020

Due to the continuing COVID-19 pandemic and numerous difficulties for business entities, the lawmakers have again decided to extend the deadlines for fulfilling documentation and information obligations in the area of transfer pricing.

The extension of the deadlines for compliance in 2020 took place under the Act of March 30, 2021, amending the Excise Tax Act and certain other laws, signed by the President on April 8, 2021.

In practice, this change means that taxpayers have more time to prepare their transfer pricing documentation for 2020, and to prepare and submit the transfer pricing information (TP-R) and the local transfer pricing documentation statement.

The deadline for the following obligations was postponed:

LOCAL TRANSFER PRICING DOCUMENTATION (LOCAL FILE), TP-R FORM

The deadline for **submitting transfer pricing documentation statement and transfer pricing information (TP-R)** has been extended:

- Until September 30, 2021 – for entities for which the term expires between February 1, 2021 and June 30, 2021
- By 3 months – for entities for which the term expires between 1 July 2021 and 31 December 2021

In practice, this means that for most taxpayers (whose fiscal year ended on December 31, 2020) the deadline for preparing local transfer pricing documentation and fulfilling the above-mentioned reporting obligations is **December 31, 2021**, and not September 30, 2021 as implied in the previous provisions of the CIT Act.

GROUP TRANSFER PRICING DOCUMENTATION (MASTER FILE)

The extension of the deadline for preparing local transfer pricing documentation also means an extension of the deadline for drawing up and enclosing group transfer pricing documentation (Master File).

Taxpayers have time until the end of the third month from the day after the deadline for submitting a statement on having prepared the local file documentation.

In practice, for most taxpayers whose year ended on December 31, 2020, this means extending the deadline **until the end of March 2022**.

RECOMMENDATIONS

2020 was a specific year for transfer pricing due to, among other things:

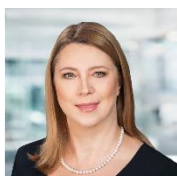
- The global Covid-19 pandemic and its impact on the economy and certain industries, and consequently on the transactions carried out by entities operating in those sectors

- The need to analyze the impact of the Covid-19 pandemic on the economic environment, which may lead to conclusions about the need to prepare new benchmarks. It is important to remember that the CIT Act indicates that: *“benchmarking analysis and compliance analysis shall be updated at least once every three years, unless a change in the economic environment considerably affecting the prepared analysis justifies an update in the year of the change;”*
- The lapse in the validity of benchmark analyses prepared by a sizable group of taxpayers for 2017
- Changes to the 2020 TP-R form (new, expanded form requiring more data)

In view of the above and given our experience to date regarding the time required to prepare complete documentation containing appropriate benchmarks, we recommend the work to be scheduled as early as possible, despite the extension of the indicated deadlines.

CONTACT US

This document has been prepared for information purposes only and covers general nature. Before taking any action based on the above information, we recommend that you obtain a valid opinion of TPA experts.



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