

Transfer Pricing Alert

June 2021

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The “New Deal” with regard to transfer pricing

Transfer Pricing Forum is a cyclical event organised by the Ministry of Finance, with the objective of cooperation and exchange of views between the tax administration and taxpayers on issues related to transfer pricing. During the 12th edition of the Transfer Pricing Forum held on June 24, the Ministry of Finance announced a number of simplifications for taxpayers in the area of transfer pricing to be introduced with the “New Deal” – a wide-ranging reform of the tax system recently proposed by the Government.

Another change discussed during the TP Forum is Poland's joining to the ICAP Program. This program helps to reduce the risk of tax audits among the country's largest corporate groups and multinationals. Details of the programs can be found below.

Additionally, representatives of the Ministry of Finance assured the participants of the TP Forum that detailed materials concerning the announced changes will be made available in the nearest future. We will inform you as soon as the information is published.

Below you can find a summary of the most important announcements of the Ministry of Finance:

ANNOUNCED SIMPLIFICATIONS FOR TAXPAYERS

The **simplifications for taxpayers** regarding transfer pricing announced by the Ministry of Finance are to include:

- extension of the deadlines for preparing local transfer pricing documentation and for filing transfer pricing information, respectively:
 - **Local File** – to 10 months after the end of the fiscal year, and
 - **TPR Form** – to 11 months after the end of the fiscal year.
- exemption from the obligation to prepare local transfer pricing documentation for the transactions that:
 - employ **safe harbors**, and
 - involve the **re-invoicing** of costs.
- including a statement about having drawn up local transfer pricing documentation in the TPR form.
- extension of the deadline for submitting transfer pricing documentation at the request of the tax authorities from 7 to 14 days.

AIM AND ESSENCE OF THE ICAP PROGRAM

According to information provided by the Ministry of Finance, Poland has become a member of the ICAP (International Compliance Assurance Programme), created by the OECD. The program involves multinational enterprises (MNEs) and tax administrations working together in a joint risk assessment process.

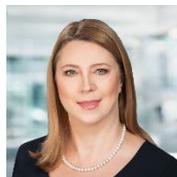
Similarly to other collaborative programs (such as: Tax cooperation programme or application for an APA), the ICAP Program is voluntary and allows for obtaining confirmation from tax administrations that the controlled transactions entered into are low-risk transactions. The confirmation received will allow to minimize the risk of control at the taxpayer and direct the authorities' attention to high-risk transactions (when selecting entities for tax control).

According to MF's announcement, applications for the program will be accepted on the following dates: until September 30, 2021, until March 31, 2022, and until September 30, 2022.

Details of the above are expected to be released by the Ministry in the coming days.

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.

CONTACT US



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