Transfer pricing reporting requirements in Poland - TP-R

Purpose » Transfer pricing reporting is aimed to ensure **better efficiency of selecting taxpayers for tax controls**

Who » Taxpayer obliged to prepare a local transfer pricing documentation (within the scope of controlled transactions covered by that documentation) or engaged in domestic controlled exempted from documentation requirements

Scope »

1. Purpose of submitting the information and the period for which it is submitted
2. Identification data of the submitting entity
3. General financial information of the taxpayer
4. Information on controlled transactions concluded with related parties, including the amount of the transaction – a detailed catalogue of transaction types
5. Information on transfer prices, transfer pricing methods applied and their alignment with the results of benchmarking analyses
6. Additional information or explanations

In the case of the controlled transactions referred to in Article 11n Section 1 (exemption for domestic transactions) information on transfer prices shall not include information and explanations indicated in points (3), (5) and (6) above

The information applies also to transactions concluded with entities having the place of residence, registered office or the management in a territory or in a state applying harmful tax competition
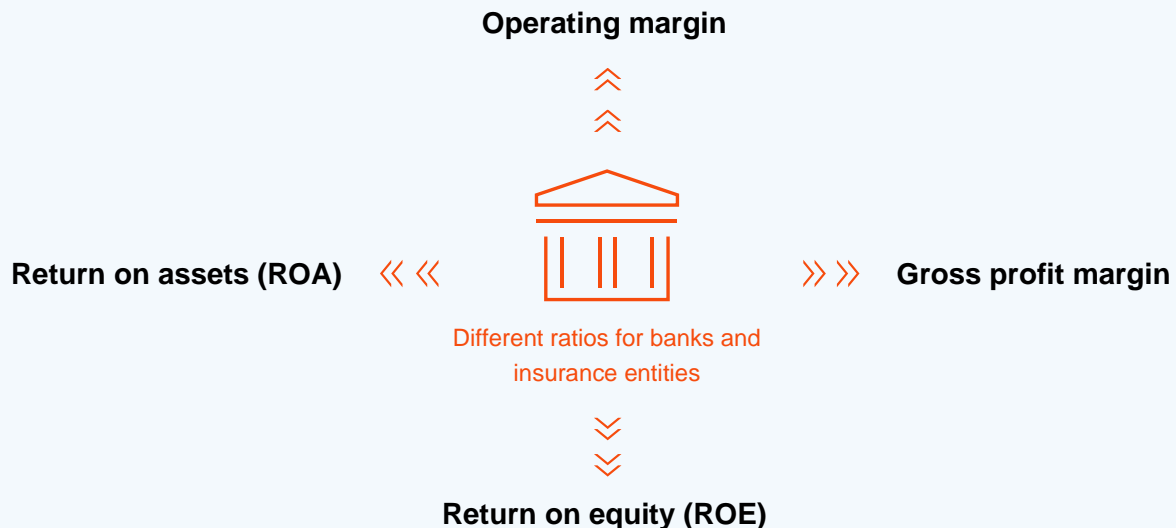
Deadline » Up to **9 months** from the year-end, filed in an electronic form

Detailed requirements:

General financial information

In this section the taxpayers should provide basic information on their **business profitability** expressed by means of typical financial ratios. The list of ratios is exactly defined in TP-R form.

Operating margin

Return on assets (ROA)

Different ratios for banks and insurance entities

Gross profit margin

Return on equity (ROE)

A detailed catalogue of transaction types

In this section, the types of transactions of a **homogeneous nature** concluded between related entities should be listed, with their values and the country of residence of the counterparty. Transaction types are shown separately as purchases and sales:

- **Transactions involving goods**
- **Transactions involving services**
- **Financial transactions**
- **Transactions involving assets**
- **Use or transfer of intangibles**
- **Other transactions** (e.g. restructurings)

There is a wider and more detailed catalogue of transaction types in each section. It is allowed to choose the same transaction type several times – unless a taxpayer treats them as one transaction.

Information on transfer prices, transfer pricing methods applied and their alignment with the results of benchmarking analyses

METHOD	CALCULATION	VERIFICATION
CUP	• Min. and max. prices applied during the year • If there is one price, the same value should be indicated twice • Currency (in which the price was calculated) • Volume unit (e.g. kg, pcs., number of hours)	**Verification method:** • Comparison based on internal data • Comparison based on external data • Comparison based on the counterparty's internal data Min. and max. comparable price Currency of comparable price
Profit split	• Type of profit split method applied • Estimated profit of the taxpayer • Estimated profit of counterparties • Profit earned by the taxpayer • Profit earned by counterparties	
Cost based methods, resale price method or **TNMM**	• Financial ratio • Result from the controlled transaction	• Type of comparable data used (internal / external / counterparty's internal) • Tested party, geographical criterion, financial ratio • Lower and upper range-end • Type of range (interquartile, full or other)
Valuation of an independent specialist	• Min. and max. price applied during the year • If there is one price, the same value should be indicated twice • Currency (in which the price was calculated) • Volume unit (e.g. kg, pcs., number of hours)	• Valuation of an independent specialist • Min. and max. comparable price • Currency
Other method	• Min. and max. price applied during the year • If there is one price, the same value should be indicated twice • Currency (in which the price was calculated) • Volume unit (e.g. kg, pcs., number of hours)	• Other method of verification of compliance with the arm's length principle • Min. and max. comparable price • Currency

Special considerations for financial and intangibles related transactions

TRANSACTION	CALCULATION	VERIFICATION
Financial transactions	• Interest calculation method (fixed, variable, no interests) • Base rate • Margin • Interest rate (if fixed)	• Source of data used in analysis • Lower and upper range-end (in the case of variable interest rate – margin range)
Transactions on Intangibles	• Transaction name • Volume unit (e.g. percentage)	• Method of the fee calculation • Fee level • Currency of the fee • Lower and upper range-end

TP-R requires also indication of **TP adjustments made**.

For each reported transaction it is required to indicate the value of the transaction and country where counterparty is located.

Any additional comments (optional) are available via text field of max 3 500 signs.

99

As Crido we have designed a unique tool to facilitate preparing the TPR-C form, intuitive, full of tips and clues from our experience, regularly updated to the latest official standpoint of the Ministry of Finance, easy to convert to xml and sent to National Revenue Administration.

Worth asking.

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