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Transfer Pricing Switzerland Insights

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Contact

Hans Rudolf Habermacher
Transfer Pricing Practice
Leader, Partner
+41 (0)58 279 6327

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Upcoming seminars: Transfer Pricing Audit Trends – what are we witnessing?

Stay connected on the latest Transfer Pricing topics by joining our breakfast events in Zurich (11 March) and Geneva (13 March). Your personal invitation will follow shortly.

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The EU Joint Transfer Pricing Forum recently released a **Report on Compensating Adjustments** which

Dear Sir or Madam,

We are pleased to present you the latest edition of Transfer Pricing Insights – Deloitte Switzerland's bi-monthly newsletter focusing on Transfer Pricing issues affecting MNCs in Switzerland. It covers Swiss 'hot' topics and economic related news as well as the latest Deloitte global edition of the Arm's Length Standard.

Swiss Transfer Pricing Hot Topics

The OECD's Discussion Draft on Transfer Pricing Documentation and Country-by-Country Reporting

The Organisation for Economic Cooperation and Development ("OECD") released a discussion draft on transfer pricing documentation and country-by-country reporting as part of its work on base erosion and profit shifting (BEPS). It sets out revised guidance on transfer pricing documentation requirements and includes a common template for the reporting of detailed global financial & transaction information to tax authorities on a country-by-country basis, focusing on the global allocation of income, economic activity, and taxes paid.

The proposed rules, if implemented, will likely increase the cost and complexity of compliance for multinationals, even though the OECD states the need to balance the usefulness of the data requested by tax authorities with any increased compliance burden on taxpayers.

In its current form, the discussion draft presents numerous areas of concern that need further refinement and balancing. However, the document is only a draft, and the OECD seems genuinely interested in receiving feedback from taxpayers and the tax professional community by February 23, 2014. Taxpayers should take this opportunity to be part of the discussion to ensure that the new guidelines meet their needs.

proposes guidance for a practical solution to issues arising from the application of different approaches to compensating adjustments.

[Read more](#)

A more detailed examination of the discussion draft is available [here](#).

France Enacts Additional Documentation Requirements

After its adoption by the French Parliament, the new French Finance Law was subject to a final review by the Constitutional Court, which enacted the new transfer pricing documentation requirement but invalidated several propositions, such as mandatory compensation for certain cross-border transfers of functions and risks, and significantly increased penalty rates for noncompliance with the transfer pricing rules.

As from 2014, companies subject to the contemporaneous transfer pricing documentation requirement must annually provide the tax authorities with a simplified transfer pricing documentation extract within six months after submission of the tax return for the relevant assessment year. The extract must follow current documentation requirements and its systematic submission aims to increase the efficiency of the transfer pricing audit selection process.

Under the current law, the French tax authorities are allowed to request the full documentation report as of the first day of a tax audit. From a practical standpoint, it would be advisable for taxpayers to prepare the full transfer pricing documentation report in a timely manner, to facilitate the preparation of the documentation extract mentioned above and mitigate the risk of penalty linked to the non-submission of transfer pricing documentation.

Additional information on the topic can be found [here](#).

Colombia Issues Transfer Pricing Regulations

The Colombian government on December 27, 2013, issued regulations under the transfer pricing provisions that had been amended by the most recent tax reform in early 2013. A summary of some relevant points in the decree follows.

- The decree establishes the cases in which taxpayers must file an informative transfer pricing return and must prepare and file the corresponding supporting documentation.
- It clarifies the content of the supporting documentation taxpayers must prepare, which includes functional, market and economic analysis.
- It details the requirement for certification of the financial information used in the study.
- Requirements regarding the financial and accounting information used in the analysis are enumerated.
- The decree reinforces the importance of demonstrating the substance of the service received.
- It specifies the supporting documentation requirements for taxpayers entering into cost sharing agreements or undertaking business reorganisations.
- It grants the possibility of self-assessing penalties for

inconsistencies or omissions, as well as the penalty corresponding to late filing of the informative return.

We recommend that our clients who have businesses in Colombia give due consideration to the new transfer pricing regulations to ensure compliance.

Please follow this [link](#) for more details on this subject.

The Arm's Length Standard

The recent **issue** of Deloitte's global Transfer Pricing newsletter concentrates particularly on:

- Netherlands Publishes New Transfer Pricing Decree
- Greece Issues Procedure for Negotiation of APAs
- Vietnam Issues Guidance on APAs

These and further topics can be accessed by downloading your copy of the Arm's Lengths Standard [here](#).

We hope you have enjoyed this edition of Transfer Pricing Switzerland Insights. If you have questions in relation to one of the above topics or you would like to discuss your situation and receive a professional opinion on any transfer pricing related topics, please feel free to contact us directly via phone or email.

Best regards,

Hans Rudolf Habermacher
Transfer Pricing Practice Leader, Partner

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