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Transfer Pricing Switzerland Insights

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Upcoming seminars on BEPS and Swiss Corporate Tax Reform III
Stay connected on the latest Transfer Pricing topics by joining our BEPS events in Zurich (25 September) and Geneva (26 September). Your personal invitation will be sent shortly

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 ‘hot’ topics and economic related news.

Swiss Transfer Pricing Hot Topics

India’s 2014 Budget Includes Transfer Pricing Proposals

On July 10, India’s Finance Minister unveiled the government’s annual budget, which covers the following developments in the transfer pricing landscape.

In accordance with international guidance and best practices, it is proposed to amend the regulations to allow the use of multiple-year data and introduce the range concept to determine an arm’s length price. However, the arithmetic mean concept will continue to apply when the number of comparables is inadequate. Taxpayers will have to wait for the rules/notifications to be issued for more clarity regarding their implementation.

In another welcome move that should help prevent and resolve disputes for open tax years and provide additional certainty, the finance minister proposed a rollback mechanism under the current APA scheme. The rollback will be available for a period of four years preceding the first year to which the APA applies. This provision will be effective as of 1 October 2014.

We recommend that our clients having businesses in India consider an APA filing in India to take control of their transfer pricing issues.

Further information on the subject may be found [here](#).

[Pre-register here.](#)

Deloitte's "Link Between Transfer Pricing and Customs Valuation — 2014 Country Guide" has been updated to address country-specific regulatory changes in the area of related party customs valuation.

[Discover more](#)

Hong Kong has recently completed its first bilateral APA since the introduction of the program in March 2012.

Transfer Pricing Aspects of Spanish Corporate Tax Reform

On 20 June 2014, the Spanish government presented a broad-based draft tax reform package, which should include the following changes to Spain's transfer pricing rules.

- The definition of related parties would be revised so that shareholders and entities would be deemed to be related where the shareholder participation is at least 25% (currently 5%) or where decision-making power is exercised.
- The hierarchy of valuation methods to determine the fair market value would be abolished, and other methods would be accepted, provided they respect the principle of fair competition.
- Simplified documentation requirements would be introduced for entities that are not members of the same consolidated group and whose turnover does not exceed EUR 45 million.
- The penalty regime would be made less burdensome.

If approved, the reform measures would apply as from 1 January 2015.

A more detailed examination of the tax reform is available [here](#).

Mexico Clarifies Tax Rules for Maquiladoras

Mexico's Tax Administration Service (SAT) published revised administrative rules that extend the period for maquiladoras to restructure their operations. As from 1 October 2014, maquiladoras must comply with the requirement that all of their income from production activities be derived exclusively from maquiladora operations. SAT also provides further clarifications regarding maquiladoras' obligations, including that:

- The maquiladora must disclose income from the sale of property to the central administration of transfer pricing, including the business reason for the sale, the amount involved and the percentage that the sale represents of the total maquila income.
- Income from personnel services must derive exclusively from parties related to the maquiladora.
- The maquiladora cannot apply the safe harbor or advance pricing agreement options under the new income tax law.

Further information on this article may be found [here](#).

Reminder on France's New Transfer

Pricing Documentation Requirements

Under the new rules effective as of 8 December 2013, taxpayers, which are subject to transfer pricing documentation requirements, have to submit certain extracts from their full transfer pricing documentation directly to the French tax authorities within six months of the submission of their annual tax return. For companies having calendar year-end the respective due date will be November 1. The information that must be submitted includes:

- General information regarding the group and group-related companies, including: 1) a general description of all business activity, including any changes during the last fiscal year; 2) a list of the taxpayer's principal intangible assets (e.g. patents, brands, know-how) related to the French entity; 3) a general description of the group's transfer pricing policy and any changes that occurred during the last fiscal year; and
- Specific information regarding the French affiliate, including: 1) a description of the taxpayer's entire activity, including any changes during the last fiscal year; 2) a summary of the transactions with other related parties, classified by transaction type and amount, when the aggregated amount per transaction type exceeds EUR 100,000; 3) presentation of the method(s) used to determine the taxpayer's transfer pricing policy, including the main method used and any changes from the previous fiscal year.

Please click [here](#) for further information on the additional transfer pricing documentation obligations in France.

The Arm's Length Standard

The recent [issue](#) of Deloitte's global Transfer Pricing newsletter concentrates particularly on:

- Australia Issues Draft Rulings and Practice Statements on Transfer Pricing Documentation, Reconstruction
- Singapore Officials Discuss Transfer Pricing Developments, Upcoming Release of New Documentation Guidelines
- Transfer Pricing and 'High and New Technology Enterprises' in China: What you need to know

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,

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