



# Guatemala Transfer Pricing Newsletter 10-2015

Timely news and information regarding transfer pricing in Guatemala

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The Superintendency for Tax Administration –SAT– is requiring taxpayers to file the 2013 Transfer Pricing Study.

October 2015

## [SAT notifies taxpayers that they must file their 2013 Transfer Pricing Study within a term of 20 business days](#)

Following we transcribe the request for information that the SAT has sent to various taxpayers, indicating that they must file their Transfer Pricing Study for the year 2013.

“Based on the content of articles 19, 94 numeral 13, 98, 100 numerals 1 and 2, 112 “A” and 146 of the Tax Code, Decree number 6-91 and its reforms of the Congress of the Republic of Guatemala; articles 65, 66 and 67, Tax Law Update Decree 10-2012 of the Congress of the Republic of Guatemala; article 5 of the Agreement of the Board of Directors number 007-2007; article 62, numeral 8) of Resolution number 467-2007 of the Superintendency for Tax Administration and the powers granted to the Superintendency for Tax Administration through subsections a) and i) of article 3 of its Organic Law, Decree 1-98 of the same Body, the auditor(s) appointed to verify your compliance with your tax obligations hereby requests the following documentation:

1. Sufficient information and analysis (Transfer Pricing Study) to demonstrate and justify the correct determination of the prices, the amounts of the considerations or the profit margins in their operations with nonresident related parties.
2. Information or documentation that the taxpayer has used to determine the valuation of the operations between related parties: **A.** The information regarding the taxpayer and **B.** The information regarding the corporate group that the taxpayer belongs to.
  - 2.1. The information and documentation regarding the taxpayer referred to in subsection **A.** of numeral 2 of this request includes:
    - a) Complete identification of the taxpayer and of its various related parties; which includes: **i)** Background, **ii)** Shareholding structure, **iii)** Equity interest in the corporate group, **iv)** Description of the Taxpayer’s business: functional organizational chart of the taxpayer, type of Company or Business, Standard Industrial Classification –SIC– code, Products, Services, Customers, Suppliers, Prices for independent customers, Prices for related

customers, post-sale Services, description of the industry it belongs to, competitive position, market share; substitute goods, products and services.

- b) Detailed description of the nature, characteristics and amount of the taxpayer's operations with related parties, indicating the method or methods of valuation used. In the case of services, it shall include a description of the services with the identification of the different services, their nature, the benefit or profit they produce for the taxpayer, the method of valuation agreed upon and its quantification, as well as, if applicable, the form of distribution between the parties.
- c) Detailed analysis of comparable operations that complies with the provisions contained in article 58 of Decree Number 10-2012 of the Congress of the Republic of Guatemala, Tax Update Law, including: **i)** Selection of the comparables, **ii)** Database or databases used, **iii)** Other sources of information used, **iv)** Criteria for selection of the comparables, **v)** Summary of the search in databases, **vi)** Matrix for rejection, **vii)** Comparables accepted, **viii)** Selection of the financial indicator, **ix)** Determination of adjustments for improving the comparability, **x)** Accounting adjustments, **xi)** Capital adjustments, **xii)** Other adjustments, **xiii)** Analysis of the results; The information indicated above must be per operation performed by the taxpayer with its related parties and those of the group that affect them.
- d) Reasons for the selection of the method or methods as well as the procedure for its application and the specification of the value or interval of values that the taxpayer has used for determining the price or amount of its operations; which must include: **i)** Interquartile analysis, **ii)** arm's length range; **iii)** Analysis of the results y **iv)** Conclusions.

2.2. The information and documentation regarding the group referred to in subsection B. of numeral 2 of this request must include:

- a) General description of the organizational, legal and operational structure of the group, as well as any relevant change in the group, which includes: **i)** Identification of the persons that within the business group conduct operations that affect those of the taxpayer; which includes: Background of the Group, Summary table of the economic group with information on: the year it was founded, country of its headquarters, residence of the parent company, slogan of the group, industry it belongs to, national, international and global category; as well as administrative structure of the business group that includes the organizational chart (multinational), operations and role played by each of the companies of the group; as well as the description of the changes that have occurred in the organizational, legal and operational structure of the business group; **ii)** Identification of the persons who within the group conduct operations that are related to and affect the taxpayer's operations.
- b) General description of the nature and amount of the operations between companies of the group, in so far as they affect the operations which the taxpayer participates in.
- c) General description of the functions and risks of the companies of the group in so far as they are affected by the operations conducted by the taxpayer, including any change with respect to the previous period.
- d) A description of the ownership of the patents, brands, commercial names and other intangible assets in so far as they affect the taxpayer and its related operations, as well as the detail of the amount of the considerations deriving from their use.
- e) A description of the group's transfer pricing policy if any, or in its absence, the description of the method or methods used in the different operations; which contains:



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