



The Superintendency for Tax Administration –SAT– had made over Q1 billion in transfer price adjustments

Transfer Pricing Newsletter

On December 4, 2018, it was published in the most widely circulated national newspaper Prens Libre that the SAT has performed 25 audits focused on transfer pricing. Of those 25 audits, in 18 of them adjustments totaling Q1.194 billion were made, with an impact of Q330 million on the Income Tax. These adjustments are still in the administrative phase and none of them have reached the level of administrative law proceedings.

The article also mentions that the SAT is urging taxpayers to voluntarily make their reports and warned that if taxpayers fail to comply with transfer pricing regulations they can be criminally charged for perjury and tax fraud, as happened in a recently published case in which a taxpayer declared that they did not have transactions with related parties, despite actually having such transactions.

According to the SAT, the number of taxpayers subject to the application of transfer pricing regulations is increasing. In 2015, the SAT detected 1,345 taxpayers; in 2016, 1,405 taxpayers; and in 2017, that figure rose to 1,453. These taxpayers consist of those that declared they had transactions with related parties, as well as other taxpayers that had transactions with related companies that were detected by the SAT.

As the publication mentions, Transfer Pricing is a very subjective matter in its application, since despite the fact that there is a methodology and mathematical formulas to be followed, the interpretation applied by taxpayers, their transfer pricing advisors and the SAT produces significantly different results in terms of the tax basis and Income Tax payable. Taxpayers can manage these risks by ensuring that their Transfer Pricing advisor primarily follows the methodology established in the Tax Update Law, Decree 10-2012 and its Regulation and the Transfer Pricing Guide issued by the SAT, and secondarily, the OECD Guidelines on Transfer Pricing.

Our Experts

At Deloitte we have found that local and international expertise is the best combination. There are features of our legal system and specific matters in the transfer pricing regulations that a foreigner may have difficulty understanding and/or applying in the preparation of the Study. At Deloitte Guatemala, our Transfer Pricing team is based in Guatemala and has been trained in both Guatemalan law and international transfer pricing regulations. In 2018, the International Tax Review recognized the Transfer Pricing teams based in the countries of our region as the Central America Transfer Pricing Firm of the Year.



Our experts:

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