



Publication of the implementing regulation concerning the simplified CIT-TP statement

Tax Alert 6/2017

New transfer pricing documentation provisions, implemented to the Polish tax law (i.e. the Corporate Income Tax Act [CIT Act]), applicable as of 1 January 2017, have introduced a number of additional or new documentation and reporting obligations.

One of the new obligations imposed on taxpayers in Poland is the obligation to attach a simplified transfer pricing statement (CIT-TP) to the tax return for the given fiscal year [Article 27(5) of the CIT Act]. This obligation relates to fiscal years starting after 31 December 2016.

Implementing regulation

On 22 June 2017, the long-anticipated final version of the implementing regulation delegated in Article 27(8) of the CIT Act was published in the Journal of Laws. The regulation introduces a simplified CIT-TP statement form.

Who is obliged to file CIT-TP?

A simplified CIT-TP statement must be filed by:

- **entities obliged to prepare tax documentation** (pursuant to Article 9a of the CIT Act),
- entities whose **costs or revenues exceeded** in the relevant fiscal year **an amount equivalent to EUR 10,000,000.**

Consequently, taxpayers who meet both of the above conditions will be obliged to attach a CIT-TP report to the annual tax return.

In the case of tax capital groups (TCG), where the TCG is the taxpayer, only transactions/events between the TCG and related parties outside the TCG should be disclosed in the CIT-TP report.

Information contained in CIT-TP

The main purpose of the data contained in the CIT-TP report is to provide tax authorities with information on intercompany transactions between related parties as well as information on other significant events in which the given entity participated or in connection with which payment of the amount due is made directly or indirectly to an entity having its place of residence, registered office or central management in a territory or country applying harmful tax competition.

The simplified CIT-TP statement is divided into 6 sections:

- A. Taxpayer identification details,
- B. Identification of relationships,
- C. Information on related entities,
- D. Core business activity and functional profile of the taxpayer,
- E. Restructuring, and
- F. Transactions or other events with related parties or entities having their place of residence, registered office or central management in territories or countries applying harmful tax competition.

The information to be provided in individual sections of the CIT-TP form includes:

- information about equity links, management links and family links and the number of affiliates,
- the functional profile (to be selected from among the options provided) which best illustrates the taxpayer's activity (e.g. simple

"The primary objective of introducing the form is to provide tax authorities with information necessary to effectively identify and assess the risk of income understatement in transactions or events between related parties."

Explanatory statement to the CIT-TP Regulation

The documents are available under the following links:

Regulation ([link](#))

CIT-TP report ([link](#))

Publication of the CIT-TP statement

production service, limited risk distribution, banking activity, low-value services),

- information whether any restructuring activities took place in the relevant fiscal year,
- information about the types of transactions with related parties (e.g. sale / purchase of finished goods, provision / purchase of intercompany services, purchase of intangible assets, payment of royalties, financial transactions),
- information about the value of transactions by type – transactions up to PLN 10,000,000, up to PLN 50,000,000 and above PLN 50,000,000 [*provided that the minimum value of the given type of transaction in the fiscal year exceeds PLN 500,000*],
- information whether the indicated types of transactions are carried out exclusively with related parties and indication of the percentage share of the value of the given transaction type in relation to the taxpayer's total revenues,
- information whether the taxpayer purchased / provided goods / a service free of charge or provided / received assets free of charge during the fiscal year.

Important dates

The implementing regulation was announced on 22 June 2017 and came into force on the following day, i.e. 23 June 2017.

The CIT-TP statement should be filed (provided that the taxpayer exceeded the relevant level of revenues / costs) as an attachment to the annual tax return by the end of the third month of the year following the fiscal year to which the tax return pertains.

The regulations obliging taxpayers to file a simplified CIT-TP statement apply to fiscal years starting after 31 December 2016. Consequently, in the case of taxpayers whose revenues or costs in 2017 exceed the amount equivalent to EUR 10 million, the simplified CIT-TP report will have to be submitted by 31 March 2018.

Commentary

In consideration of the scope of information required in the CIT-TP report, as indicated above, it is recommended that taxpayers already start preparing to complete the form. In particular, it seems important to analyse and establish the functional profile resulting from the conducted business activity, to verify if the prices used in transactions with related parties fit this profile and comply with the arm's length principle and to make any necessary adjustments in transactions, based on benchmarking studies.

Having regard to the scope of information taxpayers will be obliged to disclose in the simplified CIT-TP report, it seems reasonable to conclude that the report will be an important tool for tax authorities to identify entities to be covered by tax inspection and to select transactions for a detailed analysis.



Contact persons

Iwona Georgijew

Partner

Office in Warsaw

Tel: +48 (22) 511 08 24

Email: igeorgijew@deloitteCE.com

Rafał Sadowski

Partner

Office in Warsaw

Tel: +48 (22) 511 09 65

Email: rsadowski@deloitteCE.com

Agnieszka Mitoraj

Director

Office in Poznań and Gdańsk

Tel: +48 (61) 882 42 06

Email: amitoraj@deloitteCE.com

Agnieszka Walter

Director

Office in Katowice

Tel: +48 (32) 508 03 12

Email: awalter@deloitteCE.com

Tomasz Adamski

Director

Office in Warsaw

Tel: +48 (22) 511 07 43

Email: tadamski@deloitteCE.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/pl/onas for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 244,000 professionals are committed to making an impact that matters.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.