Transfer Pricing

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Transfer pricing represents significant cross-border tax issues international companies are facing. There is different legislation and tax practice in individual countries. Accordingly, international companies might expect transfer pricing audits and an increased number of transfer pricing disputes with individual countries. Our tax experts from Austria, Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Serbia prepared the following overview, which will help you to get the first insights and understanding of legislation related to transfer pricing in each country.

AS OF 1 JANUARY 2023	AUSTRIA	CROATIA	CZECH REPUBLIC	HUNGARY	SERBIA	SLOVAKIA	SLOVENIA
THE ARM´S LENGTH PRINCIPLE							
Does your domestic legislation make reference to the Arm's Length Principle?	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.
Is there any threshold for exception from transfer pricing rules?	There is no threshold below which the transaction does not fall under transfer pricing rules.	There is no threshold below which the transaction does not fall under transfer pricing rules.	There is no threshold below which the transaction does not fall under transfer pricing rules.	No. The arm's length principle must be observed for all related party transactions. However, simplifications for the documentation might be available.	The transfer pricing report must be submitted by all the entities who had transactions with related parties. However, it provides for a possibility to submit the report in a simplified form in case a specific related party transaction is regarded as a one-off transaction and does not exceed RSD 8 million (approx. EUR 68,000) in a fiscal year or in case that the total value of all transactions with a specific related party during a fiscal year does not exceed RSD 8 million (approx. EUR 68,000). The exception cannot be used for credit transactions.	Safe-harbour applies to controlled transactions with a value of up to EUR 10,000. In case of loans or credit arrangements, the threshold is EUR 50,000.	There is no threshold below which the transaction does not fall under transfer pricing rules.
Are domestic transactions subject to transfer pricing rules?	In general, the transfer pricing rules apply to cross border transactions. However, the rules for deemed contribution and for constructive (deemed) dividends as applicable to transactions between the corporation and its shareholder have a similar effect. Thus, the arm's length principle must be as well considered in the course of a domestic transaction.	Under certain conditions, the transfer pricing rules also apply to domestic transactions.	In general, the transfer pricing rules also apply to domestic transactions.	In general, the transfer pricing rules also apply to domestic transactions.	In general, the transfer pricing rules also apply to domestic transactions.	In general, the transfer pricing rules also apply to domestic transactions.	In general, the transfer pricing rules also apply to domestic transactions.
If so, does the law provide for any threshold, under which domestic transactions are not considered as subject to transfer pricing restrictions?	No, see above.	No, see above.	No, see above.	No, see above.	No, see above.	The rules are the same for both, domestic and cross-border transactions. Domestic transactions are subject to simplified transfer pricing documentation.	No, see above.
TRANSFER PRICING REGULATIONS AND GUIDANCE							
Does your domestic legislation make reference to the OECD Transfer Pricing Guidelines?	Austria follows the OECD Transfer Pricing Guidelines. The transfer pricing documentation framework is provided in the domestic law.	Although there is no direct reference in Croatian legislation, Croatian Tax Administration uses the OECD Transfer Pricing Guidelines in practice.	The Czech Republic follows the OECD Transfer Pricing Guidelines. There is a reference to the OECD Transfer Pricing Guidelines in the Czech explanatory notes (Decree), which are not legally binding, but acceptable as an explanatory instrument.	The Hungarian Corporate Income Tax Act contains reference to the OECD Transfer Pricing Guidelines. Though the Guidelines are not legally binding in Hungary, the Hungarian transfer pricing regulations are based on the OECD Transfer Pricing Guidelines.	The Serbian Corporate Income Tax Act provides for the obligation of the legislator to rely on international rules regarding the tax treatment of transactions between related parties as provided by the OECD or other international organizations in the course of the preparation of the Transfer Pricing Rulebook.	Slovakia follows the OECD Transfer Pricing Guidelines. The Income Tax Act includes a reference to the OECD Transfer Pricing Guidelines. The Guidelines are not legally binding, but acceptable as explanatory instrument.	There is no reference to the OECD Transfer Pricing Guidelines in Slovenian tax law. However, in a very limited scope, some principles are summarized in the Rules on the implementation of the Corporate Income Tax Act and Transfer Pricing Rules.
Does your domestic legislation provide for local transfer pricing rules?	The Transfer Pricing Guidelines of the Austrian Ministry of Finance outline the arm's length principle and content of the transfer pricing documentation. The Guidelines make reference to the OECD Transfer Pricing Guidelines and Austria follows the OECD Transfer Pricing Guidelines.	The Croatian tax authorities in 2019 issued Guidelines for auditing transfer prices by tax administration. The Guidelines make reference to the OECD Transfer Pricing Guidelines and are used for the preparation of the transfer pricing documentation.	The Czech Republic applies general transfer pricing rules and thus, follows the OECD Transfer Pricing Guidelines. The Czech General Tax Directorate has published Guidance on Transfer Pricing (Decree D-34 on the application of international standards of taxation of transactions between related parties). The Guidance refers to the OECD Transfer Pricing Guidelines. In addition, the Czech Ministry of Finance has published Guidelines on the scope and content of the transfer pricing documentation.	Hungary applies its domestic transfer pricing rules, which strongly rely on the OECD Transfer Pricing Guidelines. The main rules of the Hungarian transfer pricing regulations are provided in the Corporate Income Tax Act, in the Decree of the Ministry of Finance on the transfer pricing documentation and in the Act on the International Administrative Cooperation in the field of taxes and other duties.	The Serbian Ministry of Finance issued a rulebook on transfer pricing, which only outlines the arm's length principle and provides details on the transfer pricing documentation.	Slovakia applies transfer pricing rules and follows the OECD Transfer Pricing Guidelines. The Slovak Ministry of Finance regularly issues official guidance on the scope and content of the transfer pricing documentation. The Slovak Ministry of Finance has also published transfer pricing rules on controlled transactions, which provides for the substance-over-form principle in dealing with international transactions between related parties.	The Slovenian Tax Administration issued a brochure on transfer pricing, which provides an explanation of certain transfer pricing issues items and selectively, refers to the OECD Transfer Pricing Guidelines. There are, however, no specific transfer pricing guidelines.

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TRANSFER PRICING DOCUMENTATION							
Does your domestic legislation require taxpayers to prepare transfer pricing documentation?	An Austrian entity of a multinational group must prepare a master file (i.e., report about the group, its worldwide economic activity and its transfer pricing policy) and a local file (i.e., report about the business transactions in the Austrian company) if the turnover exceeds EUR 50 million in each of the two preceding tax years. In other cases, documentation on the compliance with the arm's length principle is mandatory, the requirement is part of the general (tax) accounting principle. In addition, multinational enterprises (MNE) must prepare a CbCR, which contains information on the worldwide distribution of their revenue, taxes and similar if the consolidated group turnover amounted to EUR 750 million or more in the previous tax year.	Taxpayers are required to prepare transfer pricing documentation, but submit it only upon request of the tax authorities.	Transfer pricing documentation is not mandatory, but highly recommended. The documentation should be provided by the taxpayers during a tax audit or when applying for a binding ruling (APA) or MAP. Selected taxpayers are required to complete an Attachment to the Corporate Income Tax Return, which contains details about transactions with related parties. The information to be provided includes the name of the related party, the volume of the transaction, the types of transactions carried out in the respective taxable period. Multinational enterprises (MNE) must prepare a country-by-country reporting, containing information on the worldwide distribution of their revenue, taxes, etc, if the consolidated group turnover amounted to EUR 750 million or more in the previous tax year.	Transfer pricing documentation is mandatory and includes the following: master file (based on Annex I to Chapter V of the Transfer Pricing Guidelines), local file (based on Annex II to Chapter V of the Transfer Pricing Guidelines), and country-by-country report (in line with the Annex III to Chapter V of the Transfer Pricing Guidelines).	Domestic and cross-border transactions with related parties during a tax year are subject to the transfer pricing documentation obligation. The documentation is either full-scope or can be based on a simplified form. The scope depends on the amount of the transactions with a specific related entity, except for loan transactions. Multinational enterprises (MNE) must prepare a CbCR if the consolidated group turnover amounts to EUR 750 million or more in the previous tax year. However, CbCR is not formally deemed a part of transfer pricing documentation.	Domestic and cross-border transactions with related parties during a tax year are subject to the transfer pricing documentation obligation. The documentation is either full-scope (e.g. cross-border transactions above EUR 10 million), basic (e.g. cross-border transaction below EUR 1 million), shortened or just an annex to the tax return. The scope depends on the turnover of the taxpayer, the volume of the transactions, whether the transaction is domestic or cross-border, with non-cooperating states or whether the taxpayer applies for tax relief, APA, MAP or corresponding adjustments. In specific cases (e.g., non-material transactions), only separate annex to the tax return with an overview of controlled transactions must be provided. Multinational enterprises (MNE) must prepare a country-by-country reporting, which contains information on the worldwide distribution of their revenue, taxes and similar if the consolidated group turnover amounted to EUR 750 million or more in the previous tax year.	Domestic legislation requires taxpayers to prepare documentation on associated parties and the scope and the manner of business with such parties, including the determination of market prices. The documentation includes a master file and a country-specific file. Multinational enterprises (MNE) must prepare a CbCR if the consolidated group turnover amounts to EUR 750 million or more in the previous tax year. However, CbCR is not formally deemed a part of transfer pricing documentation.
Does your domestic legislation provide for exceptions from transfer pricing documentation obligations?	Please see above.	No.	No, the transfer pricing documentation is not mandatory.	For master file and local file, there are a number of exceptions. e.g., small companies, non-profit associations, state controlled enterprises, for transactions not exceeding the yearly threshold of HUF 100 million (EUR 249,000). CbCR is not required if the consolidated revenue of a MNE is under EUR 750 million in the tax year preceding the reporting year.	The transfer pricing report can be submitted in a simplified form provided that a specific related party transaction is regarded as one-off transaction and does not exceed RSD 8 million (approx. EUR 68,000) in a tax year or if the total value of all transactions with a specific related party during a tax year does not exceed RSD 8 million (approx. EUR 68,000). This exception is not applicable to loan transactions.	Apart from safe-harbour rule, there are no further exceptions. The scope of transfer pricing documentation is, however, simplified for individuals, SMEs and domestic transactions.	For cross-border transactions, transfer pricing documentation is mandatory, while for domestic transactions, documentation must be only prepared upon request of the tax authorities within the tax control framework.
Does the OECD Master and Local files (BEPS Action 13) require local documentation compliance?	The three-tier standardized approach as proposed by the OECD has been implemented in Austria. The documentation includes the master file (MF), the local file (LF) and country-by-country reporting (CbCR). The Austrian Guidance on the scope and content of transfer pricing documentation in principle mirrors the BEPS recommendations for Local and Master files.	The three-tier standardized approach as proposed by the OECD has been implemented in Croatia. There are no local guidelines summarizing the recommendations from BEPS Action 13, but the latter are followed by the competent tax authorities. In general, compliance with the recommendations of the BEPS Action 13 imply compliance with local rules.	The three-tier standardized approach as proposed by the OECD is generally followed by the tax authorities. The Czech Guidance on the scope and the content of the transfer pricing documentation in principle mirrors the BEPS recommendations for Local and Master files.	The Hungarian Guidance on the scope and content of transfer pricing documentation and CbCR are consistent with the BEPS recommendations for Local and Master files and CbCR. Practical requirements of the Hungarian tax authorities are very strict and require extensive local documentation compliance.	The transfer pricing documentation must be drafted in accordance with the Serbian Rulebook on Transfer Pricing. The content of the Serbian transfer pricing documentation is mix of the BEPS Master and Local files.	The Slovak Guidance on the scope and the content of the transfer pricing documentation in principle mirrors the BEPS recommendations for Local and Master files.	The three-tier standardized approach as proposed by the OECD has been implemented in Slovenia. There are no local guidelines summarizing the recommendations from BEPS Action 13, but the latter are followed by the competent tax authorities. In general, compliance with the recommendations of the BEPS Action 13 imply compliance with local rules.
Does transfer pricing documentation have to be prepared annually?	Yes.	Yes.	There is no specific obligation. Regular updates are recommendable.	Yes. The Local File must be prepared on a transactional basis by the date of corporate tax return filing. The tax authorities may request the documentation to be disclosed in the course of tax audit. CbCR shall be submitted within 12 months following the end the reporting period.	Yes.	Tax authorities can request the transfer pricing documentation for the relevant period in the course of the annual corporate tax return. Annual transfer pricing documentation is thus recommended. The corporate income tax return supplemented by an overview of the controlled transactions must be submitted annually.	Yes.
Is there obligation to submit transfer pricing documentation to the tax authority? If so, is there a statutory deadline for the submission?	The country-by-country report must be submitted by expiration of 12 months following the end of the relevant business year. Local and Master files must be submited upon request of the competent tax office only. .	Transfer pricing documentation must be submitted to the tax authorities upon request only. The taxpayer is, however, required to submit a "PD-IPO form" together with the corporate income tax return. The form must provide for an overview of transactions effected with related parties.	No.	No. Starting with the tax year 2022, there is, however, obligation for transfer pricing reporting in the annual corporate income tax return. The submission must be done by expiration of 5 months following the end of the tax year.	Yes. The Transfer pricing documentation must be submitted to the tax authorities with the corporate income tax return. The deadline for the submission is 180 days following the end of the tax year.	No. CbCR reporting shall be, however, submitted to the competent tax authority.	No. Transfer pricing documentation must be annually prepared. The submission is subject to the request of the tax authorities.

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In case of submission upon request, are there any statutory deadlines?	The master and the local files must be transmitted to the competent tax authority upon request within 30 days. The request can be posted following the filing the corporate income tax return. Usually, transfer pricing documentation is reviewed during tax audits.	During a tax audit, the competent tax authority usually provides for 8 plus 8 days for submission of the information requested. In case of transfer pricing documentation, this deadline is usually extended to 30 days, though this extension is not covered by laws and is upon discretion of the tax inspector.	The deadline is stated in the request of the competent tax authority (usually 15 days).	The taxpayer must submit the transfer pricing documentation within 3 business days upon request of the competent tax authority.	As mentioned, the transfer pricing documentation must be submitted together with the corporate income tax return. In case the documentation is not submitted or incomplete, the tax authorities may request the submission or the supplementation within a period of 30 to 90 days.	The taxpayer must submit transfer pricing documentation within 15 days following the request of the competent tax authority or financial directorate. Such request may be, for the documentation for the relevant tax period, sent no earlier than on the first day following the expiration of the period for tax return filing.	The Taxpayer must submit the transfer pricing documentation immediately. If documentation is not available, the tax authority determines a period of 30 to 90 days for submission.
Is there obligation to use local language for the transfer pricing documentation?	The transfer pricing documentation must be kept in German or in English language.	The transfer pricing documentation must be submitted in Croatian language.	The transfer pricing documentation must be kept in Czech language. If the documents are prepared in other language, the tax authorities may request their translation into Czech language.	The language of the transfer pricing documentation can be chosen by the taxpayer. Upon request, the taxpayer is obliged to provide the Hungarian technical translation of the documents in foreign languages, with the exception for the English, German and French languages if required for the clarification of facts by the competent tax authority.	The transfer pricing documentation must be kept and submitted in Serbian language.	Transfer pricing documentation can be prepared or submitted in a foreign language. The translation into the Slovak language is, however, mandatory if requested by the tax authorities and must be provided within 15 days following the request.	Local file must be kept in Slovenian language. For Master file, translation is required upon request of the tax authorities within a period of not shorter than 60 days. In practice, the tax authorities accept both, the master and local files in English language even if not so provided in the law. Request for translation is, however, possible.
SAFE HARBOURS AND SIMPLIFICATION MEASURES							
Are there any sanity checks used in your jurisdiction?	No.	No.	No.	No.	No.	There are certain indicators that represent the higher transfer pricing risks such as: ¬ licences exceeding 5% of the turnover or 25 % of the operating profit ¬ payments for services exceeding 5 % of the turnover or 10 % of the operating profit ¬ interest expenses exceeding 35 % of the operating profit ¬ operating losses for manufacturing companies	No.
Are there any margins publicly available and approved by the tax authorities?	No.	No.	No.	No.	No.	No.	No.
Is there a simplified approach for low value-adding intra-group services?	Yes. In case of low value-added intra-group services (LVAIGS), simplified accounting within the scope of the Chapter VII.D of the OECD Transfer Pricing Guidelines (LVAIGS approach) may be applied.	No. Croatia does not apply a simplified approach relating to low value-adding intra-group services (LVAIGS).	Yes. Simplified apporach for low value-adding intra-group services may be applied.	Yes. Hungary introduced a regulation on the low value-adding intra-group services (LVAIGS) on the basis of the EU Joint Transfer Pricing Forum. The thresholds are stricter as the thresholds determined by the OECD.	No.	No.	With respect to the low value-adding services, the tax authorities refer in its transfer pricing brochure to Subchapters 2.99 and 7.44 of the OECD Transfer Pricing Guidelines. The mark-up on LVAIGS shall amount to 5 % on an adequate cost basis. The taxpayer is expected to provide for sufficient proof as to the nature of the services as LVAIGS. In addition, the nature of the cost basis as adequate must be justified. The simplified approach is, however, not part of any tax acts.
Are there any other safe-harbour rules?	No.	Yes. Under the thin capitalization rules for interest payments between related parties, a debt to equity ratio of 4:1 applies. However, interest on loans within the safe harbour range is tax deductible only up to the arm's length amount (i.e., recognized interest rate) as benchmarked or determined by the Minister of Finance.	Yes. The Czech tax law provides for an exception from the general arm's length rule and allows for a lower interest rate between related parties if the lender is a Czech non-resident or a shareholder. The interest rate can range between 0 % and the arm's length interest rate. Nevertheless, the lower interest rate is regarded as DAC6 hallmark involving the unilateral safe harbour rule and might be subject to DAC6 reporting.	No.	Yes. Serbian Ministry of Finance may issue (and is, in practice, issuing) a Rulebook on interest rates, which are considered as in line with the arm's length principle. However, these interest rates are not mandatory and the taxpayer may, on the basis of the transfer pricing rules, use and document other interest rates as being in line with the arm's length principle. If this approach is adopted, it needs to be used for all loans with related parties, i.e., the safe harbour rates are used either for all loans with related entities or for none of them.	No.	Yes. Under the thin capitalization rules for interest payments between related parties, a debt to equity ratio of 4:1 applies. However, interest on loans within the safe harbour range is tax deductible only up to the arm's length amount (i.e., recognized interest rate). The rule shall be replaced with the interest limitation rule (Art 4 ATAD I) until 2024.

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COMPARABILITY ANALYSIS							
Does your jurisdiction follow the guidance on comparability analysis under the OECD Transfer Pricing Guidelines?	Yes.	Yes.	Yes.	Yes. The Hungarian rules follow the guidance in Chapter III of the OECD Transfer Pricing Guidelines. The Hungarian tax authorities have issued own guidelines, which are stricter than OECD rules. It has indicated the use of business databases containing company-level data and requires benchmarking on a transactional level.	Yes. There is no reference in law, but it is often followed in practice.	Yes.	Yes. The guidance on comparability analysis is generally followed in practice and with limitation in Rules on Transfer Prices.
Are there any rules or thresholds for the comparability analysis being a mandatory part of the transfer pricing documentation?	As in the OECD Guidelines, five comparability factors (i.e., contract terms, functions, product characteristics, market conditions and business strategies) must be used for the comparability analysis. There is no threshold below which the comparability analysis is not necessary.	No. Comparability analysis must be part of any transfer pricing documentation.	No. Comparability analysis must be part of any transfer pricing documentation.	Yes. The comparability analysis must be performed and included into the transfer pricing documentation for each transaction, which exceeds the materiality threshold (HUF 100 million, approx. EUR 249,000). For low value-adding intra-group services, the transfer pricing documentation must only provide for the arm's length price based on the available information and without the comparability analysis.	Yes. The comparability analysis must be performed and included into the transfer pricing documentation for each transaction, which exceeds the materiality threshold (RSD 8 million, approx. EUR 68,000) or if the total amount of all transactions with a specific related party exceeds the materiality threshold.	Yes. The comparability analysis must be performed and included into the transfer pricing documentation for each transaction, which exceeds the materiality threshold (EUR 10 million).	No. Comparability analysis must be part of any transfer pricing documentation.
Is there a preference for domestic comparables over foreign comparables?	Yes. In practice, there is preference to use domestic comparables in the first step and in case of no sufficient number of domestic comparables, foreign comparables are used.	Yes. In practice, there is preference to use domestic comparables in the first step and in case of no sufficient number of domestic comparables, foreign comparables are used.	Yes. In practice, there is preference to use domestic comparables in the first step and in case of no sufficient number of domestic comparables, foreign comparables are used.	Yes. Local companies are preferred for purposes of the comparability analyses. The geographic selection criteria are as follows: Hungary, Visegrád countries and if necessary, the scope can be extended further.	Yes. In practice, there is preference to use domestic comparables in the first step and in case of no sufficient number of domestic comparables, foreign comparables are used.	Yes. In practice, there is preference to use domestic comparables in the first step and in case of no sufficient number of domestic comparables, foreign comparables are used.	No. In practice, the tax authority is aware of limitations in access to Slovenian comparables in foreign databases.
Is there a preference to use specific database for purposes of the comparability analysis?	There is no preference to use a specific database. In practice, the tax authorities and most taxpayers use Transfer Pricing Catalyst database.	There is no preference to use a specific database.	There is no preference to use a specific database. In practice, the tax authorities use Transfer Pricing Catalyst database.	The local database is preferred due to the comparability criteria applied in Hungary. Companies are required to use databases that are publicly available or accessible or can be verified by the tax authority. Strict documentary requirements applied to the database support (e.g., screen shots).	No.	There is no preference to use a specific database. In practice, the tax authorities use Transfer Pricing Catalyst database.	The transfer pricing brochure of the tax authorities lists the most common databases (e.g., Amadeus, Orbis and Gvin). The tax authorities mostly use Amadeus, which is unofficially recognized as the preferred source of information.
Does your legislation allow or require an arm´s length range and/or statistical measures when determining arm´s length remuneration?	The use of an arm´s length range or statistical measures is not stated in the domestic legislation. However, the interquartile range calculation is considered standard and accepted in practice by tax authorities and the tax courts.	The use of an arm´s length range or statistical measures is not stated in the domestic legislation. However, the interquartile range calculation is accepted and used in practice.	The use of an arm´s length range or statistical measures is not defined in the domestic legislation. However, the interquartile range calculation is considered standard and accepted in practice by tax authorities and the tax courts.	Yes. The law requires the use of an arm´s length range or statistical measures. For analysis based on the database search, the use of the interquartile range is mandatory.	Yes. The law requires the use of the interquartile range calculation.	The use of an arm´s length range or statistical measures is not stated in the domestic legislation. However, the interquartile range calculation is accepted and used in practice.	Yes. The arm´s length range and statistical measures are defined in the Rules on Transfer Prices.
Is there any preferred point as starting point for the interquartile range? Is there any preference for the median or is any other point acceptable?	According to the Guidelines, it may be appropriate to use the median, in particular if the tax authorities on the basis of a comparability analysis consider that the applied transfer price is outside the acceptable range of comparable prices. If however a particular comparative value within the range is proven as the most reliable, it can be used as reference.	Yes. Any point from the interquartile range is acceptable.	There is no preference as from which the interquartile range shall be applied. Neither is there any preference as to a particular point from the interquartile range considered as acceptable.	There is no preference as from which the interquartile range shall be applied. Neither is there any preference as to a particular point from the interquartile range considered as acceptable. If the transfer price is, however, out of the interquartile range, the median adjustment is obligatory as from 2022.	Any point from the interquartile range is acceptable. If corrections are, however, necessary, they must be calculated by using the median.	There is no preference for the point from which the interquartile range should be applied such that any point from the interquartile range should be acceptable. In case of a tax audit, the tax authorities shall determine the arm´s length price at the level of the median if if the transfer prices are considered as not in line with the arm´s length range determined on the basis of the comparability analysis.	According to the Rules on Transfer Pricing, median may be used for purposes of comparable pricing within the interquartile range. Other points from the interquartile range shall also be accepted if adequately proven and explained in the transfer pricing documentation.
How often does the comparability analysis have to be updated?	Provided that the conditions of the business activity have not changed, it is, under the Austrian Transfer Pricing Guidelines, sufficient to renew the database studies every three years.	Domestic legislation does not explicitly require an annual renewal of the comparability analysis. In practice, a regular update of the financial data (2-year update period) has proven as useful.	The search strategy is recommended to be renewed at least every 3 years and should be verified annually if there has been a significant shift in profitability affected by market fluctuations. At the same time, the arm's length price range observed for selected independent entities should be updated annually.	The Annual update of the transfer pricing documentation is required. A database search of companies selected as comparable should be prepared every 3 years. The result of the benchmark study must be updated annually.	Annual update is required.	Domestic legislation does not explicitly require an annual renewal of the comparabiltiy analysis. In practice, a regular update of the financial data has proven as useful. Brand-new comparabiltiy analysis should be prepared every three or five years.	Under the Rules on Transfer Pricing, the comparability of transactions shall be determined upon or before the execution of the transaction. Thus, the comparability analysis shall be updated at least annually and before the deadline for preparation of the transfer pricing documentation. There is no necessity for an update if there is no change in facts or circumstances.

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TRANSFER PRICING ADJUSTMENTS							
Does your jurisdiction allow year-end adjustments?	Year-end adjustments or compensation adjustments are allowed in certain circumstance only. A year-end adjustment is accepted if the ex-ante price is subject to significant uncertainties, all necessary efforts have been made during the tax year to achieve an arm's length transfer price (intra-year monitoring), the price factors have been agreed in advance and the adjustment from a value outside the arm's length range leads to a result within the arm's length range.	Year-end adjustments are accepted. If the transfer price is, at the end of the tax period, considered as not in line with the arm's lengt principle, compensatory adjustment is required.	In the course of the annual tax return, the taxpayer is allowed and must, if necessary, adjust transfer prices according to the arm's length principle.	Yes. Transfer prices outside of the interquartile range should be adjusted to the median. In certain circumstances, transfer pricing adjustments may be done in the course of the corporate income tax calculation. Thereby, any increase of the tax base is mandatory.	Yes.	Yes. The tax base of the related party shall also include the difference, by which the prices or conditions in controlled transactions differ from the prices or conditions, which would be used between independent parties in comparable transaction and this difference shall reduce the tax base or increase the tax loss. The taxpayers can make such adjustment directly through the corporate tax return.	In the course of the corporate income tax return, the taxpayer can and should adjust prices in controlled transactions in accordance with the arm's length principle.
Does your jurisdiction allow secondary adjustments?	According to the domestic Guidelines, international transfer pricing adjustments shall be, if possible, implemented through repatriation of the profits. Thus, secondary adjustments are made in the form of a "transfer pricing claim". The related party is, however, required to recognize a corresponding "transfer pricing liability". There is no necessity for a written agreement in this regard. If the transfer price receivable is not recognized by the foreign related party, the primary adjustment must be, in any case, made. Further considerations include the assumption of deemed dividend or hidden equity, which may result in a secondary adjustment.	No.	Yes. Non-arm's length payments among related entities could be classified as a constuctive dividend (hidden profit distribution), which triggers withholding tax, unless related to EU or EEA countries and Switzerland.	No. MAP is suggested for recovery. APA (unilateral, bilateral or multilateral) is available as a safe harbour.	No.	Yes. The adjustments are possible if there is a primary adjustment in the jurisdiction having a tax treaty with Slovakia and respective confirmation from the tax authorities is available. Adjustments between domestic related parties are as well allowed, but subject to the notification to the tax authorities.	Secondary adjustment is done by treating non-arm's length payments among related entities as constructive dividend, which trigger withholding tax.

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PENALTIES AND STATUTE OF LIMITATION							
Are there specific penalties regarding transfer pricing documentation?	Yes. If the notification obligation is not met, the Fiscal Penalties Act provides for penalties of up to EUR 5,000. The tax authority may also impose additional mandatory penalties to enforce compliance. If the obligation to submit the CbCR is wilfully or gross negligently failed, penalties of up to EUR 50,000 may be imposed. The obligation is considered as failed if the report is not submitted on time or if reportable items are not submitted or are submitted incorrectly. In addtion, tax authorities may, under the rules of the Federal Fiscal Code, levy further penalties if transfer prices are not in line with the arm's length principle and such transfer prices result in a lower tax base.	There are no specific penalties if the obligation for transfer pricing documentation is not met. Since transfer prices are subject to corporate income tax audits, general penalties are applicable. A penalty of EUR 260 to 26,540 can be imposed if the corporate income tax base is not in line with the legal rules. In addition, higher fines are possible for repeated offences.	No.	In case of non-compliance with the transfer pricing documentation, a penalty of up to HUF 5 million (approx. EUR 13,000) may be levied per transaction per year. In recurring cases, a penalty of up to HUF 10 million (approx. EUR 26,000) may be imposed also per transaction per year. If the CbC report is incomplete or contains inaccurate information or it is submitted after the expiration of the statutory deadline, a penalty of up to HUF 20 million (approx. EUR 52,000) may be imposed.	No. Transfer pricing offences are in scope of general penalties regulations. Thus, a penalty of up to RSD 100,000 to 2,000,000 (approx. EUR 850 to 17,000) may be imposed if the transfer pricing documentation is not submitted with the corporate income tax return. In addition, the company manager or employee in charge may be subject to a penalty of RSD 10,000 to 100,000 (approx. EUR 85 to 850).	A penalty of up to EUR 3,000 applies in case of administrative offences, including such for non-compliance with administrative obligations provided in the tax laws and thus, including the obligation to comply with the transfer pricing documentation requirement.	Yes. A penalty of EUR 1,200 to 15,000 (EUR 3,200 to 30,000 for medium and large sized companies) and of EUR 400 to 4,000 for the company person in charge can be imposed if the taxpayer does not submit transfer pricing documentation.
Are there specific penalties for non-compliance with the arm's length principle?	General penalties under the Federal Fiscal Code can be imposted if transfer prices are not in line with the arm's length principle resulting in a lower tax base.	Please refer to the last question.	In case of any discrepancies identified in transfer prices by the tax authorities, an additional tax of 19 % is levied on an adjusted amount. In addition, a penalty of 20 % and late payment interest are imposed with respect to this additional tax.	In case of any discrepancies identified in transfer prices by the tax authorities resulting in the correction (with obligatory adjustment to the median) of the corporate income tax base, the adjustment may be subject to a corporate income tax of 9 % and the local business tax of 2 %. In addition, a penalty of up to 50 % of the tax reduction amount and late payment interest calculated at the Central Bank base rate and increased by 5 % may be imposed.	No. Transfer pricing offences are within the scope of the general penalties regulations. In fact, the tax authorities may impose a penalty of up to 30 % of the difference between the corporate income tax calculated in line with the tax laws and the actual amount. The company person in charge may be additionally fined with RSD 10,000 to 100,000 (approx. EUR 85 to 850). In case that the difference is below 5 % of the actual amount or the correct amount of the corporate income tax, penalties are levied at the lower range. In general, the penalty may not exceed the maximum penalty levied under the criminal rules.	In case of any discrepancies identified in transfer prices by the tax authorities, an additional tax of 21 % is levied on the adjusted amount. In addition, a penalty of 10 % p.a. is imposed with respect to the additional tax liability. In case of non-compliance with the general anti-abuse rule, the penalty is increased to 20 %.	In addition to the adjustment of the income tax base, penalties are imposed for inadequate tax compliance and non-deduction of the withholding tax in case of constructive dividend. As the transfer prices are not in line with the arm's lenght principle, the income tax return is not correct resulting in further liability.
Is there a statutory period of limitation preventing tax authorities from disclosure of transfer prices?	There is no specific obligation for keeping records on transfer pricing documentation. General rules apply such that documentation must be kept for 7 years, real eastate transactions are subject to a period of 22 years. The documents must be disclosed to the tax authorities upon request.	The general statute of limitation expires at the end of the third year following the reporting year. However, the general statute of limitation may be extended and recommence after each intervention by the tax authority with respect to the tax return.	There is no specific obligation of keeping records on transfer pricing documentation. The general statute of limitation is 3 years from the due date of the tax return. For corporate income tax purposes, the limitation period can be extended by 5 years if the taxpayer reports a tax loss in a particular tax year. The extension also applies to periods for which the loss could be carried forward and set off against positive income. In other words, the limitation period can last up to 8 years following the deadline for submission of the tax return. In addition, the expiration date can be extended in case of a tax audit or the submission of an amended tax return.	Taxpayers shall retain all documents until the limitation period of the right of tax assessment (5 years after the last day of the calendar year in which the taxes should have been declared, or paid). The taxpayer shall be obliged to retain the documents related to the determination of tax liability subject to agreements on avoiding double taxation for 10 years. If the taxpayer commences a MAP, the liabilities of document retention shall be extended until the end of the MAP or the arbitration court proceedings.	The statutory limitation period is 5 years following the first day of the year following a particular tax year. However, the right to impose or refund taxes and to claim the tax payment always expires within 10 years following the end of the year, in which the tax should have been determined or collected.	For tax treaty cases, the statute of limitation is 10 years following the end of the year, in which the tax return is submitted. For domestic transactions, the period of limitation is 5 years following the end of the year, in which the tax return is submitted.	The statute of limitation is 5 years following the end of the year, in which the tax return is filed. The transfer pricing documentation should be, however, kept for 10 years following the end of the respective tax year.

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ADVANCED PRICING AGREEMENTS (APAS) AND MUTUAL AGREEMENT PROCEDURES (MAPS)							
Are unilateral APA implemented in your jurisdiction?	Unilateral rulings are possible. Binding information can be requested for facts related to international tax law (including transfer pricing) prior to the transaction.	Yes.	Yes. In practice, Czech tax authorities approve the proposed transfer pricing method or the methodology of profit allocation to a permanent establishment.	Yes. In practice, the Ministry of Finance approves the procedure for establishing the arm's length price (practical application of the transfer pricing method), the facts and circumstances based on which it is determined, and, if possible, the arm's length price or price range.	No.	Yes. In practice, the tax authorities approve the practical application of the transfer pricing method and the information regarding the specific targeted remuneration considering the proposed method.	Yes. The Slovenian Tax Procedure Act provides for an institute of binding ruling, but transfer prices are excluded.
Are bilateral / multilateral APA programmes implemented in your jurisdiction?	Yes to both. Austria conducts bilateral and multilateral APAs upon request on the basis of the treaty following Art 25 OECD Model.	Yes to both.	Yes to both. Czech tax authorities conduct bilateral and multilateral APAs upon request on the basis of the treaty.	Yes to both.	No.	Yes to both.	Yes to both.
Are there fees for issuing APAs?	For unilateral APA there is a filing fee, which does not apply to bilateral and multilatel APAs. For the latter, the fees vary between EUR 1,500 and 20,000 depending on the turnover.	The following fees apply: EUR 2,000 for taxpayers with a revenue of up to EUR 400,000, EUR 4,000 for a taxpayer with a revenue between EUR 400,000 and 2.65 million, and EUR 6,600 for a taxpayer with revenue exceeding EUR 2.65 million. In case of a bilateral APA, there is additional fee of EUR 6,600, for multilateral APA - of EUR 13,200.	The filing fee for an APA is CZK 10,000 (approx. EUR 400).	For unilateral APA, the fee amounts to HUF 5 million (approx. EUR 13,000). For bilateral or multilateral APA, the fee is HUF 8 million (approx. EUR 21,000). The fees for modification or extension of APA are half of the original fee.	n/a	For unilateral APA, the fee amounts to EUR 10,000. For bilateral or multilateral APA, the fee is EUR 30,000. For companies with a high tax reliability index, the fees for APAs are halved, i.e. EUR 5,000 for unilateral APA and EUR 15,000 for bilateral or multilateral APA.	The fee amounts to EUR 15,000. For extension of the APA, the fee is set at EUR 7,500. If APA is not concluded for reasons outside the scope of a taxpayer, the taxpayer is reimbursed a lump-sum amount of EUR 5,000.
What is the usual time for issuance of APA?	According to the law, unilteral rulings should be issued within two months after filing a request. However, addtional requests of the tax authorities can extent this period.	There is no prescribed deadline for APA. In practice, it takes more than one year to conclude an APA.	There is no prescribed deadline for APA. In practice, it takes approx. 3 to 6 months to conclude an unilateral APA.	The APA process should be finished within 120 days, but it can be extended 2 times for 60 days. In case of bilateral or multilateral APAs, the MAP with the foreign competent tax authority shall be closed within 2 years, but it can be extended by one year.	n/a	Based on practical experience, a unilateral APA process lasts for approx. one year.	There is no prescribed deadline for APA conclusion. In practice, it takes more than one year to conclude an APA. Because of high prices and lengthy procedures, APAs are not very popular in the Slovenian tax practice.
Are transfer pricing cases covered within the scope of MAP?	Yes.	Yes.	Yes	Yes.	n/a	Yes.	Yes.

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