

Transfer Pricing

AAT Level III Corporate & Personal Taxation (CPT)

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Taxation

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Basic Transfer Pricing

- **Applicability.**
- When transaction are happening in between associates undertaking these rulings will be applicable for tax purpose.

Basic Transfer Pricing

- In order to safe guard tax revenue it is mention that even transaction happen in **between associates** it is to be determined on **arm's length price**.

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Basic Transfer Pricing

- **Arms length price.**
- The price should be equal or closer to a price if such transaction entered into between an independent parties.

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Basic Transfer Pricing

- **Associate undertaking.**
- If one party directly or indirectly control over other in the management , control or capital of the other party as may be determined.

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Basic Transfer Pricing

- **Document required**
- Transaction related disclosure – such as category of transaction as per transfer pricing regulation Annexure V.
- Associate Enterprise related disclosure – such as name , TIN , country of residence and criteria of associated enterprise as per list provided in the Annexure VII of transfer pricing regulation.

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Basic Transfer Pricing

- Transfer pricing methodology disclosure – such as transfer pricing method, profit level indicator, actual price, profit margin, rate and tested enterprise.
- Arm's length price related disclosure – such as comparable price, margin, upper limit, lower limit and median of the range.

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