wts global

Slovakia

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2009
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	CUP, Resale minus, Cost+, profit split method, net trading margin method
Are any TP methods preferred over others?	No
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	CbC Reporting - Sections 22a, 22b, 22c, 22d, 22e, 22f, 22g, 24b of Act on international cooperation in a field of tax administration Nr. 442/2012.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general: –	Income Tax Act: Sections (definitions of related parties, transfer pricing methods allowed, anti-avoidance rules, new penalty rules etc.) - 2(n), 2(o), 2(p), 2(r), 2(ab), 17(5), 17(6), 17(7), 18, 18a, 50a, Tax Procedure Code (penalties in general, foreclosure period): Sections - 69, 154(1/j), 155(1/e,f,g), 155(2), 155(5) Guideline by the Ministry of Finance of the Slovak Republic No. MF/014283/2016-724 on determining the content of the documentation on the pricing method Methodical guideline on application of transfer pricing methods, on system of APA´s.

2. Master File (MF)	Intentions
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Master File is always as a part of the Transfer pricing documentation and is not linked to any threshold requirements/conditions. Actual requirement on content of Master File respect the OECD TP guideline. There are no special regulations regarding Master File; it has no separate status and is always as a part of Transfer pricing documentation which has to be submitted only upon the request by tax authority.

3. Local File (LF)	Intentions
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements.

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	As from the year following the year that the threshold is met (so that CbCR is prepared for the year in which the threshold was met or exceeded) • For primary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2015 (but not sooner than 28 February 2017) • For secondary reporting, CbCR is first to be prepared for fiscal years starting after 31 Dec. 2016 (but not sooner than 28 February 2017).
When and how do the tax authorities need to be notified who the reporting entity is?	The Slovak taxpayer (so called basic entity) has to declare in the announcement via electronical submission, if it is a (a) parent company of MNE, (b) designated surrogate parent company or (c) the basic entity obliged to prepare CbC Report to the competent authority in Slovakia, on the last day for submitting of corporate income tax return for the relevant tax period at least. The basic entity has to declare in the announcement via electronical submission the name of the MNE's entity obliged for submitting of CbC Report, it´s company seat, it´s business number and the name of the state, in which it has the tax residency to the competent authority in Slovakia, on the last day for submitting of corporate income tax return for the relevant tax period at least. Notification needs to be made in Slovak and applies to tax years starting after 31 December 2016. There is a prescribed form of the announcement, available on web site of the tax administrator.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	12 months from the end of the fiscal year to which CbCR relates (in this manner, till the end of the 2017 for the first time)
Are there any deviating submission deadlines for the secondary mechanism?	Yes. 12 months from the end of the fiscal year to which CbCR relates (in this manner, till the end of the 2018, for the first time)
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	CbCR is to be submitted electronically to the Slovak Financial Administration via web portal.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	CbCR is to be submitted using the officially prescribed xlm-standard in line with the OECD.
What are the possible consequences of not having the CbCR available?	
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes

Please specify the country involved and date the agreement came into force.	The EU Directive was implemented in Slovakia in January 2015.

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Intentionally submitting an incorrect / too low tax return and failing to inform the tax authorities accordingly constitutes a tax crime.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Theoretically yes; complicity.
Does a taxpayer need to file TP-specific returns?	No
What would be the penalties for non-compliance?	Penalties from EUR 60 to EUR 3000

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. Not explicit defined, but no need for a new benchmark study, if the crucial pre-conditions of a controlled transaction stays unchanged.

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No. Based on our experience, Slovak tax authorities especially want to see that the adjustments follow a pre-determined mechanism that is laid down and agreed upon in writing between the relevant related parties in advance.

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	All intercompany transactions (e.g. intercompany financing, service and goods transactions, guarantees).
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	Request 60 days before the start of the relevant tax period, at least; - max. for 5 tax periods, possibility of prolongation for next 5 periods - fee EUR 10 000 for unilateral APA resp. EUR 30 000 for multilateral APA - appeal against decision from tax administrator not possible.

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