

# Tax & Legal Alert

ROMANIA 19 February 2008

## The Transfer Pricing Documentation File

### Contacts:

**Peter de Ruiter**  
Partner  
E-mail: Peter.deRuiter@ro.pwc.com

**Mihaela Mitroi**  
Partner  
E-mail: Mihaela.Mitroi@ro.pwc.com

**Ionut Simion**  
Partner  
E-mail: Ionut.Simion@ro.pwc.com

**PricewaterhouseCoopers Romania**  
Opera Center  
1-5 Costache Negri Street  
5<sup>th</sup> District, Bucharest  
Tel: + 40212028500  
Fax: + 40212028600

This Tax & Legal Alert is produced by  
PricewaterhouseCoopers' tax department

## Tax & Legal Alert

ROMANIA 19 February 2008

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2008 PricewaterhouseCoopers Romania. All rights reserved. "PricewaterhouseCoopers" refers to the Romanian firm of PricewaterhouseCoopers or, as the context requires, the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

**PRICEWATERHOUSECOOPERS** 

Order no. 222 of 8 February 2008 approves the content of the transfer pricing documentation file.

The Order is supplemented by the Transfer Pricing Guidelines issued by the Organisation for Economic Cooperation and Development (OECD) and the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union, published in the Official Journal of the European Union No. C176/01 of 28 July 2006.

### Obligation to prepare and present the transfer pricing documentation file

During a general or partial tax inspection, taxpayers involved in related party transactions are obliged to present the transfer pricing documentation file, upon the written request of the tax authority.

The deadline for presenting the transfer pricing documentation file to the tax authority is determined based on the number of related parties involved in transactions, the number of transactions and their complexity, as well as the period of time in which the transactions take place. This deadline will not exceed three calendar months, with the possibility of a single extension equal to the period initially established.

The information included in the transfer pricing documentation file has to be presented to the tax authority in Romanian language.

Taxpayers applying advance pricing agreements issued by the National Agency for Tax Administration are no longer obliged to prepare and present the transfer pricing documentation file for the transactions and periods of time to which these agreements refer.

### The content of the transfer pricing documentation file

The transfer pricing documentation file contains general information about the taxpayer and its group, details on related party transactions and the methodology for determining the transfer prices.

The content of the file generally follows the guidelines included in the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union. Thus, the transfer pricing documentation file should include both elements from the master file prepared at group level and from the country specific documentation.

### Sanctions

Failure to present the transfer pricing documentation file or presenting an incomplete file following two consecutive requests may trigger estimation of transfer prices by the tax authorities, based on generally known information, as the arithmetic mean of three transactions considered similar.

[Source: Romanian Official Gazette No. 129/ of 19.02.2008]

For more information, please contact Peter de Ruiter, Mihaela Mitroi or Ionuț Simion