

Denmark adopts contemporaneous transfer pricing documentation legislation

April 1, 2019

In brief

The Danish parliament (Folketinget) adopted an important amendment and tightening of the Tax Control Act (L 13 Forslag til Skattekontrollov) of October 4, 2017 that is in force from January 1, 2019 with regard to transfer pricing documentation.

The new law adopts the notion of contemporaneous transfer pricing documentation — i.e., transfer pricing documentation must be prepared on a contemporaneous basis and be completed at the latest when the tax return is filed, typically six months from the end of the financial year.

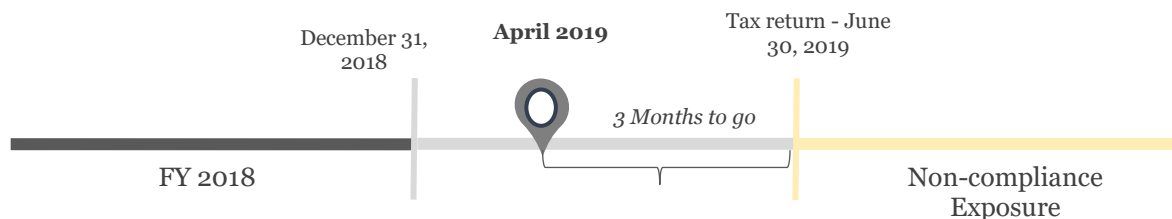
In detail

The new law explicitly draws a distinction between the deadline for preparation of transfer pricing documentation — i.e., at the time of filing the tax return — and the deadline for submission of transfer pricing

documentation to tax authorities during the course of audit — i.e., 60 days after a formal request is made by the tax authorities.

At the earliest, the new law is applicable for companies with financial years beginning January 1, 2018. FY18 is the

first year subject to the new rules, giving the tax authority the ability to make an assessment if the taxpayer fails to comply. More frequent fines — i.e., DKK 250,000 per income year per legal entity — may be asserted for even minor compliance gaps.



The takeaway

Danish transfer pricing documentation must be prepared on a contemporaneous basis and be completed at the latest when the tax return is filed.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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