



The requirements for the Master file and the information to be contained therein

In the cases, under the procedure and to the extent provided for in the act On Taxes and Duties, the taxpayer referred to in the Corporate Income Tax Act who is **resident or a permanent establishment of a non-resident** is required to justify in the **Master file** that the prices (value) applied in its transactions carried out with the persons specified in Section 15.2, Paragraph two, Clauses 1, 2 and 3 of the said act, is consistent with the arm's length principle.

According to Section 15.2, Paragraph eight of the act On Taxes and Duties, the **Master file** is the transfer pricing documentation that contains information about the whole multinational enterprise group and includes at least the following information:

1. the organisational structure of the multinational enterprise group, including the legal and share ownership structure, and the geographical location of the entities of the group;
2. the description of the business activity of the multinational enterprise group;
3. the intangible assets of the multinational enterprise group;
4. internal financing activity in the multinational enterprise group;
5. the financial statements and taxes of the multinational enterprise group.

According to Section 15.2, Paragraph ten of the act On Taxes and Duties, the Cabinet shall lay down the requirements on the detailed content of the information to be included in the Master file.

If the total value of transaction in the relevant reporting year does not exceed 20,000 euro, when preparing the transfer pricing documentation, the taxpayer may in any case consider it not to be a material transaction in the meaning of Paragraphs eight and nine thereof and not to include the information about this transaction in the transfer pricing documentation.

According to Paragraph 2 of the Cabinet Regulation No 802 “Transfer pricing documentation and the procedure for entering into advance rulings between the taxpayer and the tax administration on determining the arm’s length price (value) for a transaction or a type of transactions” of 18 December 2018,

the following information shall be included in the Master file:

2.1. the organisational structure of the multinational enterprise group related to the taxpayer (including the legal and share ownership structures), and the geographical location of the group’s entities;

2.2. the description of the business activity of the multinational enterprise group related to the taxpayer, including the following information:

2.2.1. the key factors affecting the financial performance (description);

2.2.2. the description of the supply chain for the group’s five largest products or service offerings by turnover, goods or services, and the description of any other product or service, if the delivery of the relevant goods or rendering of the services accounts for at least 5% of the turnover of the multinational enterprise group related to the taxpayer (this information may also be presented in the form of a chart or diagram);

2.2.3. the key service agreements (other than R&D service agreements), entered into by and between the members of a multinational enterprise group related to the taxpayer (a list and a short description thereof). The description shall also include information on capacity in the key places of providing services as well as the transfer pricing policy for cost allocation and determining the price (value) in relation to the mentioned services provided within the group;

2.2.4. the description of the main geographic markets for the goods and services of the multinational enterprise group related to the taxpayer referred to in the sub-clause 2.2.2;

2.2.5. a brief functional analysis of such individual entities of the multinational enterprise group related to the taxpayer, which affect the group's financial performance. The analysis should cover the key functions carried out, risks assumed and significant assets used;

- 2.2.6.** information on significant business restructuring transactions, acquisitions and divestitures occurring in the relevant reporting year;
- 2.3.** the intangible property of the multinational enterprise group related to the taxpayer:
- 2.3.1.** a general description of the strategy of the multinational enterprise group related to the taxpayer with regard to the development of intangible property, property rights and exploitation thereof, specifying the key R&D facilities and the location of R&D management thereof;
- 2.3.2.** a list of the key intangible assets or intangible asset groups of the multinational enterprise group related to the taxpayer, specifying which of the entity legally owns the relevant property or property group;
- 2.3.3.** a list of the key agreements regarding intangible property among related companies, including cost investment agreements, cost-sharing agreements, research contracts and licence agreements;
- 2.3.4.** the description of the transfer pricing policy implemented by the multinational enterprise group related to the taxpayer with regard to R&D and intangible assets;
- 2.3.5.** a general description of the transfer of intangible property rights between related parties in the relevant reporting year, specifying the involved multinational enterprise entities related to the taxpayer, countries and the compensation related to the intangible property;
- 2.4.** intercompany financial activity in the multinational enterprise group related to the taxpayer:
- 2.4.1.** the description of how the multinational enterprise group related to the taxpayer is financed, including information on key financial transactions with unrelated lenders (creditors);
- 2.4.2.** information on all entities of the multinational enterprise group related to the taxpayer, which ensure the group's financial centre, specifying the country of registration and actual place of management of each such group entity;
- 2.4.3.** a general description of the transfer pricing policy implemented by the multinational enterprise group related to the taxpayer with regard to the financial relations between related companies;

2.5. the financial statements and taxes of the multinational enterprise group related to the taxpayer:

2.5.1. the current year consolidated financial statements or, if not, other consolidated documentation, prepared for regulatory, management, tax or other purposes;

2.5.2. the existing unilateral advance pricing ruling and other cross-border rulings related to income allocation between countries (a list and a brief description thereof).