

Flash Report

Ukraine • Issue#42/2015 • 28 September 2015

TP legislation: monitoring procedure was approved



Contacts:

Camiel van der Meij

Partner & TLS Leader, Tax and Legal Services
camiel.van.der.meij@ua.pwc.com

Slava Vlasov

Partner, Tax and Legal Services
slava.vlasov@ua.pwc.com

Yaroslav Guseynov

Director
Tax and Legal Services
yaroslav.guseynov@ua.pwc.com

Olga Trifonova

Senior Manager, transfer pricing group leader
Tax and Legal Services
olga.trifonova@ua.pwc.com

PwC Ukraine

75 Zhylyanska Street, Kyiv, 01032
Tel: +380 44 354 0404
Fax: +380 44 354 0790

www.pwc.com/ua

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The procedure of monitoring controlled transactions and interviewing employees has been approved

The Ministry of Finance of Ukraine approved Order № 706 dated 14 August 2015 (hereinafter – the Order) on the procedure of monitoring controlled transactions and interviewing a taxpayer's authorized officials and/or employees on transfer pricing (hereinafter – TP).

Monitoring will be conducted in the following way:

- monitoring of prices and conditions in the controlled transactions;
- analysis of information on the controlled transactions provided by the taxpayer in accordance with the Tax Code of Ukraine;
- analysis of information sources containing information on the taxpayer's activities.

In order to establish whether the conditions of the controlled transactions are at arm's length, the tax authorities may interview a taxpayer's authorized representatives and/or employees during the analysis of the reports on the controlled transactions or TP documentation.

For the purposes of the interview, the tax authorities will determine the taxpayer's authorised representative and/or employee, who was the responsible decision maker in the relevant areas of its business and/or prepared, signed the documents regarding the controlled transaction, and/or prepared the report on the controlled transactions, the information on the controlled transaction or TP documentation. The results of such interview will be registered in the protocol.

Thus, the tax authorities determine the necessity of an interview, its stages and the scope of questions.

The notification regarding such interview should be sent to the taxpayer at least 7 days before the interview or delivered at least 2 working days before the interview.

The Order will come into force on the day of its publication.

We will keep you updated on further changes to the TP legislation.