

Flash Report

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Changes in OECD TP regulations



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Potential impact of BEPS on the Ukrainian Transfer Pricing Legislation

As you may know, the President of Ukraine announced the so-called de-offshorization process in Ukraine. As a result, there is an intention to align Ukraine's transfer pricing (TP) legislation with the recent BEPS* initiatives.

In view of the above, we start informing you about recent developments in the BEPS TP initiatives, and will keep you updated.

On 23 May 2016, the OECD Council approved the amendments to the OECD TP Guidelines** as set out in 2015 BEPS Report on Actions "Aligning Transfer Pricing Outcomes with Value Creation" and "Transfer Pricing Documentation and Country-by-Country Reporting".

The key amendments include the following:

- establishment of a three-tiered approach to TP documentation including a master file, local file and country-by-country report;
- implementation of requirements on proper alignment of contractual risk allocation with actual circumstances;
- implementation of guidance in respect of low value adding services;
- amendments and recommendations regarding "intangible assets";
- introduction of guidance on commodity transactions.

We will continue to monitor the situation and keep you updated on this issue.

* *Base Erosion and Profit Shifting*

** *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*