



TRANSFER PRICING DOCUMENTATION

The experience of Uruguay

Maria Jose Santos¹
DGI-URUGUAY

A THREE TIERED APPROACH

- DOCUMENTATION REQUIREMENTS (for certain taxpayers):
 - LOCAL FILE
 - MASTER FILE
 - COUNTRY BY COUNTRY REPORT
- SPECIAL TAX RETURNS (FORM 3001)
- SPECIFIC TP FINES (up to USD 200.000, depending on the severity of the infringement)

FORM 3001

- A NEW VERSION OF THE TRANSFER PRICING TAX RETURN (FORM 3001) WAS INTRODUCED IN 2018 FOLLOWING THE NEW INTERNATIONAL STANDARDS.
- CHANGES ALLOW TO HAVE:
 - A BRIEF FUNCTIONAL ANALYSIS INFORMATION
 - SUBSTANCES INDICATORS
 - SUMMARY OF THE ECONOMIC ANALYSIS
 - STATISTICAL INFORMATION
 - TP POLICIES
 - NEW DATA, IN LINE WITH THE NEW TP APPROACH (Master File and CbC Report)
- ALL THIS INFORMATION CAN BE MANAGED IN A DATABASE ALLOWING THE TAX ADMINISTRATION TO MAKE DIFFERENT TYPE OF ANALYSIS AND INVESTIGATIONS.

CHAPTERS OF INFORMATION

1. ACTIVITY DESCRIPTION
2. PARTICIPATING RELATED ENTITIES
3. CONTROLLED TRANSACTIONS
4. SUMMARY OF CONTROLLED TRANSACTIONS
5. FINANCIAL STATEMENTS
6. TRANSFER PRICING POLICY
7. SOME PARTICULAR QUESTIONS REGARDING THE TAXPAYER
8. SOME PARTICULAR QUESTIONS REGARDING THE MNE GROUP
9. INTERCOMPANY CONTRACTS
10. INTANGIBLE USED BY THE TAXPAYER
11. TAXPAYER'S INTANGIBLE USED BY OTHER RELATED ENTITIES
12. THE ECONOMIC ANALYSIS

1. ACTIVITY DESCRIPTION

- BRIEF DESCRIPTION OF THE TAXPAYER

Industrial classification

2. PARTICIPATING RELATED ENTITIES

- IDENTIFICATION
 - COUNTRY
 - NAME
 - ADDRESS
 - N° EMPLOYEE
- FUNCTIONS
- RELATIONSHIP
 - ASSOCIATED ENTERPRISE
 - LOW OR NIL TAXATION REGIME
 - PARENT COMPANY – PERMANENT ESTABLISHMENT

Substance / relationship

3. CONTROLLED TRANSACTION 4. SUMMARY

- FOR EACH OPERATION:

- COUNTERPART
 - NAME
 - FUNCTIONS
- AMOUNT
- DEBTOR /CREDIT BALANCE
- ¿IS IT ANALYZED IN THE TP LOCAL FILE?
- FOR TANGIBLE GOODS' TRANSACTION:
 - ORIGIN
 - FINAL RECIPIENT COUNTRY

- FOR EACH TYPE OF CONTROLLED OPERATIONS
 - TOTAL AMOUNT IN PESOS
 - TOTAL AMOUNT IN INDEXED UNITS
- TRANSFER PRICING ADJUSTMENT

Significant/ payment / analyzed / intermediaries (identification originator or recipients)

5. FINANCIAL STATEMENTS

- SALES
- COST OF SALES
- OPERATING EXPENSES
- OPERATING INCOME

Size / total profit / evolution

6. TRANSFER PRICING POLICY

- REFERENCE TO THE LOCAL FILE
 - I&D
 - INTANGIBLE
 - CONTROLLED OPERATIONS

Identify risky operations

7. SOME PARTICULAR QUESTIONS *(from the perspective of the taxpayer)*

- GLOBAL ATTRIBUTION OF GENERAL EXPENSES THIS YEAR?
- TRANSFER OF PERSONNEL IN THE LAST 5 YEARS?
- BUSINESS RESTRUCTURING IN THE LAST 5 YEARS?
- EXCEPTIONAL CASES OR SPECIAL SITUATIONS THAT AFFECT THE OPERATION IN THE LAST 5 YEARS?
- TRANSFER OF INTANGIBLES IN THE LAST 5 YEARS?
- DISCONTINUED FUNCTIONS OR LINE OF BUSINESSES, IN THE LAST 5 YEARS?

Expenses/ transfer/ extraordinary events/ erosion of the tax base.

9. OTHER QUESTIONS

From the perspective of the MNE GROUP

- APAS WITH OTHER ADMINISTRATIONS? IF YES, DETAIL THE TAX ADMINISTRATIONS AND THE GROUP ENTITIES.
- REORGANIZATIONS OR CORPORATE OR BUSINESS RESTRUCTURINGS MADE BY THE MNE GROUP IN THE LAST 5 YEARS?
- TRANSFER OF INTANGIBLES MADE BY THE MNE GROUP IN THE LAST 5 YEARS?

APAs / transfer of business / reorganizations

9. INTERCOMPANY CONTRACTS

- COUNTERPART
- TYPE OF CONTRACT
- BRIEF DESCRIPTION OF CONTRACT'S OBJECT
- DATE
- LOCAL FILE REFERENCE

Existence of contracts / dates / changes

10. INTANGIBLES USED BY TAXPAYER

- OWNER OF THE INTANGIBLE
- COUNTRY
- NAME
- TYPE OF INTANGIBLE
- LOCAL FILE REFERENCE

11. TAXPAYER'S INTANGIBLE USED BY OTHERS

- USER OF THE INTANGIBLE
- COUNTRY
- NAME
- TYPE OF INTANGIBLE
- LOCAL FILE REFERENCE

Asset / transfer of intangibles / internal comparable / statistical information evolution & changes

12.1 ECONOMIC ANALYSIS (RPM, CPM, TNMM)

- FOR EACH OPERATION:
 - TESTED PARTY
 - FUNCTIONS
 - INDUSTRIAL CODE
 - TOTAL COMPANY OR SEGMENT INFORMATION?
 - PROFIT INDICATOR
 - TRANSFER PRICING ADJUSTMENT
 - LOCAL FILE REFERENCE
- COMPARABLES
 - TYPE OF SELECTED COMPARABLE (INTERNAL/ EXTERNAL)
 - SOURCE OF INFORMATION
 - WORKING CAPITAL ADJUSTMENT
 - OTHER COMPARABILITY ADJUSTMENT
 - ACCOUNTING RECLASSIFICATION
- COMPARABLE MARGINS: ARM`S LENGTH RANGE (N° OBSERVATION, TOTAL AND INTERQUARTILE RANGE).
- OPERATIVE INCOME AND PLI

Methodology / Principal adjustments / tested functions / range / reclassifications / databases / identify potential comparable

12.2 ECONOMIC ANALYSIS (CUP)

- GENERAL
 - PRODUCT
 - TRANSFER PRICING ADJUSTMENT
 - LOCAL FILE REFERENCE
- OPERATION INCLUDED IN ANALYSIS
- COMPARABLES
 - TYPE OF SELECTED COMPARABLE (INTERNAL/EXTERNAL)
 - SELECTED COMPARABLES
 - SOURCE OF INFORMATION
 - COMPARABILITY ADJUSTMENT

12.3 ECONOMIC ANALYSIS (Profit split method)

- GENERAL
 - TRANSFER PRICING ADJUSTMENT
 - LOCAL FILE REFERENCE
- OPERATION INCLUDE IN ANALYSIS
- COMBINED PROFIT TO BE SPLIT
- ENGAGED ENTITIES
 - NAME
 - % OF PARTICIPATION
- ¿IS THE ANALYSIS COMPLEMENTED BY OTHERS?

Principal adjustment/Operation: Method use to analyze and interquartile /adjustments/ database/ identify potential comparables/ highly integrated operations and unique and valuable contribution.



ASANTE SANA

MUCHAS GRACIAS

THANK YOU

Maria Jose Santos

msantos10@adinet.com.uy

mjsantos@dgi.gub.uy