



Transfer Pricing Global Services

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The Spanish transfer pricing regulation states the obligation of documenting transactions between related parties, requiring valuing and justifying that such operations were carried out according to the arm's length principle.

Lack or falseness of this documentation involves the application of a specific penalty regime, which can be aggressive and disproportionate.



For the proper compliance of these specific tax obligations, the Transfer Pricing Department of Auren offers a complete and integral solution in all the lifecycle of the related transactions of its clients, providing the following services:

## 1 Identification and design of the transfer pricing policies applied by multinational groups.

- Definition and evaluation of transfer pricing policies.
- Coordination and collaboration with AUREN INTERNACIONAL tax members, to provide for the client transfer pricing global services.
- Guidance and evaluation of intercompany contracts.
- Design and evaluation of Cost Contribution Arrangements (CCA).

## 2 Advisory on tax compliance of the documentation obligations.

- Preparation of documentation to comply with local requirements: Country-by-country report, Master File and Local File.
- Provide evaluation of current transfer pricing policies.

- Review documentation prepared by in-house tax departments or outside tax consultants to provide a third party opinion.
- Update of transfer pricing dossiers of subsequent financial years.

## 3 Implementation and evaluation of established transfer pricing policies.

- Implementation of the defined transfer pricing policies.
- Valuation of the designed transfer pricing policies, and verification of its correct implementation.
- Evaluation of the commercial implications resulting from the valuation of related-party transactions.

## 4 Assistance in tax dispute procedures and Advanced Pricing Agreements (APA).

- Legal advice on the tax dispute procedures and participation in negotiations with the Spanish Tax Administration.
- Assistance in Advanced Pricing Agreements (APA) with the Spanish Tax Administration.
- Collaboration and conflict resolution in the practice of Mutual Agreement Procedures (MAP).



## TARGETED CLIENTS: TRANSFER PRICING DEPARTMENT

Generally, targeted clients of the Transfer Pricing Department are those related entities for tax or commercial purposes, when, moreover, it happens to meet the explained requirements as follows:

### I. RELATED ENTITIES FOR TAX PURPOSES

Those entities carrying out transactions with a tax related party or individual, according to the definition stated on the following table in section 4- first column (TAX APPROACH), only if the consideration of all transactions carried out with the same individual or related entity does not exceed the amount of 250.000€ within the same fiscal year.

RELATIONSHIP BETWEEN PARTIES	TAX APPROACH Until 1 January 2015	TAX APPROACH As of 1 January 2015	COMMERCIAL APPROACH	ASIMETRIES
Entity - Partner	1% listed company 5% unlisted company	25%	20%	5% (25%) versus 20%
Entity - Administrator	Administrators of law and fact.	Administrators of law and fact	Administrators and managers	Administrators of fact and managers
Entity - Administrator (retribution derived from its functions)	Related Parties	Not related parties	Related Parties	Retribution to Administrators are considered as not related.
Entity - Partner or Administrator from other company of the same group	Related Parties	Related Parties	Only related if parent company	Different definition of the concept "group". Sister companies.
Entity - Partner's or Administrator's relatives from other Company of the same group.	Spouses and direct or collateral relatives up to the third degree of consanguinity or affinity	Spouses and direct or collateral relatives up to the third degree of consanguinity or affinity	Spouse, ascendants, descendants and siblings in charge of spouse or individual	Individuals in charge. Affinity relationships
Entity - Another investee Company (Indirect holding).	25%	25%	20%	25% versus 20%
CHHeadquarter - Branch	Related Parties	Related Parties	Legal identity with reporting entity and accounting identity with consolidating matrix.	Meaningless the comercial relation.

### II. RELATED ENTITIES FOR COMMERCIAL PURPOSES

Those entities carrying out transactions with a tax related party or individual, according to the definition stated on the following table in section 4- second column (COMMERCIAL APPROACH), whatever being the consideration of all transactions carried out with the same individual or related entity, barring the amount of those transactions are of a "minor quantitative and lack relevance to express the true and fair view of the assets, the financial situation and the result of the company".

### III. RELATED PARTY RELATIONSHIP: TAX AND COMMERCIAL

In order to determine the relationship of the parties involved, it is necessary to define that concept from a fiscal point of view as from a commercial point of view. In the following table, it is shown a comparison between different related fields (fiscal and commercial) briefly.

## LOCATED IN



**EUROPE:** Andorra, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, **Germany**, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Montenegro, Norway, Poland, **Portugal**, Romania, Russia, Serbia, **Spain**, Sweden, Switzerland, **The Netherlands**, Ukraine, United Kingdom. **AMERICA:** **Argentina**, Bolivia, Brazil, Canada, **Chile**, **Colombia**, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, **Mexico**, Panama, Paraguay, Peru, **Uruguay**, USA, Venezuela. **MIDDLE EAST AND AFRICA:** UAE, Algeria, Angola, Egypt, Israel, Mauricio, Morocco, Nigeria, Saudi Arabia, South Africa, Tunisia, Turkey. **ASIA-PACIFIC:** Australia, China, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Singapore, Thailand.



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