

## Transfer pricing:

New law introducing transfer pricing documentation requirements and country-by-country reporting ('CbCR')

***Your company may be affected by the introduction of CbCR and formal transfer pricing documentation requirement as from assessment year 2017***

A Program Act introduces a statutory transfer pricing documentation requirement applicable as from assessment year 2017. It is, therefore, important that companies proactively get ready and start the process of gathering the required information.

A CbCR, compliant with the OECD and EU provisions, will be applicable to groups with a consolidated gross turnover exceeding 750 million euro (gross turnover includes gross operating revenues, gross financial revenues and gross extra-ordinary revenues). Qualifying groups will have to file the CbCR reports within 12 months after the closing of the consolidated financial statements of the group.

Besides the CbCR report, Belgium introduces requirements for filing a "Masterfile" and a "Local file" for each Belgian company or permanent establishment ('PE') that meets one of the following thresholds (will be assessed on a stand-alone basis- for the preceding financial year):

- Operating and financial revenues of 50 million EUR;
- Total balance sheet total of 1 billion EUR;
- Annual average of full time equivalents of 100.

The Masterfile must be submitted by means of a form to the Belgian tax authorities within 12 months after the closing of the consolidated financial statements.

The "Local file" will be in 2 parts:

- First part: information on the local entity will have to be filed by all companies or PE satisfying one the above thresholds.
- Second part: detailed information form that will include the entire transfer pricing analysis (financial data, comparability analysis, selection of the most appropriate transfer pricing method). This part will have to be filed by companies or PE satisfying the above thresholds and that have cross-border transactions exceeding a value of 1 million EUR in total.

Penalties ranging from 1,250 to 25,000 EUR will be applied to companies or PE that fails to satisfy the reporting and filing requirements.

Our transfer pricing team stays at your disposal to analyze your case and advice you on the steps to be taken.

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