TAX SERVICES

getsix®

TRANSFER PRICES 2025

- DOCUMENTATION THRESHOLDS
- TRANSFER PRICING VERIFICATION

HLB THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

TRANSFER PRICES 2025

The taxpayer is required to prepare local transfer pricing documentation for a controlled transaction of a homogeneous nature whose value, less value added tax, exceeds the following documentation thresholds in the reported financial year:

- **PLN 10,000,000.00** in the case of a commodity trade transaction,
- **PLN 10,000,000.00** in the case of a financial transaction,
- **PLN 2,000,000.00** in the case of a service transaction,
- **PLN 2,000,000.00** in the case of a transaction other than the one specified above.

In the case of controlled transactions with an entity having its place of residence, registered office or management in a territory or in a country applying harmful tax competition or a foreign permanent establishment located in a territory or in a country applying harmful tax competition (transactions with entities from so-called tax havens), the documentation threshold is:

- **PLN 2,500,000.00** in the case of a financial transaction,
- **PLN 500,000.00** in the case of a transaction other than a financial transaction.

Documentation thresholds will be established separately for:

- any controlled transaction of a homogeneous nature irrespective of the allocation of the controlled transaction to commodity, financial, service or other transactions,
- cost and revenue side.

Transfer pricing is verified using the most appropriate method in the circumstances, selected from the following methods:

- a comparable uncontrolled price,
- a resale price,
- cost plus,
- net transaction margin,
- distribution of profits.

In determining the amount of income (loss), the tax authority shall apply the method adopted by the affiliate, unless the application of a method other than that adopted by the affiliate is more appropriate under the identified circumstances.

Local transfer pricing documentation should be prepared by the end of the 10th month after the end of the tax year.

The taxpayer is required to submit the transfer pricing information on the TPR form by the end of the 11th month after the end of the tax year.

An integral part of the transfer pricing information, is a statement issued by the management board that the local transfer pricing documentation has been prepared and that it has been prepared in accordance with the actual state of affairs and that the transfer prices covered by the documentation are determined on the arms' length principle applying for unrelated parties.

In the catalogue of exemptions from the obligation to prepare local documentation, the most important is the exemption from the obligation to prepare local documentation for transactions concluded exclusively by affiliates having their residence, registered office or management on the territory of the Republic of Poland in the tax year in which each of these affiliates meets certain conditions, in particular none of them suffered a tax loss.

If the consolidated income of the capital group in the previous tax year exceeded the limit of **PLN 200,000,000.00**, the capital group is obliged to prepare the Master File documentation, by the end of the 12th month after the end of the tax year.

From 2022, pursuant to the legal act amending the CIT legislation, the obligation to prepare local transfer pricing documentation does not apply (among others) to:

- transactions between foreign permanent establishments (from the EU or the EEA) located on the territory of Poland and transactions between such permanent establishments and a Polish related party provided that no tax loss incurred and no exemptions used,
- transactions involving only the settlement between affiliated parties of expenditure incurred on behalf of an unrelated party, where the following cumulative conditions are met:
  - no added value is created, and the settlement is made without taking into account a profit margin or mark-up,
  - the settlement is not directly related to another controlled transaction
  - the settlement occurred immediately after the payment to the unrelated party,
  - the related party is not an entity that has its residence, registered office or central administration in a territory or country applying harmful tax competition,
- transactions involving low value-added services where the conditions set out in the legal act are met (safe harbour for low value-added services),
- transactions involving a loan, credit, or bond issue - where the conditions set out in the legal act are met (safe harbour for financial transactions).

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