

Honduras

Transfer Pricing Country Profile¹

May 2025

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic transfer pricing framework² make reference to the arm's length principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Decree No.232-2011 , Transfer Pricing Regulation Law, Articles: 1 and 3 numeral 5. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 10 and 33. https://www.sar.gob.hn/download/acuerdo-027-2015/
2	Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 38. As a technical reference for the provisions of this Regulations, the OECD TPG is followed, if they are consistent with the provisions of the Honduras legal framework.

¹ Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

² For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

3	<p>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>“Article 3 Definition of Terms - It will be understood by:</p> <p>...3) Related or Associated Parties: For tax purposes it will be considered that two or more natural or legal persons, domiciled or not, are related parties, when:</p> <ul style="list-style-type: none"> a) A natural or legal person participates directly or indirectly in the management, control, or capital of another duly documented and legalized; b) The same natural or legal persons participate directly or indirectly in the direction, control, or in the capital of another duly documented and legalized; c) Are companies that individually constitute a decision unit, where one company is another company’s partner in accordance with the provisions of Article 4 of the present Law and is in relation to this in some of the following situations: i) Possess the majority of the voting rights. Has the power to appoint or remove most of the members of the administration body; ii) By virtue of celebrated agreements with other partners, may settle the majority of the voting rights; and iii) With its votes has exclusively designated most of the members of the administration body; d) Carries out commercial and financial direct or indirect operations, meant as indirect those intended to reduce the taxable base of the Income Tax, between resident or domiciliated taxpayers in the national territory and people located in another jurisdiction qualified as a tax haven; e) A natural or legal person resident in the country has permanent establishments abroad; and, f) It is a company related to another with the same directors or administrators”. <p>“Article 4.- Level of Participation.- When the participation between parties or related natural or legal persons is defined based on the share capital or the control of voting rights, said direct or indirect participation must be more than fifty percent (50%)”.</p> <p>Other criteria of related parties is included in the Regulation of the Transfer Pricing Regulation Law.</p> <p>For example:</p> <ol style="list-style-type: none"> 1. A natural or legal person participates directly or indirectly in the management, control or capital of the other company, including the participation exercised by through the link or relationship that can be established between natural persons in accordance with the provisions in Title IX of the Family Code and its reforms; 	<p><u>Decree No.232-2011</u>, Transfer Pricing Regulation Law, Article 3 paragraph 3 and Article 4.</p> <p><u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Article 11, 12 & 13.</p>
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	<p>2. The same person or persons who are a direct participant or indirectly in the management, control, or capital of both companies, including the participation exercised by through the link or relationship that can be established between natural persons in accordance with the statute in Title IX of the Family Code and its reforms;</p> <p>3. A natural or legal person residing in the country when owns Permanent Establishments abroad;</p> <p>4. A Permanent Establishment located in Honduras that has its Headquarters resident abroad and another Permanent establishment of the same; or a natural person, company, or company related to it;</p> <p>5. When you enjoy exclusivity as an agent, distributor, or concessionaire for the sale of goods, services, or rights on the part of another, as long as the contractual relationship between them characters magazine preferential in relation to those granted ordinarily in contracts of the same type;</p> <p>6. When contractual clauses of a nature are agreed preferential, in relation to those granted to third parties in similar circumstances;</p> <p>7. When there is financial or economic dependence, derived from joint action agreements, trust deposits, among the main ones;</p> <p>8. The Counterpart is incorporated in a country or territory classified as a tax haven capable draw on the publications of the Organization for the Economic Cooperation and Development (OECD).</p> <p>Among others established in the regulations. (Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 12).</p>	
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Transfer Pricing Methods

4	<p>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (If so, please describe)</th></tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> </tbody> </table>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input checked="" type="checkbox"/>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Articles: 8 and 10.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 23.</p>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										

	<p>Other method: Method applicable to export transactions of internationally traded goods</p> <p>In the case of export operations involving goods with known quotation in transparent markets, stock exchanges or similar, the exporter subject to Income Tax may choose to apply the method of the comparable uncontrolled price between independent parties, being considered as such, the quotation value of the merchandise in the transparent market, stock exchanges or similar, at the date of the beginning of the shipment. This price may be modulated according to the incidence that can be proved normally admitted by origin in Honduras.</p> <p>To determine the value of commercial and financial transactions at arm's length conditions, the taxpayer can apply any of the methods above listed, or use a different one, as long as the taxpayer can prove that none of the above can be reasonably and reliably applied to determine the conditions of free competition of the related or associated operation and that this other method generates a result compatible with the result that independent companies would have obtained in comparable operations performed under comparable circumstances. The taxpayer who resorts to the use of a method other than those described above, must use a method that is in accordance with international standards and practices.</p>	
5	<p>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</p> <p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (if so, please explain)</p> <p>The taxpayer to establish the most appropriate valuation method apply the Best Method Principle in accordance with general market practices and customs and specific circumstances of the case. In this sense, taxpayers should apply the method that is best compatible with the line of business, the structure of the business of the company or entity.</p> <p>It will be understood as general practices and customs market those established in the OECD TPG.</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 8 & 9.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 24.</p>

6	<p>Does your domestic transfer pricing framework contain specific guidance on commodity transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input checked="" type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (if so, please explain)</p> <p><input type="checkbox"/> No</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 10.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 23.</p> <p>Decree No.62-2019, Article 1.</p>
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Comparability Analysis

7	<p>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 7.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 17, 18, 19, 20, 21 and 38.</p>
8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 20.</p>

		<p>When local information is not available for the purposes of determining comparable transactions, information from domestic and foreign companies from reliable public and private data sources may be used, making the relevant adjustments to reflect market differences.</p> <p>Additionally, information from the taxpayer and comparable transactions corresponding to the five (5) years prior to the fiscal year in which the operation or transaction under analysis was carried out may be taken into consideration, making the relevant adjustments.</p> <p>Likewise, information from five (5) previous years may be used to determine the origin of the declared losses, when they are part of other losses generated in comparable transactions or are the result of specific conditions from previous years.</p>	
9	Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Article 20.
10	Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>To determine the price, the amount of the transaction or profit margin that would have been used between independent parties in comparable transactions and resulting from the application of any of the methods in the legal framework, a price range, amount of the transaction or profit margins can be obtained when there are two or more comparable transactions and when the price determined that independent parties would have used in that operations does not result of a price or exact margin but only an approximation of it.</p>	<u>Decree No.232-2011</u> , Transfer Pricing Regulation Law, Article 9. <u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Articles: 25 and 26.
11	Are comparability adjustments required under your domestic transfer pricing framework?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>For the comparability analysis to take place, two or more transactions can be comparable when no significant differences exist that affect the price of the good or service or the transaction margin, or those differences can be reasonably adjusted or eliminated.</p>	<u>Decree No.232-2011</u> , Transfer Pricing Regulation Law, Article 7. <u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Article 17.

Intangible Property

12	<p>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 28 and 38.</p>
13	<p>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 28.</p>

Hard-to-Value Intangibles

14	<p>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?³</p>	<p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p>	<p>The Tax Administration has not yet established specific measures regarding intangibles that are difficult to value.</p>
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³ In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

Intra-Group Services

23	<p>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</p>	<p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 12.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 27 and 38.</p>
24	<p>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</p>	<p><input type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p>	<p>The Tax Administration has not yet established any simplified approach for low value-adding intra-group services.</p>
25	<p>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>There is no specific guidance on this matter.</p>

Financial Transactions

26	<p>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</p>	<p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG?</p> <p><input type="checkbox"/> Yes</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Articles: 5, 6 and 11.</p>
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		<p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p> <p>There is no specific guidance on this matter.</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 15, 16 and 38.</p>
27	<p>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments or any similar rules)</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>In the Income Tax on withholding tax on transactions with non-residents, Article 5 establishes that the interest on commercial operations, bonds, securities, or other types of obligations will be recognized only when they are paid to non-related (directly or indirectly) entities, otherwise the amount will be taxed as dividends.</p> <p>Also, on Article 12 subsection e) of Income Tax Law establishes that the interests of the capital invested or loaned in commercial companies by the owners or their relatives, partners or shareholders, are not considered deductible.</p>	<p>Decree No. 25 Income Tax Law, Articles: 5 numeral 7) and last paragraph; 12 subsection e).</p>

Cost Contribution Arrangements

	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 27 subsection 4.</p>
28	<p>Does your jurisdiction allow cost contribution arrangements?</p> <p>The Regulation on Article 27 subsection 4. establishes that:</p> <p>“...4) When a company provides services to several related or linked parties and cannot be establish what services have been provided to each of them, the total remuneration for said services must be distributed among the related or linked parties that benefit or expect to benefit from such services, according to a reasonable distribution criterion. To effects of this provision, are considered reasonable distribution criteria based on one or more variables that:</p> <p>a) Consider the nature of the services, the circumstances in which they are provided, and the benefits obtained or expected to be obtained by the recipients of the services; and/or,</p>	

		b) They refer exclusively to operations not linked, and can be measured in a way reasonably reliable”.	
Transfer Pricing Documentation			
29	Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check all that apply:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <input checked="" type="checkbox"/> Other (specify): <p>Article 32 of Agreement No. 027-2015 establishes: Transfer Pricing Study. “Taxpayers subject to the application of the Transfer Pricing Regulation Law must submit to the Executive Directorate of Revenues, when so requested, a study on transfer pricing...”.</p> <p>Article 17 of Decree No.232-2011 establishes: Documentation and Information. “For the purposes of the Law, taxpayers must submit to the Tax Administration the tax declaration, the sufficient information and analysis to assess the operations with related parties; said obligation shall be established without detriment of any additional information that is required by the Tax Administration”.</p> <p>Agreement No. SAR-653-2023: Mandatory submission Country by Country Report.</p>	<p><u>Decree No.232-2011</u>, Transfer Pricing Regulation Law, Article 17.</p> <p><u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Articles: 29, 30, 31, 32 and 33.</p> <p><u>Decree No.170-2016</u>, Tax Code, Article 113.</p> <p><u>Agreement No. SAR- 653-2023</u>.</p>

		<p>The tax administration is about to approve, by means of an Agreement, that the taxpayer present the master file.</p>	
30	<p>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</p>	<p>“Article 31.-CONTENT, DEADLINE AND MECHANISM FOR MAKING THE ANNUAL INFORMATIVE AFFIDAVIT ON TRANSFER PRICES.</p> <p>Taxpayers must submit to the Tax Administration the tax form (declaration), the information and the sufficient analysis to assess their operations with related parties, that obligation is established without prejudice to any additional information to be required at the request of the Tax Administration. They must present to the Tax Administration, considering the information of the previous fiscal period, an informative declaration through the Form called Annual Informative Affidavit on Transfer Prices.</p> <p>The deadline for submitting the Annual Informational Affidavit on Transfer Prices will be in accordance with the following:</p> <ul style="list-style-type: none"> i. Taxpayers with fiscal periods that coincide with the calendar or calendar year: From 1 January to 30 April or the next business day of each year. ii. Taxpayers with special fiscal periods: At the latest within the three months following the closing of the fiscal period. The mechanism to make the Affidavit will be through the different applications of information technology and data structure that the Tax Administration establishes for this purpose...”. <p>“Article 32.- Taxpayers subject to the application of the Transfer Pricing Regulation Law, must submit to the Tax Administration, when so requested, a study on transfer pricing that contains at least the following:</p> <ul style="list-style-type: none"> a) The activities and functions carried out by the taxpayer; b) The risks assumed and assets used by the taxpayer in carrying out said activities and functions; c) The detail of the elements, documentation, circumstances and facts valued for the justification of the prices or amounts between related parties; d) Detail and quantification of the transactions carried out with related companies; e) Identification of the related subjects to whom the transactions that are declared were carried out; f) The valuation method used, indicating the reasons and grounds for which it was considered the most appropriate method; 	<p><u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Article 30, 31, and 32.</p> <p><u>Decree No.170-2016</u> - Tax Code. Article 113</p> <p><u>Decree No.255-2002</u> Article 11.</p> <p><u>Agreement No. SAR- 653-2023.</u></p>

- g) Identification of each of the comparable operations and selected comparability factors;
- h) Identification of the information sources from which the comparable operations were obtained and the comparability factors;
- i) Details of the elements, the quantification and the methodology used to make the necessary adjustments on the selected comparable;
- j) Details of the comparable operations and the comparability factors not selected, indicating the reasons and considerations for discarding them;
- k) Description of the business activity and the characteristics of the business of the comparable companies;
- l) The median and arm's length range;
- m) The market price; and,
- n) Detail of the adjustments made to transfer prices so that they comply with the principle of free competition”.

Article 113 of the Tax Code establishes the following:

“...2) Except for natural or legal persons that have related, linked or associated parties within the national territory, they are not subject to the presentation of the Transfer Pricing Study, except those that are related or linked to natural or legal persons covered by special regimes that enjoy tax benefits...”.

3. Regarding the Country-by-Country Report:

“SECOND: OBLIGATION TO PRESENT INFORMATION

1. No later than the date specified in the FIFTH Agreement, every Ultimate Parent Entity of a Multinational Group that is resident for tax purposes in Honduras shall submit a Country-by-Country Report in accordance with the requirements of the FOURTH Agreement to the Tax Authority corresponding to its Reportable Fiscal Year.

2. No later than the date specified in the FIFTH Agreement, a Member Entity that is not the Ultimate Parent Entity of a Multinational Group shall submit a Country-by-Country Report in accordance with the provisions of the FOURTH Agreement to the Tax Authority corresponding to the Reportable Fiscal Year of the Multinational Group of which it is a Member Entity...

4. Without prejudice to the provisions of Section 2 of Agreement SECOND, a Multinational Group will not be required to submit the Country by Country Report in

	<p>Honduras when the jurisdiction where the Ultimate Parent Entity is located has set a threshold for submitting the Country by Country Report equivalent to or less than 750 million euros in national currency, according to the exchange rate in effect in January 2015”.</p> <p>“FOURTH: COUNTRY-BY-COUNTRY REPORT.</p> <p>1. For the purposes of this Agreement, the Country-by-Country Report for a Multinational Group shall contain:</p> <ul style="list-style-type: none"> i) Aggregate information regarding the amount of revenue, results before application of Income Tax, Income Tax paid, Income Tax accrued, declared capital, undistributed profits, number of employees and tangible assets other than cash and cash equivalents for each jurisdiction in which the Multinational Group operates; (ii) A list of all the Member Entities of the Multinational Group, indicating their jurisdiction of tax residence and, when different from the jurisdiction of tax residence, the jurisdiction under whose law the organisation of said Member Entity is governed and the nature of the principal economic activity or activities of said entity. <p>2. The Country-by-Country Report shall be submitted in the established format and following the definitions and instructions contained in the model included in Annex III of Chapter V of the OECD Guidelines on Transfer Pricing and the Guidelines for the preparation and presentation of Country-by-Country Reports, as updated from time to time”.</p> <p>“FIFTH: FORM AND DEADLINE FOR PRESENTATION.</p> <p>1. The Country-by-Country Report must be submitted to the Tax Authority using an XML file that complies with the standard structure established by the OECD. The electronic portal that will be enabled for the reception of the XML file will be announced through a general communication.</p> <p>2. The Country-by-Country Report required under this Agreement must be submitted within a maximum period of 12 months from the last day of the Reportable Fiscal Year of the Multinational Group”.</p> <p>Article 53 Amended by Decree 255-2022 of the Law of Administrative Procedure, contained in Decree No. 152-87 which hereinafter should be read as follows:</p> <p>“ARTICLE 53. If documents from abroad were issued in a language other than Spanish, they may be translated at the consulates of Honduras accredited in the country where the document comes from or by the Official Translator of the Republic”.</p>		
31	<p>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 18 and 19.</p>

	<p>compliance incentives regarding transfer pricing documentation?</p> <p>“Article 18 - The following constitute tax offenses:</p> <ol style="list-style-type: none"> 1) Not to provide, or provide false or manifestly incomplete or inaccurate data with the information or documentation that at the time is required by the Tax Administration; 2) Declare in any year a taxable base lower than that which would have corresponded due to an agreed valuation different from the one that independent parties would have agreed in comparable circumstances, unless there is documentation that proves or justifies the veracity of the statement; and, 3) Any other breach of the Provisions contained in this Law”. <p>“Article 19 - The tax offenses described in the previous Article will be sanctioned according to the following criteria:</p> <ol style="list-style-type: none"> 1) The infraction described in numeral 1) of the previous Article will be sanctioned with a fine of USD 10 000, payable in its equivalent in Lempiras; 2) The infraction described in numeral 2) of the previous Article will be sanctioned with a fine of 15%, calculated on the amount of the adjustment made by the Administration. If this conduct is accompanied by the one typified in number 11) of the previous Article, the previous sanction, for both offenses, will amount to 30% or USD 20 000, payable in its equivalent in Lempiras, whichever is greater. 3) The infraction described in numeral 3) of the previous Article, will be sanctioned with a fine of USD 5,000, payable in its equivalent in Lempiras”. 	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 35 and 36.</p>
32	<p>Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>In the application of the Transfer Pricing Regulation on Article 30 numeral 4 and DEI-SG-004-2016 Agreement, those natural or legal persons categorized as small taxpayers, who carry out commercial or financial operations with local related parties and / or domiciled abroad, within the same fiscal period for an accumulated amount less than USD 1 000 000, or its equivalent in Lempiras according to the exchange rate between the national currency and the foreign currency, are not obligated to file a tax form on transfer pricing.</p> <p>Taxpayers subject to the application of the Transfer Pricing Regulation Law must submit to the Executive Directorate of Revenues, when so requested, a study on transfer pricing, except for taxpayers who only have related parties within the national territory if that related party is located in a special regime with tax benefits.</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 30.</p> <p>Decree No.170-2016, Tax Code, Article 113.</p> <p>Agreement DEI-SG-004-2016</p>

Administrative Approaches to Avoiding and Resolving Disputes

33	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p> <p>Please check those that apply:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Rulings <input type="checkbox"/> Enhanced engagement or cooperative compliance programmes <input type="checkbox"/> Advance Pricing Agreements (APA) <ul style="list-style-type: none"> <input type="checkbox"/> Unilateral APAs <input type="checkbox"/> Bilateral APAs <input type="checkbox"/> Multilateral APAs <input type="checkbox"/> International Compliance Assurance Programme (ICAP) <input type="checkbox"/> Mutual Agreement Procedures <input type="checkbox"/> Other (please specify): 	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 13 & 14.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 34.</p>
<p>The APAs are allowed under domestic law, however, the Tax Administration currently does not have an APA programme in place. MAPs are not referred on the tax law.</p>		

Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

34	<p>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG⁴?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Other (please elaborate)</p>	
<p>Currently there are no measures in place regarding the simplified and streamlined approach for baseline marketing and distribution activities.</p>		

⁴ In the case of jurisdictions that do not apply the simplified and streamlined approach (i.e. they responded “no” to question 34), it is not necessary to respond to questions 35, 36 and 38 and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

37	<p>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>N/A: Please refer to the response to question 34.</p>	
Safe Harbours and Other Simplification Measures			
39	<p>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>According to Article 25 of the Income Tax Law, dividends are recognised when they have been declared and have not been paid on the date of entry into force of the Law on Strengthening Income, Social Equity and Rationalization of Public Expenditure. Likewise, accounts receivable from partners or related companies that do not arise from a commercial operation and that have a term greater than one hundred calendar days are considered dividends in advance.</p> <p>Article 5, subsection 7, states that interest on commercial operations, bonds, securities or other types of obligations will be recognized when they are paid to entities not directly or indirectly related, otherwise they will be taxed as dividends.</p>	<p><u>Decree No. 25</u> Income Tax Law, Article 25 & 5 subsection 7).</p>
Other Legislative Aspects or Administrative Procedures			
40	<p>Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>In the event that another State has made a transfer pricing adjustment (primary adjustment), taxpayers may rectify the price, value or profitability of transactions with related parties if the following conditions are met simultaneously:</p> <ul style="list-style-type: none"> • There is prior authorization from the Tax Administration (formerly the Executive Directorate of Revenue (DEI)), both with respect to the nature and the amount of the adjustment; • There must be a Convention to Avoid International Double Taxation in force with that State, which does not prohibit the corresponding adjustment; 	<p><u>Agreement No. 027-2015</u> - Regulation of the Transfer Pricing Regulation Law, Article 16, paragraph 2.</p>

		<ul style="list-style-type: none"> • The adjustments made by the other State must be paid, and are not pending administrative or judicial appeals or actions; • Adjustments must be certified by the Tax Administration of the State that made them. 	
41	Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?	<p><input type="checkbox"/> Yes. Year-end adjustments are required.</p> <p><input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed.</p> <p><input type="checkbox"/> No</p>	Manual of help of the Annual Informative Affidavit on Transfer Prices.
42	Does your domestic transfer pricing framework provide for secondary adjustments?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	Secondary adjustments do not exist in the domestic tax law.
Attribution of Profits to Permanent Establishments			
43	Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?	<p><input type="checkbox"/> Article 7 as it read before 2010.</p> <p><input type="checkbox"/> If so, please indicate in how many treaties:</p> <p><input type="checkbox"/> Article 7 as it reads after 2010.</p> <p><input type="checkbox"/> If so, please indicate in how many treaties:</p> <p><input checked="" type="checkbox"/> Other (please provide additional details)</p>	<p>The Tax Administration, through General Character Agreement, should determine the related procedures on the tax treatment of Permanent Establishments in accordance with the provisions contained in the Tax Code, the Income Tax Law and its Reforms and other applicable legal framework. Currently, this has not been established.</p>

44	<p>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)</p>	<p>Please refer to explanation in question 43.</p>
45	<p>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</p>	<p><input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules)</p> <p><input checked="" type="checkbox"/> No</p>	<p>Please refer to the explanation in question 43.</p>

Other Relevant Information

46	<p>Other legislative aspects or administrative procedures regarding transfer pricing</p>	<p>N/A</p>	
47	<p>Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)</p>	<p>The Tax Administration is working on new regulations to the Transfer Pricing Law and other related topics.</p>	

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>