

Honduras

Transfer Pricing Country Profile

February 2022

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic legislation or regulation 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.
2	What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?	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.	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 38.
3	Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 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: <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 most of the voting rights. Has the power to appoint or remove most of the members 	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 3 paragraph 3 and Article 4. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 11, 12 & 13.

of the administration body; ii) By virtue of celebrated agreements with other partners, may settle of 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,

t) It is a company related to another with the same directors or administrators.

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%).

Other criteria of related parties is included in Article 11 of the Regulation of the Transfer Pricing Regulation Law.

1. A natural or legal person participate directly or indirectly in the management, control or capital of another company, including the participation exercised by the relationship that can be established between natural persons in accordance with the provisions in Title IX of the Family Code and its reforms;

2. The same person or persons directly or indirectly is participant 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;

3. A natural or legal person resident in the country owns a Permanent Establishments abroad;

4. A Permanent Establishment located in Honduras that has its Headquarters abroad and another Permanent establishment of the same; or a person natural, company or related company to it;

5. When owns exclusivity as an agent, distributor or concessionaire for the sale of goods, services or rights on another's behalf, as long as the contractual relationship between has preferential characters in relation to those granted ordinarily in contracts of the same type;

6. When contractual clauses of preferential nature are agreed, in relation to those granted to third parties in similar circumstances;

	<p>7. When there is financial or economic dependency, derived from joint venture 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> <p>(*) There is no definition of control, but a percentage higher than 50% is applicable to the participation on the capital of related parties.</p>	
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Transfer Pricing Methods

4	<p>Does your domestic legislation 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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">CUP</th> <th style="text-align: center;">Resale Price</th> <th style="text-align: center;">Cost Plus</th> <th style="text-align: center;">TNMM</th> <th style="text-align: center;">Profit Split</th> <th style="text-align: center;">Other (If so, please describe)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </tbody> </table> <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>	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>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"/>									
5	<p>Which criterion is used in your jurisdiction 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>Decree No.232-2011, Transfer Pricing Regulation Law, Article 8 & 9.</p>												

		<input type="checkbox"/> Other (<i>if so, please explain</i>)	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 24.
6	If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.	<input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed. <input checked="" type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>) <input type="checkbox"/> Other (<i>if so, please explain</i>)	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 10. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 23. Decree No.62-2019 , Article 1.
<p>Decree No.62-2019, Article 1.</p> <p>When it comes to export operations of goods with a public price on transparent markets, stock exchanges or similar, the exporter subject to Income Tax can choose to apply the uncontrolled comparable price method between independent parties, considering as the purposes of that Article, the market value of the merchandise in the transparent market, stock exchanges or similar, to the date of beginning of shipment. This price may be adjusted according to the incidence that can be proven normally admitted by origin in Honduras, including that change in price caused by the regulation and / or control of the price through institutions or the corresponding entities. Controlled and/or regulated export prices by Institutions or the corresponding entities under the Protection of National and/or International regulations should be considered as prices that meet the arm's length principle and therefore not apply to the price in effect on the date of shipment.</p> <p>This section applies particularly to coffee exports, where the coffee exporter signs a contract with the client and agrees to deliver the product on future dates, at that time the seller registers the sale with the Honduran Coffee Institute (IHCAFE), this institution is in charge of authorizing this export, to which is necessary that the price agreed between the parties is equal to or higher than the reference price of the New York Stock Exchange, then the coffee is shipped and exported to its destination.</p>			

		The interpretation of the law is focused on clarifying that the price approved by IHCAFE must be taken as a market price and the price on the date of shipment should not be taken as it is done with the rest of the commodities.	
Comparability Analysis			
7	Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Chapter III of the TPG is largely followed as the OCDE TPG are used as a technical reference, and the Comparability Analysis is part of the transfer pricing legal framework.	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 7. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 17, 18, 19, 20, 21 and 38.
8	Is there a preference in your jurisdiction for domestic comparables over foreign comparables?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 20.
9	Does your tax administration use secret comparables for transfer pricing assessment purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 20.
10	Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 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.	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 9. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 25 and 26.
11	Are comparability adjustments required under your domestic legislation or regulations?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 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	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 7. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 17.

		or service or the transaction margin, or those differences can be reasonably adjusted or eliminated.	
Intangible Property			
12	Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Within the domestic legislation there are articles that refer to the transactions of intangible assets, however, they set general rules about the specific factors that affect comparability of transactions. Article 28 provides generalities on the treatment of operations with intangible assets and Article 38 establishes that the OECD TPG can be used as a technical reference. In other words, what is not contemplated in the regulations in relation to intangibles can be adopted from the OECD TPG.	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 28 and 38.
13	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The Tax Administration has not yet created specific measures regarding intangibles that are difficult to value.	
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The Tax Administration by means of a general agreement must determine the procedure related to intangible assets, however, until now it has not been carried out.	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 28.
Intra-Group Services			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Within domestic legislation, intra-group services transactions are referred in a general manner, including aspects to take into consideration analysing the transaction.	Decree No.232-2011 , Transfer Pricing Regulation Law, Article 12. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 27 and 38.

16	Do you have any simplified approach for low value-adding intra-group services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		The Tax Administration has not yet created any simplified approach for low value-adding intra-group services. However, the approach on the OECD TPG would be accepted.	
17	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Financial Transactions			
18	[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Decree No.232-2011 , Transfer Pricing Regulation Law, Articles: 5, 6 and 11. Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 15, 16 and 38.
		Honduras domestic legislation or regulations do not contain specific guidance on financial transactions and tend to rely on the OECD TPG.	
19	[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Decree No. 25 Income Tax Law , Articles: 5 numeral 7) and last paragraph; 12 subsection e).
		<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>	

Cost Contribution Agreements

20	<p>Does your jurisdiction have legislation or regulations on cost contribution agreements?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The Regulation on Article 27 subsection 4. establishes that:</p> <p>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> <p>b) They refer exclusively to operations not linked, and can be measured in a way reasonably reliable.</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 27 subsection 4.</p>
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Transfer Pricing Documentation

21	<p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p><input type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p> <p><input type="checkbox"/> Other (specify):</p> <p>Article 32 of Agreement No. 027-2015 establishes:</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.</p>	<p>Decree No.232-2011, Transfer Pricing Regulation Law, Article 17.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Articles: 29, 30, 31, 32 and 33.</p> <p>Decree No.170-2016, Tax Code, Article 113.</p>
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		<p>Article 17 of Decree No.232-2011 establishes: Documentation and Information.</p> <p>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>The tax administration is about to approve, by means of an Agreement, that the taxpayer present the master file and country-by-country report. Currently, the master file can be requested by the Tax Administration based on Article 17 of Decree 232-2011; However, there is no specific obligation in the law requiring that taxpayers must present it periodically or the form and term in which they must do so.</p>	
22	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p>	<p>1. Specific transfer pricing returns establishes:</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". The deadline for submitting the Annual Informational Affidavit on Transfer Prices will be in accordance with the following:</p> <p>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.</p> <p>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> <p>2. 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> <p>a) The activities and functions carried out by the taxpayer;</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 30, 31, 32 & 33.</p> <p>Decree No.255-2002 Article 11.</p>

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;

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.

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.

ARTICLE 11. Amend Articles 53 of the Law of Procedure Administrative, contained in Decree No. 152 87 which hereinafter should be read as follows:

ARTICLE 53. If documents from abroad were issued in language other than Spanish, 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.

23	<p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</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 1) 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>Decree No.232-2011, Transfer Pricing Regulation Law, Article 18 & 19.</p> <p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 35 and 36.</p>
24	<p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p>	<p>In the application of the Transfer Pricing Regulation on Article 30 numeral 4 and DEI-SG-004-2016 Agreement, for natural or legal persons categorized as small taxpayers not to be obliged to file the transfer price declaration, the sum of its transactions with related parties must not exceed USD 1 million.</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

25	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p>	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input type="checkbox"/> Multilateral APAs</p> <p><input type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p>	<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 does not have an APA programme in place. MAPs are not referred on the tax law.</p>	

Safe Harbours and Other Simplification Measures

26	<p>Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Agreement DEI-SG-004-2016 first numeral.</p>
		<p>DEI-SG-004-2016 Agreement establishes in its first numeral a safe harbour regarding the small taxpayers who carry out operations, commercial or financial, with related parties' premises and / or domiciled abroad, within a same fiscal period for a higher accumulated amount to USD 1 000 000, or its equivalent in Lempiras according to the exchange rate between the national currency and foreign currency, are not obliged to file the transfer pricing form for that fiscal period.</p>	
27	<p>Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>Decree No. 25 Income Tax Law, Article 25 & 5 subsection 7).</p>
		<p>According to Article 25 of the Income Tax Law, dividends are considered 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</p>	

		<p>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>	
Other Legislative Aspects or Administrative Procedures			
28	<p>Does your jurisdiction allow/require taxpayers to make year-end adjustments?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If self-adjustment of transfer prices is allowed at the end of the fiscal year, the taxpayer makes the adjustment and reports it in the Annual Informative Tax Return on Transfer Pricing and affects the amount of Income Tax to be paid.</p>	<p>Manual of help of the Annual Informative Affidavit on Transfer Prices.</p>
29	<p>Does your jurisdiction make secondary adjustments?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Secondary adjustments do not exist in the domestic tax law.</p>	
Attribution of Profits to Permanent Establishments			
30	<p>[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?</p>	<p><input type="checkbox"/> Yes</p> <p><i>In how many tax treaties?</i></p> <p><i>If yes, how do you implement it in cases, where the old tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later)</i></p> <p><input checked="" type="checkbox"/> No</p> <p><i>In how many tax treaties?</i></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 created.</p>	<p>Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 9.</p>
31		<p><input type="checkbox"/> Yes</p>	

	[NEW] Does your jurisdiction follow also another approach?	<input checked="" type="checkbox"/> No Please refer to the answer to question 30.	Agreement No. 027-2015 - Regulation of the Transfer Pricing Regulation Law, Article 9.
Other Relevant Information			
32	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
33	Other relevant information (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i>)	The tax administration is working on new regulations to the Transfer Pricing Law and other related topics.	

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>