

# *Korpus Prava*

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LAW & TAX

Transfer Pricing



# Transfer Pricing

## Preparation of documents

The new rules on transfer pricing have come into force in Russia in 2012. The new law replaced Articles 20 and 40 of the Tax Code of the Russian Federation with the new section V.1. "Related parties. General provisions on prices and taxation. Tax control over the transactions between the related parties. The pricing agreement."

The changes in the rules on transfer pricing have affected most of business community that carry out their activities through a group of related companies since the law has significantly extended the list of grounds according to which the parties can be recognized as the related ones as well as the list of the controlled transactions.

Under the new law the Russian taxpayers that are part of the inter-related companies (a group of companies) with other local and foreign entities and that enter into controlled transactions with them must prepare and submit transfer pricing accounts to the tax authorities.

Transfer pricing accounts shall contain:

- notices of controlled transactions
- documents on transfer pricing

## A taxpayer is obliged:

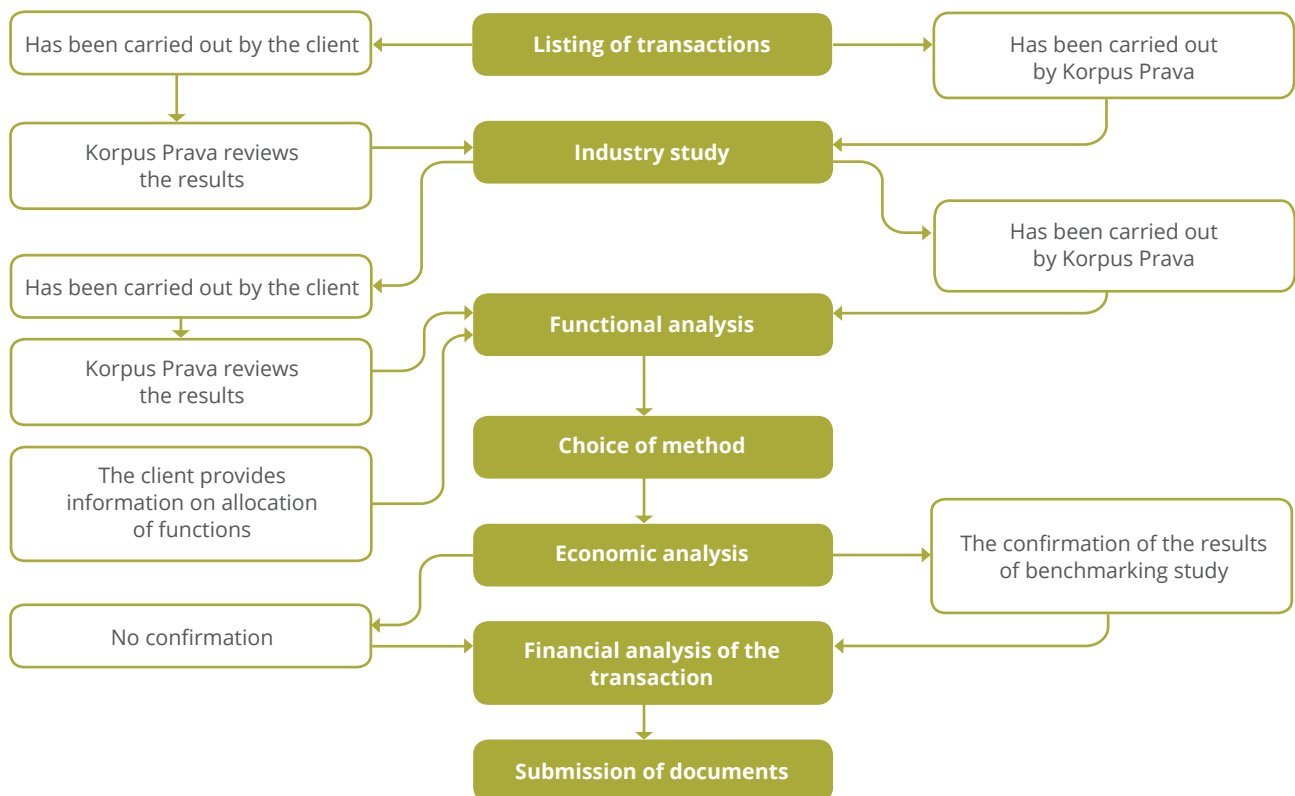
- To submit the **Notice of controlled transactions** to the tax authorities before **20th day of May (of the year)** following the calendar year where the controlled transactions were carried out).
- To submit the **Documents on transfer pricing** within 30 days from the request of the tax authorities.

Korpus Prava acts as an outsourced advisor which has experience in preparing transfer pricing documents and implementation of transfer pricing structure for minimizing tax risks arising from cooperation of the related parties.

The process of preparation of transfer documents includes the following stages:

1. Listing of controlled transactions and industry study.
2. Functions analysis and choice of the pricing method.
3. Economic analysis and benchmarking study.
4. Financial analysis.
5. Preparation and submission of transfer documents.

Communication procedure between the Client and the Advisor is as follows:



Approximate cost of the services for transfer pricing documents provided that the list of controlled transactions and industry analysis made by the client:

Review of the results of listing and industry study	Preparation and amendments of the register of controlled transactions with the related parties are made for the purposes of clarifying the volume of required works.  On the basis of the industry analysis the main risks, tendencies and other factors in this industry are defined.	<b>24 800 roubles</b>
Functions analysis and the choice of method	Analysis of the functions is an important stage required for understanding of the roles of the companies participating in the controlled transactions. It is carried out through meetings and telephone communication with the persons involved in pricing within the group. The last stage of the Functions analysis is the choice of method used for justifying the price of transaction against the level of market prices.	<b>99 200 roubles</b>
Economic analysis and confirmation of the results of benchmarking study	The analysis aims at clarifying the size of remuneration under the controlled transactions and defining whether the prices of the controlled transactions are in line with the arm's length principle.  <i>In the process of analysis it is possible to divide complex (mixed-type) transactions into segments of separate transactions since various types of strategies used by the company in question as well as by the companies in the market may be applied to various types of transactions, separate types of goods, works and services.</i>	<b>Approximately 99 200 roubles per transaction</b>
	Where it is required to confirm the results of economic analysis we can carry out benchmarking study of the company in question and of other potentially related companies.	<b>Expenses are covered extra</b>
Financial analysis	The analysis is carried out to clarify whether the prices for the executed transactions correspond to the results of the analysis; in case of the difference from the market prices we provide advice for amendments of pricing.	<b>99 200 roubles</b>
Preparation and submission of transfer pricing documents		<b>24 800 roubles</b>

The renewal fee for the previous year report is 150 000 RUR.

We are ready to send you our proposal based on your reply to the following questions:

1. Provide a list of transactions that take place between related entities, indicating the subject, the parties and turnover.
2. Provide a brief description of the industry and business of the company for which the preparation of the documentation is required.
3. Indicate whether there is currently the group has justified and formalized pricing rules.

Benefits for choosing the services of Korpus Prava:

- An international team of experts
- European partners
- High level of professionalism
- Many years of experience and efficient methods
- Specialized software
- Reasonable cost of services
- Free consultations during the project (on tax and laws)

\* References from the clients can be provided on request



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