

NEW TRANSFER PRICING DOCUMENTATION RULES IN TURKEY



New TP Documentation Regulations (1/2)

	Master File	Local File	CbCR
What?	<ul style="list-style-type: none"> Master file includes information on group organisation, main business activities, financial activities, financial and tax positions. 	<ul style="list-style-type: none"> TP Annual Report TP Form - Annex 2 	<ul style="list-style-type: none"> Turkey headquartered multinationals will file CbCR where revenues profit (loss) before income tax, income tax paid, income tax accrued, stated capital accumulated earnings, number of employees, tangible assets other than cash and cash, total equivalents, main business activities are provided per country.
Who?	<ul style="list-style-type: none"> A part of multinational group and operating in Turkey, companies with assets and net sales revenue amounting to TRY 500 million and above. 	<ul style="list-style-type: none"> TP Annual Report: Large taxpayer for domestic and cross-border related party transactions and other taxpayers conducting cross-border related party transactions TP Form - Annex 2: Corporate income taxpayers with the related party transactions. 	<ul style="list-style-type: none"> Ultimate parent company resident in Turkey will file CbCR if consolidated group revenue amounts to Euro 750 Million and above
When?	<ul style="list-style-type: none"> By the end of following fiscal period 	<ul style="list-style-type: none"> TP Annual Report : April 30th of the following FY TP Form - Annex 2 : April 30th of the following FY 	<ul style="list-style-type: none"> CbCR will be submitted electronically by the end of the 12th month following the fiscal year subject to the report.

New TP Documentation Regulations (1/2)

	Master File	Local File	CbCR
In which countries to be filed?	In Turkey and other countries where master file is required under the domestic tax law	Countries where local file is required under domestic tax law	Turkey
When is the initial period?	FY2019	FY2007 and afterwards (local file is already requested)	FY2019 CbCR will be made until the last day of the 12th month following the closing of the special account period.
When is the first due date?	Turkey: 30 December 2020 Other countries: varies from country to country	Turkey: April 30 (already requested) Other countries: varies from country to country	Turkey: 31 December 2020 Other countries: 31 December 2020 (different dates are also applicable)
What is the reporting language?	Turkey: Turkish Other countries: English or local language	Turkey: Turkish Other countries: English or local language	Turkish

Content of New TP Documentation Requirements

MASTER FILE	LOCAL FILE	CbCR
<ul style="list-style-type: none"> Organisational structure 	<ul style="list-style-type: none"> A description of the management structure of the local entity, a local organisation chart etc. 	<ul style="list-style-type: none"> TABLE 1: Overview of allocation of income, taxes and business activities by tax jurisdiction
<ul style="list-style-type: none"> Description of Turkish MNE's business(es) 	<ul style="list-style-type: none"> A detailed description of the business and business strategy pursued by the local entity, key competitors 	<ul style="list-style-type: none"> TABLE 2: List of all constituent entities of the MNE group included in each aggregation by tax jurisdiction
<ul style="list-style-type: none"> Turkish MNE's intangibles 	<ul style="list-style-type: none"> Related party transactions 	<ul style="list-style-type: none"> TABLE 3: Additional Information
<ul style="list-style-type: none"> Turkish MNE's intercompany financial activities 	<ul style="list-style-type: none"> Functional analysis (Functions undertaken, risk assumed and assets enjoyed) 	
<ul style="list-style-type: none"> Turkish MNE's financial and tax positions 	<ul style="list-style-type: none"> An indication of the most appropriate transfer pricing method 	
	<ul style="list-style-type: none"> Economic analysis 	
	<ul style="list-style-type: none"> Evaluations on the financial results of related party transactions 	
	<ul style="list-style-type: none"> Testing related party transactions 	