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TRANSFER PRICING REFERENCE GUIDE

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INTRODUCTION

Transfer pricing rules and regulations gained significance for multinational enterprises over the last decade or so. It is now the most important international tax issue for many businesses, both large and small. The developments in the area of transfer pricing remains continue to evolve. Businesses need to be aware of the new risks and potential costs of non-compliance to the Rules. Of particular importance is the fact that transfer pricing documentation submitted to tax authority of one country will in many cases now be shared with other countries. Practitioners need to have current knowledge of a complex web of country tax laws, regulations, rulings, methods and requirements. The Moore MENA Transfer Pricing Reference Guide 2023 is a tool designed to help multinationals quickly identify transfer pricing rules, practices and approaches.

The information included in the Moore MENA Transfer Pricing Reference Guide 2023 covers 08 countries. It is meant to provide an overview for the covered jurisdictions regarding their transfer pricing tax laws, regulations and rulings; Organisation for Economic Co-operation and Development (OECD) Guidelines treatment; documentation requirements; transfer pricing returns and related party disclosures; transfer pricing documentation and disclosure timelines; transfer pricing penalties and relief from penalties; transfer pricing methods; benchmarking requirements; statutes of limitations on transfer pricing assessments; likelihood of transfer pricing scrutiny and related audits by the tax authorities; and opportunities for advance pricing agreements (APAs).

This publication should not be regarded as offering a complete explanation of the matters referred to and remains subject to changes in laws and other applicable rules.

For a more detailed discussion of any of the country-specific transfer pricing rules, or to obtain further assistance in addressing and resolving intercompany transfer pricing issues, please contact your local Moore member firm office. A web-based version of this publication can be found at www.Moore-global.com.

1. Name of Tax authority

Afghanistan Revenue Department (ARD)

2. Relevant transfer pricing regulation/rulings reference alongwith its effective implementation date

Article 97 of the Income Tax Law 2009. Presidential Decree number 171 of 17 March 2009, signed on 17 March 2009, states that the Income Tax Law comes into effect upon signature of the decree. The decree is published with the Income Tax Law 2009 in official gazette 976 dated 18 March 2009.

3. Has your country implemented OECD guidelines on transfer pricing

Afghanistan is not a member of the OECD. However, The Ministry of Finance believes that Article 97 and this commentary is consistent with the Organization for Economic Cooperation and Development's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (1995).

4. Materiality threshold for maintaining Transfer pricing documentation

- CbCr
(None specified)
- Master file
(None Specified)
- Local file
(None Specified)

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

No specific TP returns but a separate section by the name of "Transactions with a connected person" is part of the overall Annual Income Tax Return.

b) Related party disclosures/transfer pricing-related appendices

Afghanistan follows International Financial Reporting Standards (IFRS). Therefore, the ARD expects taxpayers to disclose related party transactions in their financial statements in accordance with IFRS.

c) Local language documentation requirement

Afghanistan requires all the taxpayers to maintain reports in official languages Dari and Pashto.

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

- CbCr notification
(None Specified)
- CbC report
(None Specified)
- Master File
(None Specified)
- Local File
(None Specified)

b) Documentation preparation deadline

There is no statutory deadline for preparation of TP documentation. Instead, taxpayers are required to file off their Annual Income Tax Return including the TP transactions details three months after the end of the tax year (20th March each year with 20th June as a due date).

c) Documentation submission deadline on request

The TP documentation shall be available when submitting the income tax return and must be submitted to the tax authorities within one month after the receipt of the tax authority's written request.

7. Are there exemptions to transfer pricing rules in your country

None

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure

None specified for TP but general penalties apply in case of delayed tax payments and reporting.

- If an adjustment is sustained, can penalties be assessed?

None Specified

b) Penalty relief

None specified

9. Transfer pricing methods

a) Applicability

- International transactions

(Yes)

- Domestic transactions

(None Specified)

b) Priority/preference of methods

The Income Tax Law of 2009 states that the following methods may be applied:

1. Comparable Uncontrolled Price Method: The purpose of the Comparable Uncontrolled Price method is to compare the price that is charged for the tangible property in the controlled transaction to the price that is charged in uncontrolled transactions involving the same property.
2. Resale Price Method: The Resale Price Method is used to determine whether the amount charged in a controlled transaction is appropriate by reference to the gross profit margin earned in similar uncontrolled transactions.
3. Cost Plus Method: The Cost-Plus Method is used to determine the appropriate transfer price by looking at the amount by which the sales price of property exceeds the cost to produce the property.

4. Transactional Net Margin Method: The Transactional Net Margin Method is used to determine whether the amount charged in a controlled transaction is reasonable based on objective measures of profitability. The Transactional Net Margin Method can be used for transfers of tangible and intangible property.
5. Unspecified Method: The Afghanistan Revenue Department and taxpayers may both use methods that are not described above to determine the appropriate transfer price in a controlled transaction. In the event that one of the specified methods (mentioned above) and an unspecified method can be used, the specified method is preferred. Like the Transactional Net Margin Method, Unspecified Methods can be used to determine the arm's length price for transfers of tangible and intangible property.

10. Benchmarking requirements

a) Local vs. regional comparables

None Specified

b) Single-year vs. multi-year analysis

None Specified

c) Use of interquartile range

None Specified

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

None Specified

e) Simple vs. weighted average

None Specified

f) Other specific benchmarking criteria, if any

None Specified

11. Time limitations on transfer pricing assessments

Not applicable.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

TP rules enforcement is very limited with lack of competencies of tax authority staff as well as the nature of companies operating in Afghanistan who are either not aware of these regulations or has lack of overall knowledge.

- Likelihood of transfer pricing-related audits
(high/medium/low)

Low

- Likelihood of transfer pricing methodology being challenged
(high/medium/low)

Low

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

None specified

- Tenure
Not applicable

- Rollback provisions
Not applicable

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EGYPT



1. Name of Tax authority

Egyptian Tax Authority

2. Relevant transfer pricing regulation/rulings reference along with its effective implementation date

The first ruling was issued in Article 30 of law 91 for the year 2005. Minister of Financial Decree no.221 for the year 2018 was issued to activate the TP filing and included the TP Guidelines. The first real law that implemented TP compliance was the law 206 for the year 2020 for the Unified Tax Procedures law where the taxpayers who have related party transactions that exceeded LE.8Million are obliged to file Master file and Local file within two months from the date of filing the corporate tax return.

3. Has your country implemented OECD guidelines on transfer pricing

It has mostly.

4. Materiality threshold for maintaining Transfer pricing documentation

- CbCr

Global revenues of EUR.750 Million of revenues for multinationals who has the ultimate parent outside of Egypt. LE. 3 Billion (USD 96 Million) of revenues for those multinational who have the ultimate parent in Egypt.

- Master file

LE.8Million related party Transactions (USD 250,000)

- Local file

LE.8Million related party Transactions (USD 250,000)

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

None.

b) Related party disclosures/transfer pricing-related appendices

Disclosure of the Related Party Transaction in the annual tax return, local file and Master file.

c) Local language documentation requirement

English or Arabic

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

- CbCr notification

By the end of the reporting year.

- CbC report

By the end of the year following the financial year.

- Master File

Within two months from the date of filing the corporate tax return.

- Local File

Within two months from the date of filing the corporate tax return.

b) Documentation preparation deadline

Two months from the date of filing the corporate tax return.

c) Documentation submission deadline on request

None

7. Are there exemptions to transfer pricing rules in your country

Only those under the obligation threshold of LE.8Million.

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure
3% of the Related Party Transaction amount.

- If an adjustment is sustained, can penalties be assessed?
Yes, on the difference from the reported Related Party Transaction.

b) Penalty relief

None

9. Transfer pricing methods

a) Applicability

- International transactions
Mostly Cost plus method

- Domestic transactions
Comparable Uncontrolled Price method

b) Priority/preference of methods

All methods accepted by OECD are accepted and there is no priority in applying them.

10. Benchmarking requirements

a) Local vs. regional comparables

Database provide third world countries comparable.

b) Single-year vs. multi-year analysis

3 years analysis.

c) Use of interquartile range

Applicable

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

None

e) Simple vs. weighted average

Simple

f) Other specific benchmarking criteria, if any

Internal comparable or local rules for pricing

11. Time limitations on transfer pricing assessments

Five years for the subject year of transaction.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

Yes

- Likelihood of transfer pricing-related audits
(high/medium/low)

high

- Likelihood of transfer pricing methodology being challenged
(high/medium/low)

Medium

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

Available on the basis of application request by the company.

- Tenure

None

- Rollback provisions

None

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1. Name of Tax authority

General Commission for Taxes ("GCT")

2. Relevant transfer pricing regulation/rulings reference alongwith its effective implementation date

Not applicable

3. Has your country implemented OECD guidelines on transfer pricing

Not applicable

4. Materiality threshold for maintaining Transfer pricing documentation

- CbCr

Not applicable

- Master file

Not applicable

- Local file

Not applicable

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

Not applicable

b) Related party disclosures/transfer pricing-related appendices

Not applicable

c) Local language documentation requirement

Not applicable

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

- CbCr notification

Not applicable

- CbC report

Not applicable

- Master File

Not applicable

- Local File

Not applicable

b) Documentation preparation deadline

Not applicable

c) Documentation submission deadline on request

Not applicable

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7. Are there exemptions to transfer pricing rules in your country

Not applicable

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure

Not applicable

- If an adjustment is sustained, can penalties be assessed?

Not applicable

b) Penalty relief

Not applicable

9. Transfer pricing methods

a) Applicability

- International transactions

Not applicable

- Domestic transactions

Not applicable

b) Priority/preference of methods

Not applicable

10. Benchmarking requirements

a) Local vs. regional comparables

Not applicable

b) Single-year vs. multi-year analysis

Not applicable

c) Use of interquartile range

Not applicable

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

Not applicable

e) Simple vs. weighted average

Not applicable

f) Other specific benchmarking criteria, if any

Not applicable

11. Time limitations on transfer pricing assessments

Not applicable

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

Not applicable

- Likelihood of transfer pricing-related audits

(high/medium/low)

Not applicable

- Likelihood of transfer pricing methodology being challenged

(high/medium/low)

Not applicable

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

Not applicable

- Tenure

Not applicable

- Rollback provisions

Not applicable

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1. Name of Tax authority

The Tax Authority of Oman

2. Relevant transfer pricing regulation/rulings reference alongwith its effective implementation date

Amendments to the Income Tax Law issued vide Royal Decree 9/2017 specifies that additional rules are likely to be issued on transfer pricing and related party transactions that are carried out as a tax avoidance measure. However, no transfer pricing regulations have been issued as yet by the taxation authorities.

3. Has your country implemented OECD guidelines on transfer pricing

No transfer pricing guidelines has been issued yet. However, Sultanate of Oman is a member of the Inclusive Framework and has incorporated the Country-by-Country Reporting of OECD's Base Erosion and Profit Shifting (BEPS) Action 13 vide Ministerial Decision 79/ 2020.

4. Materiality threshold for maintaining Transfer pricing documentation

• CbCr

All MNE groups that have entities based in Oman with annual consolidated group revenue equal to or more than OMR 300 million (USD 780 million) for the financial year preceding the reporting period concerned.

• Master file

No master file requirement.

• Local file

No local file requirement.

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

No specific transfer pricing returns.

b) Related party disclosures/transfer pricing-related appendices

No specified disclosures prescribed under the Oman Income Tax Law. However, the related party transactions can be disclosed in accordance with international accounting standards.

c) Local language documentation requirement

No specific requirement in local language.

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

• CbCr notification

Ultimate parent entities (UPE) of Multinational Entities (MNE Groups) in Oman/Surrogate Parent Entity (SPE)/ constituent entity resident of Oman is required to file the CbCR notification on or before the last day of the reporting year.

Any constituent entity of an MNE Group that is tax resident in Oman, shall notify the Oman tax authority whether it is the UPE or designated as the SPE, no later than the last day of the reporting year of such MNE Group.

- CbC report

CbC report to be filed by Ultimate parent entities (UPE) of MNE Groups in Oman/Surrogate Parent Entity (SPE) within 12 months from the last day of the reporting year.

- Master File

Not applicable.

- Local File

Not applicable.

b) Documentation preparation deadline

Not applicable.

c) Documentation submission deadline on request

Not applicable.

7. Are there exemptions to transfer pricing rules in your country

No transfer pricing rules in place and hence no exemptions apply.

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure
None specified for transfer pricing.

- If an adjustment is sustained, can penalties be assessed?

None specified.

b) Penalty relief

None specified.

9. Transfer pricing methods

a) Applicability

- International transactions

None specified.

- Domestic transactions

None specified.

b) Priority/preference of methods

None specified.

10. Benchmarking requirements

a) Local vs. regional comparable

None specified.

b) Single-year vs. multi-year analysis

None specified.

c) Use of interquartile range

None specified.

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

None specified.

e) Simple vs. weighted average

None specified.

f) Other specific benchmarking criteria, if any

None specified.

11. Time limitations on transfer pricing assessments

Not applicable.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

None

- Likelihood of transfer pricing-related audits

(high/medium/low)

None

- Likelihood of transfer pricing methodology being challenged

(high/medium/low)

Since there are no specified transfer regulations in place, the likelihood of transfer pricing methodology being challenged is low.

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

Not applicable.

- Tenure

Not applicable.

- Rollback provisions

Not applicable.

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PAKISTAN



1. Name of Tax authority

Federal Board of Revenue (FBR)

2. Relevant transfer pricing regulation/rulings reference alongwith its effective implementation date

Section 108 of the Income Tax Ordinance, 2001. In 2016, the Pakistani Government approved new legislation to effectively implement CbCr and introduce formal transfer pricing (TP) documentation requirements in Pakistan through Finance Act 2016. On 16 November 2017, the FBR finalized the rules to provide details as per the requirements for the CbCr and TP documentation.

3. Has your country implemented OECD guidelines on transfer pricing

Pakistan is not a member of the OECD. However, the legislation on transfer pricing documentation has implemented the OECD's model legislation into the Pakistan income tax law, including the three-tiered approach for TP documentation.

4. Materiality threshold for maintaining Transfer pricing documentation

• CbCr

All MNE groups with annual consolidated group revenue of EURO 750 million.

• Master file

Part of MNE group having turnover of more than PKR100 million (USD 350,000)

• Local file

If related party transactions exceed PKR50 million (USD 175,000)

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

No specific TP returns.

b) Related party disclosures/transfer pricing-related appendices

Pakistan follows International Financial Reporting Standards (IFRS). Therefore, the FBR expects taxpayers to disclose related party transactions in their financial statements in accordance with IFRS.

c) Local language documentation requirement

The TP documentation need not to be submitted in the local language.

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

• CbCr notification

Every Pakistani constituent entity, ultimate parent entity or surrogate parent entity, as the case may be, will need to submit a notification to the tax authority about the identity and country of residence of the reporting entity before the tax return filing deadline.

• CbC report

12 months after the last day of the reporting fiscal year of the MNE group.

• Master File

None specified.

- Local File
None specified.

b) Documentation preparation deadline

There is no statutory deadline for preparation of TP documentation.

c) Documentation submission deadline on request

The TP documentation shall be available when submitting the income tax return and must be submitted to the tax authorities within one month after the receipt of the tax authority's written request.

7. Are there exemptions to transfer pricing rules in your country

None

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosures
 - ◊ Failure to furnish a CbC report is subject to penalties of PKR2,000 for each day of default, with a minimum penalty of PKR25,000.
 - ◊ Failure to maintain the master file or local file is subject to penalties of 1% of the transaction value.
 - ◊ Failure to maintain or furnish documents by the taxpayer shall also be subject to penalties mentioned under Section 182 of the Income Tax Ordinance, 2001.
- If an adjustment is sustained, can penalties be assessed?
None specified.

b) Penalty relief

None specified.

9. Transfer pricing methods

a) Applicability

- International transactions
Yes

- Domestic transactions
None specified

b) Priority/preference of methods

The Income Tax Rules of 2002 (the Rules) state that the following methods may be applied by the Commissioner to determine the arm's-length result:

- Comparable Uncontrolled Price (CUP) method: The price quoted in a transaction between uncontrolled parties on similar terms and conditions would be considered.
- Resale price method: The difference in the resale gross margin between uncontrolled parties transaction would be considered and compared for determining whether the transaction between controlled parties is on an arm's-length basis.
- Cost-plus method: The cost-plus markup realized in an uncontrolled parties transaction would be considered as a basis to determine whether the transaction between controlled parties is on an arm's-length basis.

- Profit split method: Where a group of associates is formed and the transactions are so interrelated that a separate basis is not possible to identify the arm's-length results for a similar transaction between uncontrolled persons, the profit-sharing basis agreed to between independent persons forming an association would be considered.

Of the first three methods, the one that provides the most reliable measure of an arm's-length result with regard to all of the facts and circumstances, in the opinion of the Commissioner, shall be applied. The fourth method shall apply only if the other methods cannot be reliably applied.

10. Benchmarking requirements

a) Local vs. regional comparables

Even though it is not specifically mentioned in the regulations, local comparables are preferred over regional comparables.

b) Single-year vs. multi-year analysis

Not specified.

c) Use of interquartile range

Not specified.

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

There is no specific requirement to conduct a fresh benchmarking search every year.

e) Simple vs. weighted average

None specified.

f) Other specific benchmarking criteria, if any

None specified.

11. Time limitations on transfer pricing assessments

As of today, the Board has not notified any separate transfer pricing assessment to be conducted in Pakistan. However, a TP assessment, if any, is conducted as part of the regular tax assessment for a tax year. Hence, the time limitation applicable for regular assessment equally applies to TP assessment.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

FBR has formed and designated a hierarchy of full time employees from Assistant Director to Director General with the Designation of International Tax to monitor and conduct transfer pricing audits.

- Likelihood of transfer pricing-related audits
(high/medium/low)

Since the regulations are in place, the likelihood of TP audits may be high in the future.

- Likelihood of transfer pricing methodology being challenged
(high/medium/low)

Since there is no clear definition or standards for TP audits, the likelihood of TP methodology being challenged may be medium in the future.

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

There is no option for an APA. However, an advance ruling is possible.

- Tenure

Not applicable.

- Rollback provisions

Not applicable.

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1. Name of Tax authority

General Tax Authority

2. Relevant transfer pricing regulation/rulings reference along with its effective implementation date

Article 56 of the Executive Regulations of Income Tax Law, 2019. In accordance with the provisions of Article 56 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Articles 2 and 3 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020 of July 16, 2020 relating to the transfer pricing (TP) declaration and the master and local files, entities resident in Qatar must submit a declaration relating to their TP when they meet the following conditions:

The annual tax-free turnover of these entities or the total assets appearing in their balance sheet is greater than or equal to QAR10,000,000 (USD 2.7 million) and these entities are associated to other entities established in Qatar or abroad.

3. Has your country implemented OECD guidelines on transfer pricing

Arm's length principle shall be applied in accordance with the Unrelated Comparable Price method, which is the price of the service or goods which would have been applied should the transaction be between unrelated parties. In the case where the data required to apply the Unrelated Comparable Price method are not available, the taxpayer shall submit to the Authority an application to apply any other pricing method approved by the Organization for Economic Cooperation and Development (OECD).

4. Materiality threshold for maintaining Transfer pricing documentation

- CbCr

If consolidated revenue of multinational group is more than QAR 3 billion (USD 820 Million).

- Master file

The annual tax-free turnover of these entities or the total assets in their balance sheet is greater than or equal to QAR50,000,000 (USD 13.7 Million) and these entities are associated to other entities established abroad.

- Local file

The annual tax-free turnover of these entities or the total assets in their balance sheet is greater than or equal to QAR50,000,000 (USD 13.7 Million) and these entities are associated to other entities established abroad.

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

The transfer pricing (TP) declaration or TP master file and local file must be filed with the income tax (IT) return, in accordance with Article 56 of the Executive Regulations (ERs) of the Income Tax Law (ITL) and Article 4 of the Decision of the President of the General Tax Authority (GTA) No. 4 of the year 2020.

b) Related party disclosures/transfer pricing-related appendices

Qatar follows International Financial Reporting Standards (IFRS). Therefore, taxpayers are required to disclose related party transactions in their financial statements in accordance with IFRS.

Furthermore, with regard to the transfer pricing (TP) methods used, the reporting entity should specify the main TP method that is applied to each reported transaction. The concept of “main TP method applied” is assessed with regard to the number of transactions carried out by the reporting entity, by type of transaction and by jurisdiction of residence of the related entity with which the transaction was concluded.

c) Local language documentation requirement

The TP declaration, TP Master file and Local file can be submitted in English.

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

- CbCr notification

In case threshold is met CbCr Notification to be filed by 31 December of each year.

- CbC report

In case threshold is met CbC Report to be filed by 31 December of each year.

- Master File

In case threshold is met, taxpayers must submit their master file no later than June 30 of the year following the fiscal year.

- Local File

In case threshold is met, taxpayers must submit their Local file no later than June 30 of the year following the fiscal year.

b) Documentation preparation deadline

Within 60 days after Income Tax Return submission.

c) Documentation submission deadline on request

The TP declaration documentation shall be available when submitting the income tax return and must be submitted to the tax authorities with the income Tax return in Dhareeba Portal however, TP Master file and local file to be submitted within 60 days after Income Tax Return submission.

7. Are there exemptions to transfer pricing rules in your country

None specified

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure

The GTA shall monitor the cases of non-compliance with the notification and CbCr, TP filing requirements and impose the financial penalties provided for under Article 24 (8) of the Income Tax Law (which may extend up to QR 500,000)

- If an adjustment is sustained, can penalties be assessed?

None specified

b) Penalty relief

Available as the taxpayer can submit the penalty exemption request.

9. Transfer pricing methods

a) Applicability

- International transactions

Yes

- Domestic transactions

No

b) Priority/preference of methods

The approved method of transfer pricing in Qatar is CUP (comparable uncontrolled pricing method). For application of any other pricing method, prior approval must be obtained from the General Tax Authority (GTA).

10. Benchmarking requirements

a) Local vs. regional comparables

Even though it is not specifically mentioned in the regulations, Local comparables are preferred.

b) Single-year vs. multi-year analysis

There is no specific guidance on this.

c) Use of interquartile range

Not specified

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

For the purpose of applying the principle of pricing on basis of full competition, every party related to other parties shall annually update the financial statements (every year) of comparative transactions that take place between that party and an independent party or between two independent parties.

Every (3) three years, the party related to other parties may update searches in the financial databases of the comparable transactions as long as the activity conditions remain the same.

e) Simple vs. weighted average

Not specified

f) Other specific benchmarking criteria, if any

Not specified

11. Time limitations on transfer pricing assessments

General Tax Authority has not specified any separate transfer pricing assessment. Hence, regular tax assessment equally applies to TP assessment.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

At initial stage

- Likelihood of transfer pricing-related audits
(high/medium/low)

Medium

- Likelihood of transfer pricing methodology being challenged (high/medium/low)

Medium

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

Not applicable.

- Tenure

Not applicable.

- Rollback provisions

Not applicable.

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SAUDI ARABIA



1. Name of Tax authority

Zakat, Tax and Customs Authority (ZATCA)

2. Relevant transfer pricing regulation/rulings reference along with its effective implementation date

Zakat, Tax and Customs Authority (ZATCA) in KSA published its Final Transfer Pricing By-Laws (TP By-Laws) on February 15, 2019.

3. Has your country implemented OECD guidelines on transfer pricing

Yes and KSA is a member of the OECD.

4. Materiality threshold for maintaining Transfer pricing documentation

- CbCr

SAR 3.2 billion (EUR 750 Million)

- Master file

Controlled transactions above SAR 6 million (USD 1.6 Million)

- Local file

Controlled transactions above SAR 6 million (USD 1.6 Million)

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

No specific TP returns.

b) Related party disclosures/transfer pricing-related appendices

Disclosure Form of the Controlled Transactions to be filed by all Taxpayers along with the annual Tax Return.

Together with the Disclosure Form, the taxpayer must submit an affidavit from a licensed auditor through which the auditor certifies that the Transfer Pricing policy of the MNE is consistently applied by and in relation to the Taxpayer.

c) Local language documentation requirement

Arabic language

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

- CbCr notification

CbCr notification is required to be filed within 120 days after the end of the reporting year.

- CbC report

12 months after the last day of the reporting fiscal year of the MNE group.

- Master File

Readily available within 120 days following the fiscal year end. It is to be submitted upon request - minimum 30 days from the date of request.

- Local File

Readily available within 120 days following the fiscal year end. It is to be submitted upon request - minimum 30 days from the date of request.

b) Documentation preparation deadline

There is no statutory deadline for preparation of TP documentation.

c) Documentation submission deadline on request

The TP documentation shall be available when submitting the income tax return and must be submitted to the tax authorities within 30 days after the receipt of the tax authority's written request.

7. Are there exemptions to transfer pricing rules in your country

None

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure

Though not prescribed specifically under the TP By-Laws, reference can be drawn to the Tax Law which prescribes stringent penalties.

- If an adjustment is sustained, can penalties be assessed?

None specified

b) Penalty relief

None specified

9. Transfer pricing methods

a) Applicability

- International transactions

Applicable to persons considered taxpayers in the KSA under the Corporate Income Tax Law, including Permanent Establishments. Applicable to Zakat payers.

- Domestic transactions

Applicable to persons considered taxpayers in the KSA under the Corporate Income Tax Law, including Permanent Establishments. Applicable to Zakat payers.

b) Priority/preference of methods

The following are Approved Transfer Pricing Methods for purposes of Article 6:

1. Comparable Uncontrolled Price Method whereby a comparison is made between the price charged for property or services transferred in a Controlled Transaction to the price charged for property or services transferred in a comparable Uncontrolled Transaction.

2. Resale Price Method whereby a comparison is made between the resale margin that a purchaser of property in a Controlled Transaction earns from reselling that property in an Uncontrolled Transaction with the resale margin that is earned in comparable uncontrolled purchase and resale Transactions.

3. Cost Plus Method whereby a comparison is made between the marks up on those costs directly and indirectly incurred in the supply of property or services in a Controlled Transaction with the mark up on those costs directly and indirectly incurred in the supply of property or services in a comparable Uncontrolled Transaction.

4. Transactional Net Margin Method whereby a comparison is made between the net profit margin relative to an appropriate base (e.g. costs, sales, assets) that a Person achieves in a Controlled Transaction with the net profit margin relative to the same base achieved in comparable Uncontrolled Transactions.

5. Transactional Profit Split Method allocates to each related Person participating in a Controlled Transaction the portion of common profit (or loss) derived from such Controlled Transaction that an Independent Person would earn or expect to earn from a comparable Uncontrolled Transaction. When it is possible to determine an Arm's-Length remuneration for some of the functions performed by the Related Person in connection with the Controlled Transaction using Approved Methods, the transactional profit split method shall be applied based on the common residual profit that results once such functions are so remunerated.

10. Benchmarking requirements

a) Local vs. regional comparables

None specified

b) Single-year vs. multi-year analysis

None specified

c) Use of interquartile range

None specified

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

None specified

e) Simple vs. weighted average

None specified

f) Other specific benchmarking criteria, if any

None specified

11. Time limitations on transfer pricing assessments

As of today, the authority has not notified any separate transfer pricing assessment. Hence, the time limitation applicable for regular assessment equally applies to TP assessment.

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

In conducting audits of Controlled Transactions, the Authority shall follow the audit rules and procedures established under Article 62 of the Income Tax Law and the rules set forth in the Guidelines.

- Likelihood of transfer pricing-related audits (high/medium/low)

TP audits may be high in the future.

- Likelihood of transfer pricing methodology being challenged (high/medium/low)

May be high in the future.

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

None specified.

- Tenure

None specified.

- Rollback provisions

None specified.

For further information on transfer pricing in Saudi Arabia please contact:

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1. Name of Tax authority

Federal Tax Authority United Arab Emirates

2. Relevant transfer pricing regulation/rulings reference alongwith its effective implementation date

Chapter 10 of the Federal Decree Law No. 47 of 2022-Taxation of Corporations and Businesses (CT Law) deals with transactions with Related Parties and Connected Persons. It specifies that transactions and arrangements between Related Parties must meet the arm's length standard as prescribed in the CT Law. Arm's length result of such transactions must be determined using any one or a combination of the transfer pricing methods prescribed in the law. Such methods are same as the ones prescribed in the OECD Transfer Pricing Guidelines

3. Has your country implemented OECD guidelines on transfer pricing

Not yet implemented

4. Materiality threshold for maintaining Transfer pricing documentation

• CbCr

UAE-headquartered Groups of companies which meet the following criteria:

- a) Multinational (MNE) Groups i.e. Groups which consist of two or more enterprises that are residents for tax purposes in different jurisdictions; and
- b) Have a total consolidated revenue of AED 3.15 billion or more for the financial year preceding the reporting year concerned

• Master file

Where either of the following two conditions are met:

- a) Taxable Person's revenue during the Tax Period is AED 200 million or more
- b) Taxable Person is constituent of a MNE Group that has a total turnover of AED 3.15 billion or more in the relevant Tax Period

• Local file

Where either of the following two conditions are met:

- a) Taxable Person's revenue during the Tax Period is AED 200 million or more
- b) Taxable Person is constituent of a MNE Group that has a total turnover of AED 3.15 billion or more in the relevant Tax Period

5. Transfer pricing return/related party disclosures

a) Transfer pricing-specific returns

Not specified yet

b) Related party disclosures/transfer pricing-related appendices

As per Article 55 of the CT Law, the Federal Tax Authority (FTA) may require a Taxable Person to file together with their Tax Return a disclosure containing information regarding the Taxable Person's transactions and arrangements with its Related Parties and Connected Persons

c) Local language documentation requirement

Tax Return and any data, information, records and documents related to Tax can be submitted in English. Translated copy of any of these in Arabic to be provided if requested by the FTA

6. Transfer pricing documentation preparation/submission timelines

a) Filing deadline

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- CbCr notification

No later than the last day of the financial reporting year of the MNE

- CbC report

Within 12 months from the end of the reporting year of the MNE Group

- Master File

No deadline but to be provided to the FTA within 30 days, if requested

- Local File

No deadline but to be provided to the FTA within 30 days, if requested

b) Documentation preparation deadline

Not applicable

c) Documentation submission deadline on request

30 days

7. Are there exemptions to transfer pricing rules in your country

Not applicable

8. Transfer pricing penalties/relief

a) Penalty exposure

- Consequences of failure to submit/late submission and/or incorrect disclosure

Not specified for transfer pricing particularly but there are generic penalties specified in the Federal Decree Law No. 28 of 2022–Tax Procedures for failure to submit data, records and documents

- If an adjustment is sustained, can penalties be assessed?

Not specified for transfer pricing adjustments specifically. If FTA adjusts the Taxable Income for a transaction or arrangement to meet the arm's length standard, it shall also make a corresponding adjustment to the Taxable Income of the Related Party that is party to the relevant transaction or arrangement where both the parties are taxable in the UAE.

Where a foreign competent authority makes an adjustment to a transaction or arrangement involving a UAE Taxable Person to meet the arm's length standard, such Taxable Person can make an application to the FTA to make a corresponding adjustment to its Taxable Income.

b) Penalty relief

Not applicable

9. Transfer pricing methods

a) Applicability

- International transactions

1. The comparable uncontrolled price method.
2. The resale price method.
3. The cost-plus method.
4. The transactional net margin method.
5. The transactional profit split method.
6. Any other method where the Taxable Person can demonstrate that none of the above methods can be reasonably applied

- Domestic transactions
Same as above

b) Priority/preference of methods

Not applicable

10. Benchmarking requirements

a) Local vs. regional comparables

Not applicable

b) Single-year vs. multi-year analysis

Not applicable

c) Use of interquartile range

Not applicable

d) Fresh benchmarking search every year vs. roll-forward/update of the financials

Not applicable

e) Simple vs. weighted average

Not applicable

f) Other specific benchmarking criteria, if any

Not applicable

11. Time limitations on transfer pricing assessments

Not specified

12. How active is your local jurisdiction in enforcing the transfer pricing rules? Has the tax authority set up a specific taskforce to enforce these rules?

- Establishment of task force

Not applicable

- Likelihood of transfer pricing-related audits

(high/medium/low)

Not applicable

- Likelihood of transfer pricing methodology being challenged

(high/medium/low)

Not applicable

13. Advance Pricing Arrangement option

- Availability (unilateral/bilateral/multilateral)

Article 59 of the CT Law has the provision of making an application to the FTA for Advance Pricing Agreement with respect to a transaction or an arrangement entered or proposed to be entered.

- Tenure

Not applicable

- Rollback provisions

Not applicable

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MOORE



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