

Transfer pricing

Abstract

The thesis focuses on transfer pricing which falls within a scope of international taxation. The aim of the theses is to define transfer pricing, describe transfer pricing rules and to assess these rules.

The first part of the theses focuses on international taxation, especially BEPS. Double tax treaties and ATAD directive are further described.

The second part of the diploma theses focuses on transfer pricing from international perspective. Transfer prices are prices agreed between associated enterprises. The fundamental concept of transfer pricing is arm's length principle. The prices agreed between associated enterprises should equal to prices which would have been agreed between independent parties. The arm's length principle is included within the double tax treaties. The theses further focuses on OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, especially comparability analysis and transfer pricing methods, which are used for setting up of transfer prices.

The third part of the theses focuses on transfer pricing rules from the Czech perspective. The respective rules are included within the Income Taxes Act and legally non-binding guidance, which follow the international rules.

The Czech Tax Authorities increase their attention on transfer pricing area in the recent years. Therefore, the last part of the theses deals with disputes and possibilities how to avoid potential disputes in the transfer pricing area. In this respect, taxpayers may use advance pricing agreements.

International rules for transfer pricing, especially OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, provide for guidance how to set up transfer prices. These rules may be considered sufficient. The Czech rules provide for less detail but refer to international rules, and thus, may be also considered sufficient.

Key words: transfer pricing, arm's length principle, associated enterprises