

TWINNING NEWSLETTER

“Support to the Ministry of Taxes of the Republic of Azerbaijan in Transfer Pricing and Developing Anti-Tax Avoidance Measures”

Issue No.2, May 2018, page 1

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A session within our Kick-off event
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Project Overview

This is a 24-month project which aims at achieving the introduction and implementation of an efficient Transfer Pricing Legislation and Transfer Pricing Auditing by the Ministry of Taxes (MOT) of the Republic of Azerbaijan. Further, it will support the MOT in aligning Transfer Pricing legislation with European standards and establish resources for best practice auditing processes.

Mandatory results

- ✓ Effective transfer pricing legal framework is developed in line with best EU standards.
- ✓ “Advance Pricing Agreements” and “Mutual Agreement Procedures” systems in the field of transfer pricing are developed.
- ✓ Setting up the administrative supervisory mechanisms in the field of Transfer Pricing regulation in compliance with the EU standards and increase an institutional capacity of Ministry of Taxes in this area.

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Follow us:  

[Looking back](#)

April 2018

- Kick-off event
- TP Methodology Guidelines
- TP provisions and various issues in practice

[Looking forward](#)

June 2018

- Country by Country Reporting (CbCR)- the legal stipulations of the OECD and EU
- Practical insight of the application of TP Guidelines through a study visit to Independent Authority for Public Revenue, Greece

Our project news

What is Transfer Pricing?



Dr. Aikaterini Perrou, MS Project Leader, during our kick-off meeting held in April 17th 2018, explained in a very simple way “What is Transfer Pricing?”

Dr. Perrou said, among others, that “Transfer pricing is not, in itself, illegal or necessarily abusive. What is illegal or abusive is transfer mispricing, also known as transfer pricing manipulation or abusive transfer pricing”.

She pointed out the need for Country by Country Reporting (CbCR) since 60% -70% of international trade happens within, rather than between, multinationals and she explained why Transfer Pricing rules are essential to provide a climate of certainty and an environment for increased cross-border trade while at the same time ensuring that the country is not losing out on critical tax revenue. Presentation of speaker can be found ([here](#)).

Interviewing the BC Project Leader....



Mr Orkhan Musayev, BC Project Leader, shared his views on the Kick-off meeting of the project. He highly appreciated the hard work implemented during the organizational phase on the way to the event and added that this success is, in particular, the outcome of close co-operation between the associated parties through the Twinning Project team.

Mr Musayev stated that he will make sure each of the components satisfy the expectations of Beneficiary Country from the project. He will also contribute to an interactive and cost-

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efficient exchange of information, know-how, and best practices, to a close liaison between the component leaders, and to support STEs for delivering their skills and knowledge to the target group in order to obtain the realization of custom-tailored deliverables of the project. In his conclusion remarks, he emphasized that the efforts put by all parties involved so far, will continue to secure the sustainability of all the achievements in the days to come.

Refresher training on TP Provisions and various issues in practice

Experts from Independent Authority for Public Revenue (IAPR) of the Hellenic Republic delivered refresher training to more than 40 tax officers of the headquarters, regional and local offices of the Ministry of Taxes on TP provisions and various issues in practice, including:

- the concept of control;
- the need for documentation;
- low value added services;
- Cost Contribution Arrangements (CCAs);
- Commodities;
- PEs and attribution of income (AOA), and;
- TP penalties.

During the training, participants refreshed their knowledge and understanding on the above-mentioned topics.



Seminar on APAs provisions - examples and review of the critical assumptions of an APA



A 4-day Seminar conducted on APAs provisions in practice including:

- Practical examples of double taxation for a multinational Group as an effect of a tax audit assessment;
- Definition, types, stages and compliance requirements of an APA;
- Case studies of APAs in practice for certain sectors;
- Examples on the audit approach of a signed APA's critical Assumptions;
- A workshop took place during this activity and each team presented their results to the audience.



For audience the outcome of this seminar was the exposure to international experience for concluding about the best practices appropriate for the Ministry of Taxes of the Republic of Azerbaijan.



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