

TWINNING NEWSLETTER

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

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Topics on this issue

- Seminar on 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

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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Looking back

May 2018

- What is Transfer Pricing?
A session within our Kick-off event
- Interviewing the BC Project Leader
- Refresher Session on TP provisions and various issues in practice
- APAs provisions - Examples and review of the critical assumptions of an APA

Looking forward

July 2018

- 8th Joint Training Course for RTAs
- Anti-tax avoidance analysis and implementation
- Steering Committee Meeting

Our project news

Seminar on Country-by-Country Reporting (CbCR) – the legal stipulations of the OECD and EU



The experts from Independent Authority for Public Revenue (IAPR) of the Hellenic Republic delivered a 4-day seminar on the legal stipulations of the OECD and EU about Country-by-Country Reporting (CbCR), IT infrastructure on CbCR and confidentiality aspects. The session was attended by more than 20 tax officers from the headquarters, regional and local offices of the Ministry of Taxes who qualified to proceed within the project by achieving the highest scores during the last test exams.



Practical insight of the application of TP Guidelines through a study visit to Independent Authority for Public Revenue, Greece

Representatives of the Ministry of Taxes of the Republic of Azerbaijan participated in a 5-day study visit to the Independent Authority for Public Revenue of the Hellenic Republic.

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The Governor of the Independent Authority for Public Revenue welcomed the representatives and pointed out that this study visit will provide practical insight of the application of TP guidelines developed in the first activity, by allowing the BC tax officials to:

- gain familiarity with the MS transfer pricing guidelines;
- exchange views on the various risk-analysis approaches;
- identify the most important challenges that tax administrations face in transfer pricing audits.



During the study visit, tax officials of IAPR made presentations on the definition of related enterprises, Arm's Length Principle, transfer pricing documentation requirements, case selection and risk indicators for transfer pricing purposes, as well as risk assessment procedure using software for TP issues. They also gave information on APA and their practical application in Greece.

The participants:

- observed an APA meeting with a taxpayer and followed the discussions and evaluation process of the next steps;
- visited the Audit Center for Large Enterprises and had the chance to examine real TP audit files and discuss the audit differences;

- visited the specialized TP unit and reviewed actual TP audits performed;
- discussed benchmark analysis issues by using database tools;
- examined a real MAP case request and had the opportunity to discuss the case with the auditor performing the audit by asking questions and analyzing the case data;
- visited the E-governance Directorate where they discussed practical aspects of automatic exchange of information regarding CRS and CbC.



At the end of the study visit, the Governor of IAPR held a closing meeting with the tax officials of the Ministry of Taxes of the Republic of Azerbaijan and highlighted the importance of a follow-up visit in the future.



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