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Transfer pricing 2024

Our tax team kindly reminds you transfer pricing requirements and is available to carry out this challenge with you.

French tax authorities want to know your pricing policy for intragroup transactions: who is affected ?

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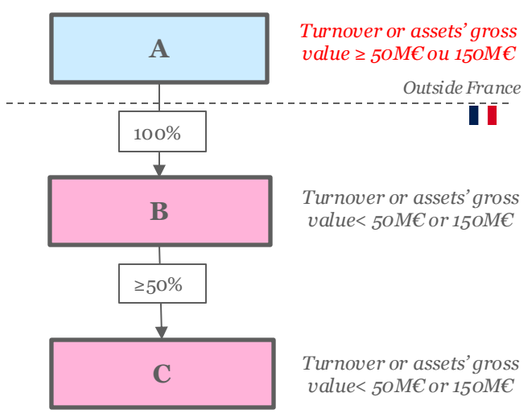
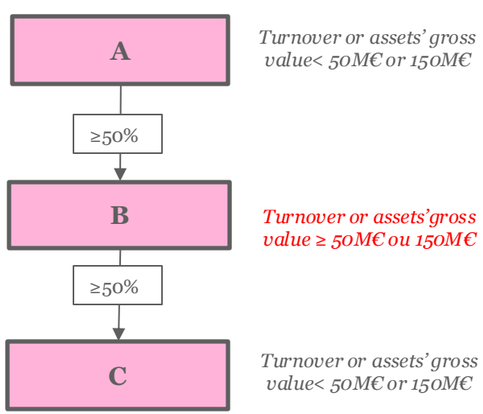
Definition

The transfer pricing policy purpose is to justify the arm's length nature of the pricing policy for transactions between companies belonging to the same group and established, at least in part, outside France.

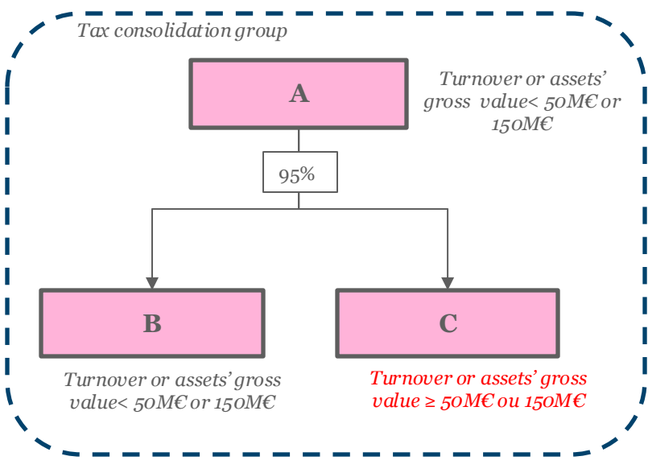
Case 1



Case 2



Case 3



Annual declaration

Reporting requirement

Transactions (e.g., provision of services and supply of goods) carried out by French companies with related companies established outside France that exceed € 100,000 (cumulative amount) per type of transaction and per year must be declared. This applies in particular to financial flows (interest on loans and shareholders' advances), intra-group services known as "management fees", royalties and patents, etc. Dividends are excluded from the scope of the declaration.

Threshold : **50M€**

Form : 2257-SD (e-filing is mandatory)

Deadline: within six (6) months of the corporation income tax return filing deadline (i.e. before 4 November 2024, for companies closing their fiscal year as of 31 December)

Penalties:

- Failure to file the declaration: 150€ fine per declaration
- Omissions or inaccuracies in the declaration filed : 15€ fine per omission or inaccuracy (minimum 60€ ; maximum 10,000€)

Full transfer Pricing documentation

Documentary requirements

Full transfer pricing documentation must cover all intra-group transactions between related companies, including transactions between a head office and its branch, and must be made available to the tax authorities in the event of an audit of the accounts for all the audited financial years. This documentation must be updated **every year.**

Threshold : 150 M€

Penalty: failure to provide the documentation within 30 days of the French tax authorities request trigger a fine amounting to

- 0,5% of the amount of the transactions; or
- 5% of the tax adjustments relating to the transactions.

Minimum fine: 50,000 € per year

Taxpayers are now bound by their transfer pricing policy:

The difference between the transfer pricing methodology described in the documentation and the methodology applied by the taxpayer is deemed to be an indirect transfer of profits (which triggers reversal of the burden of proof, taxation and penalties).

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