

TRANSFER PRICING

WHAT IS TRANSFER PRICE (TP) ?

Setting of prices for controlled transactions, including international transfer of goods, services, capital and intangibles (Intellectual Property).

TO WHOM TP IS APPLICABLE IN KSA ?

All persons who are:

Subject to Income Tax in KSA

Who undertake controlled transactions

With related persons or persons under Common control.

APPROVED TP METHODS IN KSA

- A. Cost Plus method (CP)
- B. Resale Price Method (RP)
- C. Transactional Profit Split Method (TPS)
- D. Transactional Net Margin Method (TNM)
- E. Comparable Uncontrolled Price Method (CUP)



EXCEPTIONS

Master file, local file and CBC report are not to be submitted by following persons;

- Natural persons
- Small sized entities (Artificial persons carrying out controlled transactions of less than SAR 6,000,000 Annually)

TP DOCUMENTATION AND SUBMISSION TIME

1. **Disclosure form of controlled transactions** - To be Submitted Within 120 days after year end
2. **Master file** - To be submitted within 30 days when requested by GAZT
3. **Local File** - To be submitted within 30 days when requested from GAZT
4. **Country by Country Report (CbC)** - To be Submitted Within 12 months after the last day of the reporting year (Applicable to groups having consolidated revenue of SAR 3.2 Billion or more) (Also applicable on Zakat payers)
5. **CbC notification** - To be submitted with GAZT within 120 days after year end.