



Don't forget to file your annual transfer pricing return before November 3, 2019!

September 3, 2019

The annual transfer pricing return (form 2257-SD) must be submitted online within six months following the corporate tax return filing deadline.

Once again this year, companies that have closed their financial year on December 31, 2018 will have to disclose their transfer pricing policy online by November 3, 2019 at the latest.

A large number of companies impacted...

Article 138 of the Act N° 2016-1691 dated December 9, 2016 regarding transparency, struggle against bribery and modernization of economic life extended the scope of this disclosure obligation to **French legal entities and to French permanent establishments of foreign entities:**

- whose annual turnover excluding VAT or gross assets is equal or over € 50 million, or
- which, at the end of the financial year, hold or are held, directly or indirectly, at more than half of the capital or voting rights, by a French or foreign entity which satisfies the above-mentioned condition, or
- that belong to a tax consolidation group when one of the member companies meets one of the above conditions.

by a lighter version of the transfer pricing documentation...

The 2257-SD return is a light version of the transfer pricing documentation provided for by Article L.13 AA of the French Tax Procedure Book.

that facilitates the targeting of tax audits...

The electronic filing of the information contained in the declaration **enhances the effectiveness of tax audits** by allowing the dematerialized data to be grouped and analyzed in databases.

The reporting procedure of form 2257-SD therefore allows the tax administration to program its **tax audits** in a **more efficient and targeted manner**.

thanks to a reporting procedure...

Since the Finance Act for 2016 (N°. 2015-1785 dated December 29, 2015), **the return must be submitted electronically**.

Furthermore, in the context of integrated tax groups, the return must be filed by the parent company on behalf of each of the member companies.

and which is backed up by penalties

Failure to submit the return results in a fine of € 150. Omissions or inaccuracies found in the return shall result in a fine of € 15 per omission or inaccuracy, without the total of the fines being less than € 60 or more than € 10,000.

In practice

Whilst penalties are not significant, it is important not to overlook the 2257-SD return, which must be completed thoroughly and in full compliance with the transfer pricing documentation.

Indeed, some tables of the declaration must now be included in the mandatory transfer pricing

documentation provided by Article L. 13 AA of the French Tax Procedure Book, and recent checks by our clients showed that this tool is now used meticulously by tax inspectors.

Our teams are fully available to assist you in both the preparation and the online filing of your 2257-SD return.

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