



Philippines

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	The only related guideline released by the tax authorities in the Philippines is the RR 03-13.

2. Master File (MF)	
	Not implemented

3. Local File (LF)	
	Not implemented

4. Country-by-Country Reporting	
	Not implemented
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	As of the moment, no related guidelines was issued in the Philippines related to threshold requirement, and specific documentations to be submitted nor the obligation for Country-by-Country reporting. It does however provide guidelines for Advance Pricing Arrangements and Mutual Agreement Procedure. It is said that a separate guideline was to be issued regarding the application of APA and MAP processes.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Section 13 of the Revenue Regulations 02-2013 states that the provisions of the Tax Code and other applicable laws regarding the imposition of penalties and other appropriate sanctions shall be applied to any person who fails to comply with or violates the provisions and requirements of these regulations. Also, taxpayers who have not prepared adequate documentation may find their application for MAP rejected or that the transfer pricing issue would be much more difficult to resolve. However, no specific penalties were mentioned.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. Benchmarking is commonly known as "comparability analysis". It entails an analysis of the similarities and differences in the conditions and characteristics that are found in the associated enterprise transaction with those in an independent party transaction. Once the impact of these similarities or differences have on the transfer price have been determined, the arm's length price/margin (or a range) can then be established using an appropriate transfer pricing method.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing, cross-border transactions, income and expenses shifted in favour of a related company with special tax privileges such as Board of Investments (BOI) Incentives and Philippine Economic Zone Authority (PEZA) fiscal incentives will further be scrutinized.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>Though not mandatory, if a taxpayer avails itself of an APA, it may choose freely between a unilateral and bilateral/multilateral APA. If a taxpayer does not choose to enter into an APA and its transactions are subject later on to transfer pricing adjustments, it may still invoke the MAP Article to resolve double taxation issues.</p> <p>It is said that a separate guideline was to be issued regarding the application of APA and MAP processes.</p>

Your contact person:

Ms. Benedicta Du-Baladad
 benedicta.du-baladad@bdblaw.com.ph