

Introduction to the Transfer Pricing Landscape in Germany

Presentation by PwC
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da oltre 100 anni
CAMERA DI COMMERCIO CANTONE TICINO
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Agenda

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Introduction to German Transfer Pricing

Introduction to German Transfer Pricing



TP regulations are in line with the OECD Guidelines

Most of the OECD regulations proposed have been adopted in Germany. Arm's length principle is the general guideline.



German thresholds for full Transfer Pricing documentation

Goods transactions: **6,000,000 €**
Other transactions: **600,000 €**



Possible sanctions

Missing TP documentation or presentation deadline: **5-10%** of adjusted income, **min. 5,000 €**
Late presentation: **100 € per day up to 1,000,000 €**



Master File, Local File, Country-by-Country Reporting

The three tier documentation concept is implemented in Germany



2

Tax audit topics
in Germany

Tax audit topics in Germany

Transfer pricing in the focus of tax authorities

Trademark
licensing

Permanent
losses

Permanent
establishment

Relocation of
functions
and business
restructuring

Documentation
and CbCR

High profits
abroad

Intangible
assets

3

Set-up and closure of
German subsidiaries

Business entry and exit in Germany

Set-up in Germany

TP characterization of entity

- Path dependency: initial set-up should reflect mid- and long-term planning
- Start-up losses
- Allocation of IP

Legal entity vs. permanent establishment

Legal entity

- Formal bookkeeping and TP documentation requirements
- Possibly additional permanent establishment

Permanent establishment

- Could already be triggered by travelling and/or sales activities in Germany.
- Formal bookkeeping and TP documentation requirements

Closure / Business exit

Exit tax

- Exit taxation risk, e.g. if intellectual property located in Germany and/or functions are transferred to another country

Thank you for your attention.

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Christoph is a senior manager within the PwC transfer pricing team in Nürnberg since February 2014.

He has more than eleven years of experience in transfer pricing advice of German and international companies with a focus on documentation, planning projects and international project management.

As a transfer pricing manager within the tax department of a German TecDax company he has defended transfer pricing systems in tax audits and developed new transfer pricing models.