KPMG

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Information on the latest tax developments in Germany

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Tax Haven Defence Regulation 2024 Promulgated

The third regulation amending the Tax Haven Defence Regulation was promulgated in the Federal Law Gazette on 30 December 2024. This concludes the legislative process. The amending regulation reflects the current status of non-cooperative tax jurisdictions according to the EU blacklist (last updated on 8 October 2024) in the Tax Haven Defence Regulation.

The Tax Haven Defence Act provides for measures that apply in relation to non-cooperative tax jurisdictions. The Federal Ministry of Finance is authorised to issue a regulation specifying the tax jurisdictions that are deemed to be non-cooperative tax jurisdictions within the meaning of the Tax Haven Defence Act, insofar as they are listed in the EU list of non-cooperative countries and territories for tax purposes (EU blacklist) as amended.

The EU list is updated twice a year, usually in February and October. In February and October 2024, an agreement was reached on updating the EU list of non-cooperative jurisdictions for tax purposes in the Economic and Financial Affairs Council of the European Union (ECOFIN). Most recently, Antigua and Barbuda were removed in October 2024 (now on the grey list). No new states were added.

Due to all updates in 2024, Antigua and Barbuda, the Bahamas, Belize, the Seychelles and the Turks and Caicos Islands are no longer on the EU blacklist. This means that there are now 11 states or territories on the EU list. The amending regulation transposes this update into German law.

The defence measures will no longer apply to these no longer listed tax jurisdictions from 1 January 2024.

The following non-cooperative tax jurisdictions remain unchanged:

1. American Samoa (since 24 December 2021)
2. Anguilla (since 21 December 2022)
3. Fiji (since 24 December 2021)
4. Guam (since 24 December 2021)
5. Palau (since 24 December 2021)
6. Panama (since 24 December 2021)
7. the Russian Federation (since 20 December 2023)
8. Samoa (since 24 December 2021)
9. Trinidad and Tobago (since 24 December 2021)
10. the US Virgin Islands (since 24 December 2021)
11. Vanuatu (since 24 December 2021).

Content

The date of inclusion in the national list of countries of the Tax Haven Defence Regulation is relevant for the applicability of the defence measures of the Tax Haven Defence Act in relation to newly included countries (temporal step model):

- Year 1: Year of inclusion in the list of countries of the Tax Haven Defence Regulation
- Year 2 (year 1 after inclusion): Application of tighter CFC rules, withholding tax measures, enhanced cooperation obligations
- Year 4 (year 3 after inclusion): Application of measures for dividends and sale of shares/ownership interests
- Year 5 (year 4 after inclusion): Application of prohibition on deducting business expenses and income-related expenses.

Tax Development Act Promulgated

The Act on the Further Development of Tax Law and the Adjustment of the Income Tax Rate (Tax Development Act) was promulgated in the Federal Law Gazette on 30 December 2024. The legislative process has thus been completed.

The law merely adjusts the income tax rate for the 2025 and 2026 assessment periods (increase in the basic allowance and shift in the benchmark values of the income tax rate).

Among other things, the following measures contained in the original draft bill - in particular to implement tax incentives for growth - were cancelled during the parliamentary process:

- Continuation of **declining balance depreciation** for movable fixed assets acquired or manufactured in the period from 2025 to 2028 and increase to 2.5 times the linear depreciation, up to a maximum of 25%
- **Reform of collective depreciation**: In particular, raising the upper value limit for preferential assets, which can be combined in a collective item, to EUR 5,000, as well as shortening the depreciation period of the collective item to three years
- **Research allowance**: Increase of the maximum assessment basis to EUR 12 million.

Government Draft Bill for a Second Future Financing Act

The Federal Government has published the draft bill for a second act to finance future-proof investments (Second Future Financing Act).

According to the explanatory memorandum, stable and efficient capital markets are of crucial importance for innovation, private investment and growth. With the (first) Future Financing Act, numerous measures have already been taken to improve the framework conditions for the capital market and start-ups. The aim of this draft bill - building on the (first) Future Financing Act - is to further strengthen the competitiveness and attractiveness of Germany as a financial location and, in particular, to improve the financing options for young, dynamic companies. This includes, in particular, the tax framework, which is an important factor for investment decisions.

Among other things, the draft law serves to implement the growth initiative adopted by the Federal Cabinet on 17 July 2024. A further aim of the draft bill is to make capital funds available to a greater extent for investments in infrastructure and renewable energies. Regulations, particularly in financial market law, company law and tax law, are to be further developed with this objective in mind.

In the area of tax law, the draft provides for amendments to the Investment Tax Act and, in particular, adjustments to the taxation of profits from the sale of shareholdings in corporations if these are reinvested ("roll-over"). Here, the maximum amount for the transfer of hidden reserves from the sale of shares in corporations to reinvestments is to be increased from EUR 500,000 to EUR 2,000,000 (the previous ministerial draft bill provided for an increase to EUR 5,000,000). The amendment is to apply to capital gains from financial years beginning after the promulgation of the Act.

Revised Draft Law Proposing Amendments to Minimum Tax Act

On 6 December 2024, the Federal Ministry of Finance launched a consultation on a revised discussion draft proposing further amendments to the German Minimum Tax Act.

Key takeaways include:

- Safe Harbour: the draft proposes changes to the local implementation of the transitional CbyC Reporting Safe Harbour to incorporate the OECD December 2023 Administrative Guidance (including anti-hybrid arbitrage rules that would apply to transactions entered into after 15 December 2022 and clarifications on the treatment of purchase price accounting for the purposes of qualifying for the CbyC Reporting Safe Harbour).
- Divergences between GloBE and accounting carrying values: the draft proposes to incorporate the OECD June 2024 Administrative Guidance

clarifications for determining the deferred tax expense for GloBE purposes when the rules result in divergences between GloBE and accounting carrying value of assets and liabilities.
- Recapture of deferred tax liabilities (DTLs): the draft proposes to incorporate the OECD June 2024 Administrative Guidance provisions providing the possibility to aggregate DTL categories and methodologies for determining whether a DTL reversed within five years.
- Filing deadlines: the draft clarifies that the first GIR filing deadline will be no earlier than 30 June 2026 (e.g. also for groups with short fiscal years ending before 31 December 2024).

The amendments would generally apply for financial years starting on or after 31 December 2023. An exception applies with respect to the anti-hybrid arbitrage rules in the context of the transitional CbyC Reporting Safe Harbour, which would apply for financial years starting after 31 December 2024.

In addition, the draft proposes to declutter existing German anti-abuse measures. This includes the proposed removal of the German royalty deduction limitation rules from 2025 and the removal of the extended CFC rules for capital investment income (currently providing for a lower participation threshold of at least 1 percent) with retroactive effect from 2022.

Following the end of the German governing coalition there are to be new elections in February 2025. Especially for legislative projects at an early stage, for which e.g. a discussion draft or draft bill of the Federal Ministry of Finance has been submitted, as a result of the collapse of the government, there may be delays in the further proceedings or even termination.

Lower Tax Court of Düsseldorf (1 K 2666/19 F): German CFC Rules – Functional Approach / Violation of the Free Movement of Capital in Third-Country Cases

In its ruling of 2 August 2024, the Lower Tax Court of Düsseldorf commented on two issues of the German Controlled Foreign Company (CFC) Rules:

- So-called functional approach,
- Violation of the free movement of capital in third-country cases due to a lack of motive test.

The German CFC Rules (Sections 7 et seq. German Foreign Transactions Tax Act [FTTA]) applies in general if a low-taxed corporation domiciled abroad generates passive income and is controlled by a person with unlimited tax liability in Germany. The FTTA contains an exhaustive catalog of active income. All income that is not active in this sense is passive and therefore harmful for the purposes of German CFC Rules (especially interest income, unless it is connected to active income according to the so-called functional approach). The low tax threshold is 25%. It was reduced to 15% from 2024. German CFC Taxation can be avoided in EU/EEA cases if proof is provided that the foreign corporation pursues a significant economic activity (so-called motive test). The motive test is intended to ensure that the German CFC Rules comply with European law. The legal consequence of the German CFC Rules is that the passive income of the foreign corporation is to be recognized as an add-back amount for the resident in proportion to his share in the nominal capital and is fully taxable. The aim is to prevent the insubstantial transfer of income to low-taxed foreign countries. As a result, passive income is taxed as if it had been generated directly in Germany (upward shift to the domestic tax level).

In the case in dispute, the plaintiff (domestic corporation) held a 100% interest in a stock corporation domiciled in Switzerland. The latter was responsible for the central settlement and del credere business for the purchase of goods within the plaintiff's group of companies. It carried out payment settlement both for intragroup suppliers and customers as well as for external suppliers and franchisees. It also bore the default risk vis-à-vis external suppliers. The subsidiary also generated interest income from interest on arrears and short-term investments.

It was disputed whether the income of the Swiss subsidiary corporation was subject to German CFC Taxation for the plaintiff in the years 2009 to 2011.

The Lower Tax Court of Düsseldorf denies a German CFC Taxation. The activities of the low-taxed subsidiary are to be assessed as economically related in a uniform manner on the basis of the functional approach, with payment settlement being the main activity. The assumption of the del credere and the interest income are closely factually and economically related to the processing of payments. The subsidiary thus generates overall active income from the operation of a credit institution (Section 8 para. 1 no. 3 FTTA) and from services (Section 8 para. 1 no. 5 FTTA).

For 2011, the German CFC Taxation also leads to an unjustified violation of the free movement of capital, which also applies in third-country cases (here: Switzerland). For foreign companies domiciled in the EU, the law includes the possibility of proving that the foreign company pursues an economic activity abroad (motive test), so that passive income is not subject to German CFC Taxation. However, the law does not provide for the possibility of providing this counter-evidence in third-country cases. As of 2011, the amended Double Tax Treaty (DTT) information clause with Switzerland provides the German tax authorities with an opportunity for review, so that the inadmissibility of counter-evidence to exclude German CFC Taxation is no longer justified for reasons of avoiding tax evasion. The subsidiary in the case in question was not a purely artificial arrangement but was actually located in Switzerland and carried out an actual economic activity there.

The decision is final.

Note: For years from 2022 onwards, the FTTA also contains a motive test for third-country cases for a limited scope of application (Section 13 para. 4 FTTA). However, this only applies to income of an investment nature (in particular interest income, unless it is active on the basis of the functional approach) and if the foreign company is not controlled. In the case of income of an investment nature, any amount of investment may be harmful in exceptional cases.

Federal Ministry of Finance: Guidance on the Application of the Anti-Hybrids Rules

The Federal Ministry of Finance (MoF) has published its final MoF guidance on the prohibition of deduction of expenses in the case of taxation mismatches due to hybrid mismatch arrangements (section 4k Income Tax Act – ITA) under the date of 5 December 2024. Only a few significant changes have been made compared to the draft version of July 2023.

The aim of the anti-hybrids rules is to neutralise taxation mismatches in connection with hybrid mismatches arrangements. To this end, section 4k ITA contains successive prohibitions on the deduction of business expenses (section 4k (1) to (5) ITA). Tax mismatches caused by hybrid mismatch arrangements in cross-border situations can result in a tax deduction in both states (double deduction - DD) or a deduction in one state with simultaneous non-taxation in the other state (deduction/non-inclusion - D/NI).

Overview

The MoF guidance contains 129 paragraphs on 53 pages. The core of the guidance is the explanations on the taxation mismatches rules in section 4k (1) to (5) ITA and the resulting prohibitions on deducting operating expenses.

Temporal application

The anti-hybrids rules are applicable for the first time to expenses incurred after 31 December 2019. Expenses that were already legally incurred before 1 January 2020 are only deemed to have been incurred after 31 December 2019 if they are based on a continuing obligation and could have been avoided without significant disadvantages as of that date.

If there is no continuing obligation, the anti-hybrids rules are not to be applied even if expenses that were legally caused before 1 January 2020 are incurred after 31 December 2019. In this context, the (clarifying) statements according to which deductions for depreciation are not based on a continuing obligation, and this is also to apply to interest carry forwards within the meaning of the interest limitation rule that only have a tax effect from 1 January 2020 (carryforward of exceeding borrowing costs) and therefore section 4k ITA is not to be applied in either case are particularly important for practice.

Personal scope of application

The scope of application is generally limited to (contractual) arrangements between related persons within the meaning of section 1 (2) FTTA or between a company and its permanent establishment (section 4k (6) sentence 1, variants 1 and 2 ITA). If there is a structured arrangement, however, the anti-hybrids rules are also applicable to situations between third parties (section 4k (6) sentence 1, variant 3 ITA).

Taxation mismatch: Hybrid financial instruments (section 4k (1) ITA)

Section 4k (1) sentence 1 ITA provides for a prohibition of deduction for expenses which, due to the use of a hybrid financial instrument ("divergent tax qualification"), lead to a non-taxation or low taxation of the corresponding income abroad (D/NI mismatch) because of the different classification of the financial instrument on the part of the remuneration debtor and the remuneration recipient as equity or debt or in the case of hybrid transfers ("divergent allocation").

Of practical relevance is the clarifying statement on the "causality" of the hybrid element for the prohibition of deduction of operating expenses, according to which the anti-hybrids rules are not to be applied if, in addition to the qualification or attribution mismatch, other causes outside the scope of the anti-hybrids rules arise for a non-taxation or low taxation of the income corresponding to the expenses (e.g. personal tax exemption of the creditor). If various hybrid elements are causal for the taxation mismatch, this must be eliminated in accordance with the order of the paragraphs of section 4k ITA.

“Non-taxation" is said to exist insofar as the income corresponding to the expenses is not included in a tax assessment basis. The actual inclusion is decisive. Taxation at a tax rate of zero per cent (insofar as the other requirements of section 4k para. 1 ITA are met), the factual tax exemption of the income corresponding to the expenses as well as the (proportional) waiver of the levying of a foreign tax is defined as non-taxation. Taxation in a specific country, e.g. in the country of the direct creditor of the income corresponding to the expenses, is not necessary.

“Lower taxation" is said to exist if the income is subject to a lower effective tax burden than that which would result if the capital assets were qualified or attributed in accordance with German law.

Taxation mismatch: Deviating tax treatment of the taxpayer (section 4k para. 2 ITA)

Section 4k (2) sentence 1 ITA provides for a prohibition of deduction for expenses in the case of deviating tax treatment of a taxpayer (legal entity) and for fictitious expenses in the case of deviating tax assessment of debt relationships to be assumed between a company and its permanent establishment (section 1 (4) sentence 1, no. 2 FTTA), insofar as D/NI incongruities arise from this.

According to the guidance, the concept of expenses within the meaning of section 4k (2) sentence 1 ITA includes expenses of all kinds and is not limited to payments but includes all income changes across periods. Expenses in this sense are, for example, interest, royalties, rental fees and service fees as well as, in the case of economic goods, expenses for acquisition or production (e.g. purchase price), depreciation amounts and the write-off of the book value, e.g. in the case of sale.

In particular, expenses of taxpayers who are regarded as non-transparent for tax purposes in Germany and who are regarded as transparent entities abroad (hybrid entities), which can also be the case if they are included in a foreign group taxation system, are covered by the provision. The guidance also explicitly mentions the "check-the-box procedure" that frequently occurs in practice with US inbound structures.

According to the guidance, a "causality" between the non-taxation and the hybridity is also required for this taxation mismatch.

The guidance contains an equitable rule on a so-called "no-deduction/inclusion mismatch". According to this, income of the taxpayer that is offset against expenses, which is based on an intra-group service relationship and which is subject to actual taxation in Germany, but which does not lead to expenses corresponding to this income being considered due to the different tax treatment of the taxpayer abroad, can regularly be treated as income taken into account twice in individual cases.

Taxation mismatch: Different allocation or attribution of income (section 4k (3) ITA)

Section 4k (3) ITA provides for a prohibition of deduction for expenses insofar as the income corresponding to the expenses is not subject to actual taxation in any country due to their tax allocation or attribution deviating from German law (D/NI mismatch). The guidance clarifies that section 4k (3) ITA covers in particular expenses to so-called reverse hybrid entities (marginal no. 62). As a rule, these are fiscally transparent in their country of domicile, while they are considered non-transparent for tax purposes in the country of their (indirect) shareholders.

Taxation mismatch: double deduction of expenses (section 4k (4) ITA)

Section 4k (4) ITA neutralizes taxation mismatches resulting from the double deduction of expenses (DD mismatches). The guidance explains that section 4k (4) ITA, in contrast to paragraphs 1 to 3, does not require a hybrid element.

Expenses which are in principle deductible abroad, but which are not actually deductible, e.g. because of the application of other deduction prohibitions, are not to be considered as considered abroad. On the other hand, the increase of a loss that is in principle compensable for tax purposes should also be (harmful) consideration within the meaning of the regulation. However, there should be no consideration if the expenses are considered in the context of CFC taxation.

According to the guidance, double deduction can also occur in connection with foreign group taxation systems, for example group contribution model and profit and loss offsetting system. In addition, a consolidation system can also lead to double deduction if the expenses are negated in accordance with the consolidation principles abroad and the transaction does not lead to an increase in the group's tax base.

Taxation mismatch: Imported mismatches (section 4k (5) ITA)

The prohibition of deduction under section 4k (5) ITA concerns taxation mismatches in which Germany is not directly involved, but which are shifted to Germany via one or more transactions (so-called imported mismatches). The regulation is to be applied subordinate to the other deduction prohibitions (paragraphs 1 to 4). The tax mismatches covered occur between other countries that do not eliminate them.

The guidance states that in the case of multi-level business relationships, there must be a chain of relationships between the German taxpayer and the legal entity bearing the harmful expenses, but not a uniform economic connection between the respective expenses. The economic reason for the expenses does not have to be maintained throughout the entire supply chain, e.g. interest expenses on the one hand and licence expenses on the other.

The examination of the regulation on imported mismatches is extensive. Under certain circumstances, it must be examined across the entire shareholding structure whether the prohibitions on deducting operating expenses in paragraphs 1 to 4, or if their conditions are not met, also the regulation in paragraph 5, would hypothetically have to be applied. The effects of a hypothetical application of the paragraphs - including the respective exemptions and the grandfathering provision in the temporal application - must be examined in isolation in accordance with the legal assessment of the respective foreign country.

Obligation to provide evidence and to cooperate

The taxpayer is subject to increased obligations to cooperate and provide evidence for foreign matters. Documents from the accounting of the legal entities involved, information from the foreign tax authorities (on the individual case) as well as the submission of foreign tax assessment notices, tax rulings or confirmations of the (non-)exercise of a foreign option may be required.

Federal Ministry of Finance: Guidance on the German CFC Rules Old Version – Motive Test

In its guidance dated 17 March 2021, the Federal Ministry of Finance specified the requirements for applying the motive test in the context of the German CFC Rules old version (up to and including 2021) (for an introduction to the motive test, see the above article on the ruling of the Lower Tax Court of Düsseldorf, 1 K 2666/19 F). In its letter dated 20 December 2024, the Federal Ministry of Finance amended the guidance dated 17 March 2021 for all outstanding cases on three points and lowered the requirements:

1. Substance Requirements:

The law requires that the foreign company carries out an economic activity. According to the guidance dated 17 March 2021, it must not only be adequately equipped in terms of personnel, but also materially, so that it is in a position to independently carry out the intended core economic functions (proof of substance). In addition, the domestic taxpayer had to prove that there are valid economic, i.e. non-tax reasons for the participation in the foreign company. This included proving that none of the main purposes of the participation is to obtain a tax advantage. Proof of the existence of non-tax reasons for the participation is no longer required. It is sufficient if proof of substance is provided.

2. Outsourcing:

As explained under 1. above, the foreign company must in principle carry out the economic activity itself. However, outsourcing to related parties in the same country is now considered harmless if they carry out the main economic activity of the foreign company using their own material and human resources.

3. Investment Companies:

For foreign companies with income of an investment nature (in particular interest income), the requirement that the capital procurement or investment market must be located in the host state has been removed as part of the proof of substance. The targeted utilisation of resources in the host country and appropriate staffing and equipment is now sufficient, as for other foreign companies.

According to the Federal Ministry of Finance guidance the amendments apply to both EU/EEA and third-country cases up to and including 2021. However, as already explained above in the article on the ruling of the Lower Tax Court of Düsseldorf (1 K 2666/19 F), the old version of the motive test did not contain a legal basis for third-country cases. and tax courts are not bound by a Federal Ministry of Finance guidance.

For the version of the motive test to be applied from 2022, the explanations in the guidance dated 22 December 2023 are decisive.

Federal Ministry of Finance: Intra-Group Financing – Administrative Principles on Transfer Pricing 2024

On 12 December 2024, the Federal Ministry of Finance (MoF) published the final Administrative Principles on Transfer Pricing 2024 (hereinafter "AP TP "). In particular, Chapter III.J regarding intra-group financing relationships and financing services was fundamentally revised and adapted to Section 1 (3d) and (3e) Foreign Transactions Tax Act (“FTTA”) newly introduced as part of the Growth Opportunities Act in March 2024.

There were only a few changes outside of Chapter III.J. A new provision has been included concerning the guidelines for supplies of goods that fall within the scope of OECD Amount B (determination of transfer prices using the simplified approach described there).

Financing relationship on the merits

The tax deductibility of interest depends on whether and to what extent a relevant financing relationship exists. This should be examined based on the respective circumstances and the actual transaction in accordance with Chapter X, margin no. 10.4, 10.6, 10.8 and 10.11 of the OECD Guidelines (margin no. 3.121 et seq. of the AP TP).

Acquired and other assets must be included to substantiate debt sustainability (Debt Capacity Analysis). An assessment must be made as part of an overall view of the circumstances. This does not exclude particularly risky financing such as start-up financing from being at arm's length. In the case of short-term capital transfers, in particular from a cash pool, it should be possible to regularly assume that the capital service has been provided.

The rating used to determine the interest rate at the time of the conclusion of the financing agreement can be used to substantiate the debt capacity, provided the rating classification is investment grade.

The financing must have been economically necessary. This should be the case in particular if the financing is necessary for the operation or maintenance of the business activity (e.g. financing of operating resources or investments in equipment). Regulatory reasons or intended investments can also be reasons for taking out a loan that are customary for third parties.

Debt-financed profit distributions are permissible and, in principle, do not contradict the purpose of the company within the framework of the distributing company's customary distribution policy. In the case of acquisition financing, the consideration of a capital buffer and the short-term investment in an intra-group cash pool is generally considered to be at arm's length.

If the requirements of section 1 (3d) sentence 1 no. 1 FTTA (debt capacity analysis and business purpose test) are not cumulatively fulfilled, a pro rata correction of the income in the amount of the non-arm's length portion of the interest expense must be made.

Rating determination and interest rate at arm's length

The determination of the arm's length price for borrowing is generally based on the comparable uncontrolled price method, whereby relevant comparability factors must be considered.

The credit rating of a sub-group is generally equivalent to the rating of the (entire) group and remains decisive for the determination of the interest rate, unless the credit rating of the borrower is better.

Low-function and low-risk services

The definition of services as low-function and low-risk services pursuant to Section 1 (3e) FTTA has no influence on the choice of method and pricing.

Low-functional and low-risk financing companies are only entitled to a risk-free return. If the granting of the loan and the actual control of the functions or risks associated with it diverge, there should be a further transaction between the financing company and the company exercising the actual control. Consequently, a German borrower can claim the arm's length interest rate from a financing received from a low-function and low-risk financing company as tax deductible.

Foreign and domestic financing companies

The Federal Ministry of Finance clarifies that only financing activities carried out abroad are generally to be regarded as low-functioning and low-risk in accordance with Section 1 (3e) FTTA. For financial services provided domestically, the tax authorities can also prove based on a functional and risk analysis that this is not a low-function and low-risk service.

Grandfathering for section 1 (3d) FTTA

The provision of Section 1 (3d) FTTA (debt capacity analysis, business purpose test, sub-group rating) generally applies from 1 January 2024. However, the Annual Tax Act 2024 of 2 December 2024 introduced a retroactive statutory transitional provision for existing financing relationships. Accordingly, Section 1 (3d) FTTA does not apply to expenses arising up to 31 December 2024 from financing relationships that were agreed under civil law before 2024 and whose implementation began before 2024. If such financing relationships are significantly changed in 2024, the regulation only applies to expenses incurred after the significant change.

The tax authorities specify this transitional rule. In the case of an intra-group cash pool, it is not the date of implementation of the cash pooling system as such that should be decisive, but the date of the respective capital transfer and capital raising. If the existing financing relationship is continued beyond 2024, the tax authorities will not object if it can be credibly demonstrated that the debt-carrying capacity will be met by 31 December 2024. In the case of financing relationships that are materially changed in 2024, no objections will be raised if the prima facie evidence is provided at the time of the material change.

For the application of Section 1 (3e) FTTA (low-function and low-risk services), on the other hand, no grandfathering is provided for financing relationships that already existed before 2024.

Outlook

Intra-group financial transactions have been a focus of German tax audits for many years. With the introduction of Sections 1 (3d) and (3e) FTTA and the new administrative principles, the requirements for the necessary transfer pricing analyses and the transfer pricing documentation to be prepared have increased further. Companies are recommended to introduce or revise transfer pricing guidelines for intra-group financial transactions.

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