THE TAX POINT.

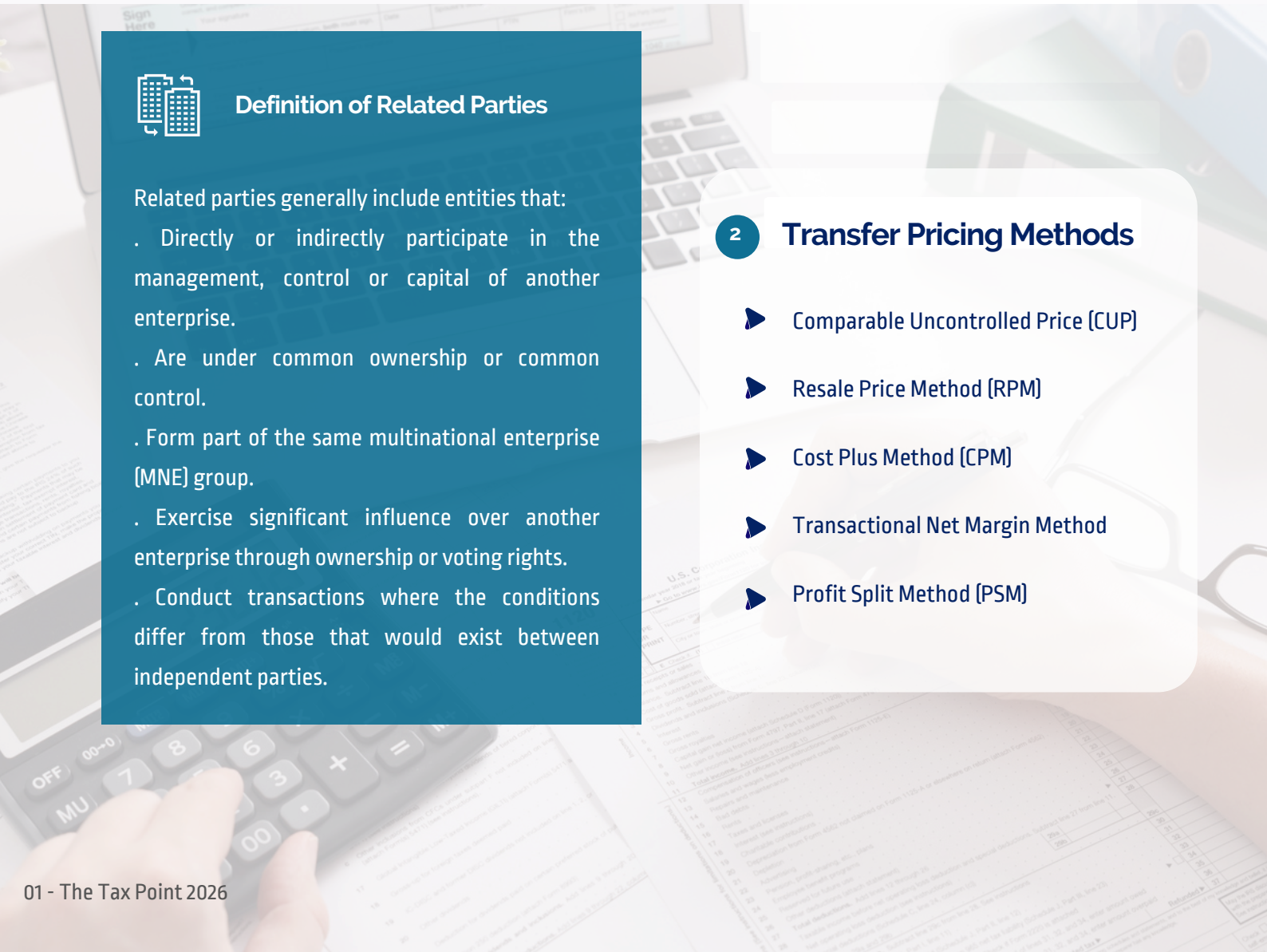
Transfer Pricing Country Profile
TUNISIA

A decision-oriented overview of TUNISIA Transfer Pricing - implications, risks, and strategic considerations

1 TUNISIA's Transfer Pricing Framework

Tunisia introduced comprehensive transfer pricing legislation through the Finance Law 2019 and has subsequently aligned its transfer pricing documentation requirements with the OECD BEPS Action 13 recommendations. The transfer pricing rules apply to transactions between related parties and require that such transactions comply with the arm's length principle.

Tunisia follows the OECD Transfer Pricing Guidelines as an important reference in interpreting its transfer pricing legislation, although domestic tax law prevails where inconsistencies arise.



Definition of Related Parties

Related parties generally include entities that:

. Directly or indirectly participate in the management, control or capital of another enterprise.

. Are under common ownership or common control.

. Form part of the same multinational enterprise (MNE) group.

. Exercise significant influence over another enterprise through ownership or voting rights.

. Conduct transactions where the conditions differ from those that would exist between independent parties.

2 Transfer Pricing Methods

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Transactional Net Margin Method
- Profit Split Method (PSM)

3 Transfer Pricing Documentation

TP Disclosure Form

Tunisia requires qualifying taxpayers to submit an annual transfer pricing declaration electronically to the tax authorities.
The filing requirement generally applies to companies that:
. are resident or established in Tunisia;
. maintain a related-party relationship within the meaning of the Tunisian Tax
Code; and
. have an annual gross turnover of at least TND 200 million.
The disclosure is generally limited to controlled transactions with an annual value of TND 100,000 or more per transaction category. The declaration must be submitted electronically together with, or within the same deadline as, the annual corporate income tax return. It may be filed in Arabic or French.

Masterfile and Local file

Tunisia has adopted the three-tiered documentation approach under OECD BEPS Action 13.
Companies' resident or established in Tunisia are required to prepare and maintain:
. Master File
. Local File
The documentation requirement applies to companies that:
. have annual turnover (excluding taxes) of at least TND 200 million, and
. undertake transactions with related Tunisian or foreign entities.
Language requirements:
. Local File: Arabic or French
. Master File: Arabic, French or English.

Country-by-Country Reporting (CbCR)

Tunisia has implemented Country-by-Country Reporting in accordance with OECD BEPS Action 13.
CbCR generally applies to multinational enterprise groups with consolidated annual revenue of at least TND 1.636 billion (approximately EUR 750 million) in the preceding fiscal year.
Applicable MNE groups must:
. file the Country-by-Country Report where required;
. submit CbCR notifications;
. comply with Tunisia's exchange of information obligations.

Requirements

. Transfer pricing documentation should be prepared contemporaneously.
. Documentation must be maintained and made available to the tax authorities upon request or at the commencement of a tax audit.
. Annual transfer pricing declarations and CbCR obligations must be submitted within the prescribed statutory deadlines.

4 Key Areas of Focus

The Tunisian tax authorities generally focus on:
. Compliance with the arm's length principle.
. Cross-border related-party transactions.
. Adequacy of transfer pricing documentation.
. Functional, asset and risk analyses.
. Selection and application of transfer pricing methods.
. Intra-group financing arrangements.
. Business restructurings.
. Country-by-Country Reporting compliance.
. Transactions involving low-tax jurisdictions or arrangements presenting BEPS risks.

5 Compliance, Disputes & Outlook

Compliance Requirements

Taxpayers within the scope of the Tunisian transfer pricing rules should:
. Apply the arm's length principle to related-party transactions.
. Prepare and maintain Master File and Local File where applicable.
. File the annual transfer pricing declaration.
. Comply with Country-by-Country Reporting obligations where applicable.
. Maintain sufficient supporting documentation demonstrating the transfer pricing methodology adopted.
. Retain documentation for review during tax audits.

Dispute

The Tunisian tax authorities commonly review:
. Functional analyses.
. Selection of comparables.
. Benchmarking studies.
. Intercompany financing.
. Management service charges.
. Royalty arrangements.
. Valuation of controlled transactions.
. Profit allocation among related parties.

Penalties

Failure to comply with Tunisia's transfer pricing requirements may result in:
. Transfer pricing adjustments to taxable income.
. Additional corporate income tax assessments.
. Penalties for failure to submit transfer pricing documentation or declarations.
. Late filing penalties.
. Interest on unpaid taxes.

HOW CAN WE HELP?

TP Governance and Strategy

Designing robust frameworks and strategic advisory

·Economic Substance & TP Policy Design
·TP Policy, Restructuring & Planning
·Value Chain Analysis and TP / Tax Optimization
·Intangible Property Structuring

TP Reporting and Compliance

Ensuring compliance with evolving regulations

·TP Documentation (Local File, Master File, TP Disclosure Form)
·Benchmarking Analyses
·Country by Country Reporting
·Permanent Establishment (and profit attribution)

TP litigation and Controversy

Protecting your position across the audit lifecycle

·Mock Tax Audits & Pre-audit Strategy
·Defense File Preparation
·Tax Rulings & Advance Pricing Agreements (APA)
·Mutual Agreement Procedure (MAP)
·Post-audit Assessment & Implementation Support

GET IN TOUCH

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At The Tax Point, we support groups operating in the UAE where transfer pricing is not a compliance checkbox, but a strategic control tool.