



## Tax havens and Transfer Pricing

**ESCURA** informs you that those taxpayers who carry out transactions or hold securities in countries or territories classified as tax havens, regardless of the amount and whether the transaction is carried out with a related entity or an independent entity, will be obliged to document such transactions in accordance with the **transfer pricing documentation rules**.

The only exception to this obligation is in cases where transactions involve services or purchase and sale of goods (including intermediary commissions and ancillary costs) with unrelated persons or unrelated entities resident in a tax haven, to the extent that it can be justified that the transaction is an arm's length transaction using the comparable uncontrolled price method. However, transactions carried out with related entities resident in tax havens may not benefit from this exemption.

Also, such taxpayers must file **Form 232** (Informative tax return on related-party transactions and transactions and scenarios related to countries or territories classified as tax havens), without applying any quantitative limit.

With regard to the description of the transactions, each transaction carried out with or by persons or entities resident in countries or territories classified by regulations as tax havens (not only those carried out with related persons or entities) must be detailed, as well as the service expenses corresponding to transactions carried out, directly or indirectly, with persons or entities resident in the aforementioned countries or territories and those investments or expenses carried out in these countries or territories.

The following link provides information on the territories classified as tax havens in accordance with Royal Decree 1080/1991, of 5 July: [Tax Agency: List of countries and territories classified as tax havens in Royal Decree 1080/1991,...](#)

