# The New Rules on the Transfer Pricing Documentation Filing by Related Parties Will Enter into Force on 1 January 2020

The new rules laid down in the Tax and Social Security Procedure Code (TSSPC) (promulgated in The State Gazette, No 64 of 13 August 2019) concerning the mandatory preparation of transfer pricing documentation for transactions between related parties above certain thresholds will enter into force on 1 January 2020. The documentation will consist of a master file and a local file, where the master file will be required only from taxpayers belonging to a multinational group of enterprises. The deadline for the preparation of the local file is 31 March of the year following the year to which it refers and the deadline for the preparation of the master file by the ultimate parent company is up to 12 months after the deadline for the preparation of the local file. These accountability requirements match with the existing rule that, in the event of audit procedures, taxpayers are required to prove the conclusion of transactions with related parties at market prices or, in case of discrepancies, the reasons for the deviation from the market conditions.

The thresholds for the specific types of transactions, above which a transfer pricing file is required, are the following: BGN 400 000 where the sale of goods is involved in the transaction or BGN 200 000 for all other types of transactions. There are other thresholds relating to the general performance indicators of the taxpayer for the relevant year: (a) book value of the assets above BGN 38 000 000; (b) net sales revenues exceeding BGN 76 000 000, or (c) average staffing levels of 250 persons for the reporting period.

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