

## DELOITTE TAX LLP PUERTO RICO TAX ALERT – MAY 2021 – NUMBER 10

### TRANSFER PRICING REQUIREMENTS

The Puerto Rico Treasury Department (PRTD) issued Administrative Determination 21-05 (AD 21-05) to address various inquiries related to Transfer Pricing (TP) report requirements related to the 51% disallowance on intercompany charges pursuant to section 1033.17(a)(16) and (17) of the Puerto Rico Internal Revenue Code, as amended.

AD 21-05 provides that taxpayers will not have to file the TP report together with the income tax return. Instead, taxpayers must file Form 6175, "Certificate of Compliance with Section 1033.17(a)(16) and (17) of the Code", attesting to the fact that the TP report was issued prior to the filing of the income tax return, that the TP report will be available within 30 days of being requested by PRTD, and that the allocation methodology used in the income tax return is consistent with the TP report.

Furthermore, AD 21-05 also clarifies that taxpayers can rely on TP reports issued for prior years if the facts and circumstances, and relevant transactions, have not substantially changed after the issuance of the TP report.



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