

## WHAT ARE TRANSFER PRICES?

Transfer pricing can be defined as the value assigned to transactions made between related companies.

Transfer pricing is used when individual entities, part of a larger entity, are treated and measured as separately entities.



# TRANSFER PRICING STUDY

## OUR SERVICES

Our company offers a quality service focused on guaranteeing compliance with formal tax obligations, based on a transactional analysis between the related parties of an economic group, that allows determining if the transactions have been carried out at a market price, in accordance with the requirements of the OECD and decree 37898-H, and make the necessary recommendations for the adjustment thereof.

### Why do you need a Transfer pricing study?

Your company, as taxpayer, can benefit, since the study of transfer pricing, while it works as a fiscal planning tool, allows you to avoid possible penalties by the Tax Administration, which may affect your overall results and image.

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*“Along with increasing globalization, international transactions between related parties (between parent company and their affiliates or between affiliates) are playing an increasingly significant role in world trade and economy. As multinational enterprises are said to account for about 60% of world trade, transfer pricing has become the number one issue in the international tax arena.” – Liu Ping & Caroline Silberztein.*

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## BENEFITS

Among the benefits that the study of transfer pricing can bring for your company, you may find the following:

1. Being a study by a third party, ensures greater objectivity in the analysis, which can ensure you have enough information for **better decision making of your company**.
2. It allows you to **reduce taxes and the possibility of related penalties**, ensuring compliance with policies and regulations related to transfer pricing, from the local to the international level.
3. It allows you to **identify opportunities** to reduce the payment of global taxes of your company, and to **improve the efficiency** of your company due to the possible reorganization of your company



## METHODOLOGY

For the development of the study, we rely on the **BEPS (Base Erosion and Profit Shifting)**, which refers to the tax planning strategies used by multinational companies to take advantage of the discrepancies and inconsistencies of national tax systems and transfer their benefits to countries with little or no taxation. This methodology is composed of 15 actions that serve as a guide for the study of transfer prices.

Likewise, our study is based on the **OECD Transfer Pricing Guidelines**, from which the following methods may be used:

- Comparable price method not controlled
- Resale price method
- Cost method added
- Utility partitioning
- Net margin of the transaction

## Contact us

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## REGULATIONS AND OTHERS

In Costa Rica, there is an obligation to present the "Informative Transfer Pricing Statement" which is established in Article 8 of Decree 37898-H. It is mandatory for taxpayers who carry out national or cross-border transactions with related companies and who are classified as large taxpayers, or large territorial companies, or under the free zone regime.

## WHY CGS-CPA & CONSULTORES?

During the years of existence, an important synergy has been created with professionals from different areas such as tax, legal, marketing, human resources and others, which gives our services an important added value.

Also, in the case of transfer pricing studies:

- We have enough experience in transfer pricing studies.
- We have a team specialized in taxes that will provide advice according to the needs of your company.
- We make use of a specialized methodology that will guarantee the necessary results.

## CGS-CPA & CONSULTORES

San José, Costa Rica.