

ABSTRACT

The article presents the assessment of changes in transfer pricing regulations among associated companies. The new regulations will be introduced in Poland from 2019. The assessment is based on comparison and verification analyses with respect to alignment of changes with OECD recommendations for transfer prices. Alignment with international standards is a condition for avoidance of economic double taxation in case of transfer pricing adjustment. The assessment concerns the crucial changes involving adjusted approach to arm's length principle.

Adjusted arm's length approach introduces a couple of changes among which the most important is to impose new obligations to improve setting transfer prices on daily basis as well as authorisation for tax authorities to non-recognition or recharacterization of transactions between associated companies. The proposed wording of statutory law do not include any particular safeguards against tax authorities empowerment to use this tool.

It was indicated in the article that some changes might rise uncertainty due to inconsistency with international standards. This might bring the growing number of international tax disputes where avoidance of double taxation will be impossible.

Keywords: transfer pricing, related entities, principle arm's length