

Multinational companies and regulation the transfer pricing in Ukraine

Profits of multinational corporations are constantly growing. The corporations have greater opportunities to minimize tax liabilities. They are transferred profits of parent companies - taxpayers, in to countries with a loyal tax regime, their affiliates companies, while in the producer countries are declared losses. All of this, undoubtedly, is of interest to studying the economic activity of these subjects of economic activity.

Multinationals outputs its profits from state control using hidden methods of transfer income. This gives them an opportunity to avoid paying taxes and to circumvent various restrictions.

Mechanism of manipulation of transfer prices is intentional overstatement or understatement of the price of products, services, patents, licenses, which are supplied the parent company to its subsidiaries one unit to another.

The most known method of manipulation is to use transfer prices in intra-trade between affiliates located in different countries. Sale of goods for such agreements is not a conventional agreement, because multinationals are selling goods to itself.

Goods and proceeds from them remain the property of TNCs, changing only "address" in the framework the company.

Especially important is emphasize that transfer pricing as a way deviations from taxes simultaneously serves as the significant factor in enhancing of credit and financial centralism international companies.

Among developed countries, which are guided the provisions of the regulation in OECD transfer pricing are Canada, Japan and the UK.

For countries, which are develop is a problem of implementation of quality system income taxation of legal entities, which, in fact, must serve as the basis for transfer pricing.

In recent years in Ukraine become widespread the attraction to chain of sale of goods (works, services) of related parties, intermediaries who are registered in countries with a low levels of taxation (offshore jurisdictions), or those that use preferential taxation regimes is not payers some taxes and fees. Accordingly, it is adversely impact on filling budgets of all levels.

In Ukraine, the regulatory framework concerning transfer pricing are developed and is constantly improved, but can be difficult with administration of controlled operations. Special software product that would sharing risk of the transaction (doubtful) for the purpose of inspection is not (only Tax Block System).

There is a problem with insufficient amount of sources of information and a problem with absence in list of sources of information on market prices for the purpose of transfer pricing of international pricing agencies with high reputation.

In addition, difficulties may arise with application methods of determining prices to taxation of incomes taxpayers.

Also available is the problem of ensuring experts for implementation transfer pricing in order to minimize financial risks.

A new approach of tax administration of transfer pricing must manifested in the change the ideology of the control: importance of contents of operations, but not its form.

Implementation of transfer pricing in Ukraine demands carrying out a clear, consistent and effective tax policy.

This will facilitate the refusal of multinational corporations to use the international structuring of business processes and of artificial transactions for the transfer of capital to other countries in order to minimize tax liability, at above all - the income tax.

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