

Guide to Transfer Pricing Disclosure Form

Year of Assessment 2019/2020

Introduction

In terms of Regulation 6 of the Transfer Pricing Regulations published in Extraordinary Gazette No. 2104/4 dated 31.12.2018 (hereinafter referred as “Transfer Pricing Regulations 01 of 2018”), it is required that all taxpayers having “international transactions” or “transactions other than international transactions” made between associated enterprises who fulfil the requirements of Regulation 1 of the Gazette Notification, must submit a Transfer Pricing Disclosure Form (hereinafter referred to as, “TPDF”) along with the Return of Income Tax.

A Transfer Pricing Disclosure Form which is the means whereby taxpayers subject to the transfer pricing rules in Sri Lanka, as specified by Sections 76 and 77 of the Inland Revenue Act, No. 24 of 2017 (hereinafter referred to as, IRA) and the Transfer Pricing Regulations 01 of 2018, provides the Commissioner General of Inland Revenue with certain information regarding the transactions carried out with associated enterprises (control transactions) during the year of assessment. Please note that late or inaccurate filing or no filing would subject to the penalties specified in Section 184 of the IRA.

Who must file the Transfer Pricing Disclosure Form?

According to Regulation 6 of the Transfer Pricing Regulations 01 of 2018, the TPDF is to be prepared and filed annually, along with the Return of Income, by those enterprises that carry out aggregate control transactions that exceed LKR 200 million with associated enterprises during the year of assessment.

The following conditions apply:

- all Columns (Columns I to IV) of the TPDF should be filled in relation to any category of such control transactions that exceed LKR 200 million for the year of assessment.
- in case of any category of such control transactions not exceeding LKR 200 million for the year of assessment, only Column I and II to be filled.

The Transfer Pricing Disclosure Form must be filed as per the format disclosed in Annexure IV of the Transfer Pricing Regulations.

When is the deadline to file the Transfer Pricing Disclosure Form?

According to Regulation 6 of the Transfer Pricing Regulations, the TPDF is to be filed annually, along with the Return of Income, by enterprises that have carried out aggregate control transactions that exceed LKR 200 million with associated enterprises.

Contents of the Transfer Pricing Disclosure Form

An explanation of each and every section and cage, as well as numerical examples, is provided below.

The Transfer Pricing Disclosure Form comprises four columns that allow for the identification of:

1. The category of transactions carried out,
2. The associated enterprises with which those transactions were carried out,
3. The transfer pricing methodology used to test those transactions (only for cases where the aggregate amount of the transactions exceed Sri Lankan Rupees 200 million), and
4. The comparable arm's length price or range, according to the use of the methodology.

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Part B of the TPDF has the following format:

Column I		Column II		Column III		Column IV	
No	Transaction	Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of Transaction	Name of Associated Enterprise		TP Method		Comparable Price / Range	
	Amount of Transaction (in LKR)	Associated Enterprise's Tax Identification Number (TIN)		Profit Level Indicator		AL Range - Max	
	For loans, amount of principal	Country of Residence		Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance	Criteria of Associated Enterprise		Tested Enterprise		AL Range - Low	

Below is an explanation of each column and cage:

Column I – Transaction: This Section provides the detail of the transactions carried out with every associated enterprise during the year of assessment. In this section, enterprises must provide information about all the transactions they carried out with associated enterprises during the year of assessment. Transactions are those that have an impact on the revenues / deductions of the Sri Lankan entities. This column has four cages, where Sri Lankan enterprises must disclose the following information:

- **Category of Transaction:** Disclose the transaction codes of each particular category of transaction carried out with each associated enterprise during the reported year of assessment. Transaction codes are provided in Annexure V of the Transfer Pricing Regulations 01 of 2018 and as Annex 1 of this Guide.
- **Amount of Transaction (in LKR):** Disclose the value in LKR of each particular category of transaction carried out with each associated enterprise.
- **For loans, Amount of Principal:** If the transaction at the “*Category of Transaction*” cage relates to interest receipts or payments, disclose the amount of the accounting balance of the principal received or provided through a loan at the beginning of the fiscal year.
- **For loans, Ending Balance:** If the transaction at the “*Category of Transaction*” cage relates to interest receipts or payments, disclose the amount of the accounting balance of the principal received or provided through a loan at the end date of the fiscal year.

Column II - Associated Enterprise: This section provides the detail of the associated enterprises with which transactions were carried out during the year of assessment. In this section, taxpayer must provide information about the associated enterprises with which transactions were carried out during the year of assessment. This column has four cages, where taxpayer must disclose the following information:

- **Name of Associated Enterprise:** Disclose the complete name of the associated enterprise.
- **Associated Enterprise's Tax Identification Number:** Disclose the tax identification number that the associated enterprise utilizes in its country of residence for income tax purposes.
- **Country of Residence:** Disclose the code for country of residence of the associated enterprise as provided in Annex 6.
- **Criteria of Associated Enterprises:** Disclose the code for the category of association criteria. Association criteria codes are provided in Annexure VII of the Transfer Pricing Regulations 01 of 2018 and as Annex 2 of this Guide.

Column III - TP Methodology: This section provides the detail of the transfer pricing methodology selected by the taxpayer in the analysis of the transactions carried out with associated enterprises during the year of assessment. In this section, Sri Lankan enterprises must provide information about the transfer pricing methodology used to evaluate the transactions carried out with associated enterprises during the year of assessment. This column has four cages, where Sri Lankan enterprises must disclose the following information:

- **TP Method:** Disclose the transfer pricing method selected to analyse the disclosed transaction. Transfer pricing method codes are provided in Annexure VIII of the Transfer Pricing Regulations 01 of 2018 and as Annex 3 of this Guide.
- **Profit Level Indicator:** Disclose the profit level indicator selected to analyse the disclosed transaction. Profit level indicator codes are provided in Annexure VIII of the Transfer Pricing Regulations 01 of 2018 and as Annex 4 of this Guide.

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- **Price/Profit Margin/Rate:** Disclose the price, profit margin or rate arrived or derived from the application of transfer pricing methodology to the disclosed transaction. Please include two (2) decimal places.
- **Tested Enterprise:** Disclose the party to the transaction that has been selected as the tested one for the disclosed transaction. Tested enterprise codes are provided in Annexure VIII of the Transfer Pricing Regulations and as Annex 5 of this Guide. When selecting the Comparable Uncontrolled Price Method in the “TP Method” cage, please select Code 01.

Column IV - Arm’s Length Price: This section provides the detail of the result of the application of the transfer pricing methodology to the transactions carried out with associated enterprises during the year of assessment. In this section, Sri Lankan enterprises must provide information about the results of the application of the transfer pricing methodology used to evaluate the transactions carried out with associated enterprises during the year of assessment. This column has four cages, where Sri Lankan enterprises must disclose the following information:

- **Comparable Price/Margin:** In case there is only one comparable price or margin, disclose its value. Please include two (2) decimal places.
- **AL Range – 75th Percentile:** Disclose the maximum/upper limit of the calculated arm’s length range. Please include two (2) decimal places.
- **AL Range - Median:** Disclose the median of the calculated arm’s length range. Please include two (2) decimal places.
- **AL Range – 25th Percentile:** Disclose the minimum/lower limit of the calculated arm’s length range. Please include two (2) decimal places.

Enterprises that are liable to submit TPDF must complete the Part B of the Form for each category of transaction carried out with each associated enterprise (information item). All transactions with associated enterprises must be disclosed in the TPDF.

Guidance and examples on the completion of the Transfer Pricing Disclosure Form

The following section illustrates the way to complete the TPDF. The example presents Sri Lankan enterprise (Company A) that carried out several transaction categories with different associated entities during year of assessment 2019/2020. This example shows the way the Transfer Pricing Disclosure Form must be completed, according to those transactions and their aggregated amounts:

List of Transactions with Associated Entities:

Transaction Category No.	Name of Associated Entities	Category of Transaction	Transaction Code	Quantum of each Transaction (in LKR)
1.	Company 1 (India)	Sale of produced inventories	01	400,000,000
1.	Company 2 (China)	Sale of produced inventories	01	15,000,000
1.	Company 3 (France)	Sale of produced inventories	01	6,000,000
2.	Company 2 (China)	Purchase of non- produced inventories	28	58,000,000
3.	Company 4 (Pakistan)	Purchase of produced inventories (for distribution)	27	176,000,000
3.	Company 5 (Nepal)	Purchase of produced inventories (for distribution)	27	26,000,000
4.	Company 1 India)	Payment of administrative services	30	51,000,000
5.	Company 3 France)	Receipt of technical services	06	220,000,000
6.	Company 6 (Luxembourg)	Payment of interest on loans	39	300,000,000
6.	Company 1 (India)	Payment of interest on loans	39	60,000,000
7.	Company 7 (Nepal)	Receipt of Royalties	22	250,000,000
8.	Company 8 (Sri Lanka-BOI)	Payment of technical assistance	31	199,000,000
TOTAL				1,761,000,000

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The transactions categories identified, and their aggregate annual values are the following:

- Sale of produced inventories (Category of transaction code No. 01):** The total value of this transaction category (sales to associated enterprises in India, China and France) was LKR 421,000,000, which *exceeds the LKR 200 million threshold*. Therefore, an economic analysis including comparability and transfer pricing methodology must be performed. All four columns of the TPDF (information on the Transaction, Associated Enterprise, TP Methodology and Arm's length price) must be completed for each related party. The economic analysis needs to be in accordance with the arm's length principle.

For purposes of the example, suppose this transaction category was tested using a Transactional Net Margin Method, and using a Return on Total Costs (ROTC) as the profit level indicator. When calculating the ROTC of Company A (the tested party), the result was 3.15%. The calculation of the ROTC of the comparable companies provided an arm's length range of ROTC that varies from 1.06% to 6.50%, with a median of 4.10%. The way to include these transactions in the TPDF is shown in items 1, 2 and 3 below.

COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
1	Category of Transaction	01	Name of associated Enterprise	Company 1	TP Method	TNMM	Comparable Price / Range	
	Amount of Transaction (in LKR)	400,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator	ROTC	AL Range –Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate	3.15%	AL Range -Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range –Low (25 th Percentile)	1.06%
2	Category of Transaction	01	Name of associated Enterprise	Company 2	TP Method	TNMM	Comparable Price / Range	
	Amount of Transaction (in LKR)	15,000,000	Associated Enterprise's TIN	22222222	Profit Level Indicator	ROTC	AL Range –Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	CHN	Price / Profit Margin / Rate	3.15%	AL Range -Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range –Low (25 th Percentile)	1.06%
3	Category of Transaction	01	Name of Associated Enterprise	Company 3	TP Method	TNMM	Comparable Price / Range	
	Amount of Transaction (in LKR)	6,000,000	Associated Enterprise's TIN	33333333	Profit Level Indicator	ROTC	AL Range –Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	FRA	Price / Profit Margin / Rate	3.15%	AL Range –Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range –Low (25 th Percentile)	1.06%

- Purchase of non- produced inventories (Category of transaction code No. 28):** The total value of this transaction category (purchases of raw material from an associated enterprise in China) was LKR 58,000,000, which *does not exceed the LKR 200 million threshold*. Therefore, there is no need to prepare an economic analysis. Only columns I and II of the TPDF (information on the Transaction and Associated Enterprise) must be completed. The way to include this transaction in the TPDF is in item 4 below.

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COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
4	Category of Transaction	28	Name of Associated Enterprise	Company 2	TP Method		Comparable Price / Range	
	Amount of Transaction (in LKR)	58,000,000	Associated Enterprise's TIN	22222222	Profit level Indicator		AL Range -Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	CHN	Price / Profit Margin / Rate		AL Range -Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range -Low (25 th Percentile)	

3. **Purchase of produced inventories (for distribution) (Category of transaction code No. 27):** The total value of this transaction category (purchases from associated enterprises in Pakistan and Nepal) was LKR 202,000,000, which *exceeds the LKR 200 million threshold*. Therefore, an economic analysis including comparability and transfer pricing methodology must be performed. All four columns of the TPDF (information on the Transaction, Associated Enterprise, TP Methodology and Arm's length price) must be completed. The economic analysis needs to be in accordance with the arm's length principle.

For purposes of the example, suppose this transaction category was tested using a Resale Price Method, and using a Gross Margin (GM) as the profit level indicator, when calculating the GM of Company A (the tested party), the result was 22.33%. The calculation of the GM of the comparable companies provided an arm's length range of GM that varies from 27.27% to 29.29%, with a median of 28.28%. The way to include these transactions in the TPDF is shown in items 5 and 6 below.

COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
5	Category of Transaction	27	Name of associated Enterprise	Company 4	TP Method	RPM	Comparable Price / Range	
	Amount of Transaction (in LKR)	176,000,000	Associated Enterprise's TIN	44444444	Profit Level Indicator	GM	AL Range -Max (75 th Percentile)	29.29%
	For loans, amount of principal		Country of Residence	PAK	Price / Profit Margin / Rate	22.33%	AL Range -Med	28.28%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range - Low (25 th Percentile)	27.27%
6	Category of Transaction	27	Name of associated Enterprise	Company 5	TP Method	RPM	Comparable Price / Range	
	Amount of Transaction (in LKR)	26,000,000	Associated Enterprise's TIN	55555555	Profit Level Indicator	GM	AL Range - Max (75 th Percentile)	29.29%
	For loans, amount of principal		Country of Residence	NPL	Price / Profit Margin / Rate	22.33%	AL Range - Med	28.28%
	For loans, ending balance		Criteria of Associated Enterprise	05	Tested Enterprise	01	AL Range - Low (25 th Percentile)	27.27%

4. **Payment of administrative services (Category of transaction code No. 30):** The total value of this transaction category (payment of services to an associated enterprise in India) was LKR 51,000,000, which *does not exceed the LKR 200 million threshold*. Therefore, there is no need to prepare an economic analysis. Only columns I and II of the TPDF (information on the Transaction and Associated Enterprise) must be completed. The way to include this transaction in the TPDF is in item 7 below.

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COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
7	Category of Transaction	30	Name of Associated Enterprise	Company 1	TP Method		Comparable Price / Range	
	Amount of Transaction (in LKR)	51,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator		AL Range – Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range – Low (25 th Percentile)	

5. **Receipt of technical services (Category of transaction code No. 06):** The total value of this transaction category (receipt of technical services from associated enterprises in France) was LKR 220,000,000, which *exceeds the LKR200 million threshold*. Therefore, an economic analysis including comparability and transfer pricing methodology must be performed. All four columns of the TPDF (information on the Transaction, Associated Enterprise, TP Methodology and Arm's length price) must be completed. The economic analysis needs to be in accordance with the arm's length principle.

For purposes of the example, suppose this transaction category was tested using a Cost Plus Method, and using a Gross Mark-up (GMk) as the profit level indicator, when calculating the GMk of Company A (the tested party), the result was 10.00%. The calculation of the GMk of the comparable companies provided an arm's length range of GMk that varies from 8.00% to 12.00%, with a median of 10.00%. The way to include this transaction in the TPDF is shown in item 8 below.

COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
8	Category of Transaction	06	Name of Associated Enterprise	Company 3	TP Method	CPM	Comparable Price / Range	
	Amount of Transaction (in LKR)	220,000,000	Associated Enterprise's TIN	33333333	Profit Level Indicator	GMK	AL Range – Max (75 th Percentile)	12.00%
	For loans, amount of principal		Country of Residence	FRA	Price / Profit Margin / Rate	10.00%	AL Range - Med	10.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	8.00%

6. **Payment of interest on loans (Category of transaction code No. 39):** The total value of this transaction category (payment of interest to associated enterprises in Luxembourg and India) was LKR 360,000,000, which *exceeds the LKR 200 million threshold*. Therefore, an economic analysis including comparability and transfer pricing methodology must be performed. All four columns of the TPDF (information on the Transaction, Associated Enterprise, TP Methodology and Arm's length price) must be completed. Please note that the economic analysis needs to be in accordance with the arm's length principle.

For purposes of the example, and since the economic analysis needs to be in accordance with the arm's length principle, each loan was evaluated separately because each one related to different terms and conditions. Each transaction was tested using a Comparable Uncontrolled Price Method:

- For the loan with Company 6 in Luxembourg, the agreed interest rate was 12.00%. Comparable loan agreements were identified, providing for an arm's length range of interest rates that varies from 8.00% to 12.00%, with a median of 10.00%. The way to include this transaction in the TPDF is in item 9 below.
- For the loan with Company 1 in India, the agreed interest rate was 20.00%. Comparable loan agreements were identified, providing for an arm's length range of interest rates that varies from 7.00% to 10.00%, with a median of 9.00%. The way to include this transaction in the TPDF is in item 10 below.

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COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
9	Category of Transaction	39	Name of associated Enterprise	Company 6	TP Method	CUP	Comparable Price / Range	
	Amount of Transaction (in LKR)	300,000,000	Associated Enterprise's TIN	66666666	Profit Level Indicator	Other	AL Range - Max (75th Percentile)	12.00%
	For loans, amount of principal	2,000,000,000	Country of Residence	LUX	Price / Profit Margin / Rate	12.00%	AL Range - Med	10.00%
	For loans, ending balance	2,000,000,000	Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range - Low (25th Percentile)	8.00%
10	Category of Transaction	39	Name of Associated Enterprise	Company 1	TP Method	CUP	Comparable Price / Range	
	Amount of Transaction (in LKR)	60,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator	Other	AL Range - Max (75th Percentile)	10.00%
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate	20.00%	AL Range - Med	9.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range - Low (25th Percentile)	7.00%

7. **Receipt of royalties (Category of transaction code No. 22):** The total value of this transaction category (receipt of royalties from an associated enterprise in Nepal) was LKR 250,000,000, which *exceeds the LKR 200 million threshold*. Therefore, an economic analysis including comparability and transfer pricing methodology must be performed. All four columns of the TPDF (information on the Transaction, Associated Enterprise, TP Methodology and Arm's length price) must be completed. The economic analysis needs to be in accordance with the arm's length principle.

For purposes of the example, this transaction was tested using a Comparable Uncontrolled Price Method. The agreed royalty rate was 4.50%. Comparable agreements were identified, providing for an arm's length range of royalty rates that varies from 4.00% to 6.00%, with a median of 5.00%. The way to include this transaction in the TPDF is in item 11 below.

COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
11	Category of Transaction	22	Name of associated Enterprise	Company 7	TP Method	CUP	Comparable Price / Range	
	Amount of Transaction (in LKR)	250,000,000	Associated Enterprise's TIN	77777777	Profit Level Indicator	Other	AL Range - Max (75th Percentile)	6.00%
	For loans, amount of principal		Country of Residence	NPL	Price / Profit Margin / Rate	4.50%	AL Range - Med	5.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range - Low (25th Percentile)	4.00%

8. **Payment of technical assistance (Category of transaction code No. 31):** The total value of this transaction category (payment of services to an associated enterprise in Sri Lanka – a BOI company) was LKR 199,000,000, which *does not exceed the LKR 200 million threshold*. Therefore, there is no need to prepare an economic analysis. Only columns I and II of the TPDF (information on the Transaction and Associated Enterprise) must be completed. The way to include this transaction in the TPDF is in item 12 below.

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COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
12	Category of Transaction	31	Name of Associated Enterprise	Company 8	TP Method		Comparable Price / Range	
	Amount of Transaction (in LKR)	199,000,000	Associated Enterprise's TIN	88888888	Profit Level Indicator		AL Range – Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	LKA	Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range – Low (25 th Percentile)	

In summary, the complete TPDF of Company A for year of assessment 2019/2020 will be as presented below:

COMPANY A's TRANSFER PRICING DISCLOSURE FORM
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COLUMN I		COLUMN II		COLUMN III		COLUMN IV		
Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
1	Category of Transaction	01	Name of Associated Enterprise	Company 1	TP Method	TNMM	Comparable price / range	
	Amount of Transaction (in LKR)	400,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator	ROTC	AL Range – Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate	3.15%	AL Range - Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	1.06%
2	Category of Transaction	01	Name of associated Enterprise	Company 2	TP Method	TNMM	Comparable price / range	
	Amount of Transaction (in LKR)	15,000,000	Associated Enterprise's TIN	22222222	Profit Level Indicator	ROTC	AL Range – Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	CHN	Price / Profit Margin / Rate	3.15%	AL Range – Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	1.06%
3	Category of Transaction	01	Name of Associated Enterprise	Company 3	TP Method	TNMM	Comparable price / range	
	Amount of Transaction (in LKR)	6,000,000	Associated Enterprise's Tax Identification Number	33333333	Profit Level Indicator	ROTC	AL Range – Max (75 th Percentile)	6.50%
	For loans, amount of principal		Country of Residence	FRA	Price / Profit Margin / Rate	3.15%	AL Range – Med	4.10%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	1.06%

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4	Category of Transaction	28	Name of Associated Enterprise	Company 2	TP Method		Comparable price / range	
	Amount of Transaction (in LKR)	58,000,000	Associated Enterprise's TIN	22222222	Profit Level Indicator		AL Range – Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	CHN	Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range – Low (25 th Percentile)	
5	Category of Transaction	27	Name of Associated Enterprise	Company 4	TP Method	RPM	Comparable price / range	
	Amount of Transaction (in LKR)	176,000,000	Associated Enterprise's TIN	44444444	Profit Level Indicator	GM	AL Range – Max (75 th Percentile)	29.29%
	For loans, amount of principal		Country of Residence	PAK	Price / Profit Margin / Rate	22.33%	AL Range - Med	28.28%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	27.27%
6	Category of Transaction	27	Name of Associated Enterprise	Company 5	TP Method	RPM	Comparable price / range	
	Amount of Transaction (in LKR)	26,000,000	Associated Enterprise's TIN	55555555	Profit Level Indicator	GM	AL Range – Max (75 th Percentile)	29.29%
	For loans, amount of principal		Country of Residence	NPL	Price / Profit Margin / Rate	22.33%	AL Range - Med	28.28%
	For loans, ending balance		Criteria of Associated Enterprise	05	Tested Enterprise	01	AL Range – Low (25 th Percentile)	27.27%
7	Category of Transaction	30	Name of Associated Enterprise	Company 1	TP Method		Comparable price / range	
	Amount of Transaction (in LKR)	51,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator		AL Range – Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range – Low (25 th Percentile)	
8	Category of Transaction	06	Name of Associated Enterprise	Company 3	TP Method	CPM	Comparable price / range	
	Amount of Transaction (in LKR)	220,000,000	Associated Enterprise's TIN	33333333	Profit Level Indicator	GMK	AL Range – Max (75 th Percentile)	12.00%
	For loans, amount of principal		Country of Residence	FRA	Price / Profit Margin / Rate	10.00%	AL Range - Med	10.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	8.00%
9	Category of Transaction	39	Name of Associated Enterprise	Company 6	TP Method	CUP	Comparable price / range	
	Amount of Transaction (in LKR)	300,000,000	Associated Enterprise's TIN	66666666	Profit Level Indicator	Other	AL Range – Max (75 th Percentile)	12.00%
	For loans, amount of principal	2,000,000,000	Country of Residence	LUX	Price / Profit Margin / Rate	12.00%	AL Range - Med	10.00%
	For loans, ending balance	2,000,000,000	Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	8.00%

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10	Category of Transaction	39	Name of Associated Enterprise	Company 1	TP Method	CUP	Comparable price / range	
	Amount of Transaction (in LKR)	60,000,000	Associated Enterprise's TIN	11111111	Profit Level Indicator	Other	AL Range – Max (75 th Percentile)	10.00%
	For loans, amount of principal		Country of Residence	IND	Price / Profit Margin / Rate	20.00%	AL Range - Med	9.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	7.00%
11	Category of Transaction	22	Name of Associated Enterprise	Company 7	TP Method	CUP	Comparable price / range	
	Amount of Transaction (in LKR)	250,000,000	Associated Enterprise's TIN	77777777	Profit Level Indicator	Other	AL Range – Max (75 th Percentile)	6.00%
	For loans, amount of principal		Country of Residence	NPL	Price / Profit Margin / Rate	4.50%	AL Range - Med	5.00%
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise	01	AL Range – Low (25 th Percentile)	4.00%
12	Category of Transaction	31	Name of Associated Enterprise	Company 8	TP Method		Comparable price / range	
	Amount of Transaction (in LKR)	199,000,000	Associated Enterprise's TIN	88888888	Profit Level Indicator		AL Range – Max (75 th Percentile)	
	For loans, amount of principal		Country of Residence	LKA	Price / Profit Margin / Rate		AL Range - Med	
	For loans, ending balance		Criteria of Associated Enterprise	02	Tested Enterprise		AL Range – Low (25 th Percentile)	

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ANNEX 1: Transaction Codes for categories of transactions with associated enterprises**(i) Revenue Transactions**

Transaction Code No.	Description
01	Sale of produced inventories
02	Sale of non-produced inventories
03	Production supporting services
04	Administrative services
05	Technical assistance
06	Technical services
07	Other services
08	Fees
09	Commissions
10	Promotional activities
11	Insurance and reinsurance
12	Financial instruments
13	Interests on loans
14	Leasing
15	Other financial services
16	Guarantees
17	Sales of shares and interest as investment assets
18	Other portfolio transfers
19	Sale of non-depreciable assets
20	Sale of depreciable or amortizable assets
21	Transfer of intangible assets
22	Royalties
23	Other investments
24	Other assets
25	Other revenue
26	Other (to be specified in Local File)

ii) Expense Transactions

Transaction Code No.	Description
27	Purchase of produced inventories
28	Purchase of non-produced inventories
29	Production Supporting Services
30	Administrative services
31	Technical assistance
32	Technical services
33	Other services
34	Fees
35	Commissions
36	Promotional activities
37	Insurance and reinsurance
38	Financial instruments
39	Interests on loans
40	Leasing
41	Other financial services
42	Guarantees
43	Purchase of shares and interest as investment assets
44	Other portfolio transfers
45	Purchase of non-depreciable assets
46	Purchase of depreciable or amortizable assets
47	Purchase of intangible assets
48	Royalties
49	Other investments
50	Other assets
51	Other expenditures
52	Other (to be specified in Local File)

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ANNEX 2: Criteria of Associated Enterprises

Association Code No.	Description
01	Participating directly or indirectly in the management, control or capital (IRA, Sec.77(5)(a))
02	Permanent establishment (IRA, Sec. 77(5)(b))
03	Directly or indirectly holding of shares or otherwise carrying the majority of the voting power (Regulation 8(a))
04	Holding directly or indirectly shares carrying not less than 50 per cent of the voting power (Regulation 8(b))
05	Loans advanced by one enterprise to another enterprise constitute not less than fifty-one per cent of the book value of the total assets of the other enterprise (Regulation 8(c))
06	Loans and equity provided by one enterprise constitute not less than fifty-one per cent of the book value of the total assets of the other enterprise (Regulation 8(d))
07	Guarantees of not less than twenty five per cent of the total borrowings (Regulation 8(e))
08	More than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise (Regulation 8(f))
09	More than half of the board of directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons (Regulation 8(g))
10	ninety per cent or more of the raw materials, semi-finished goods and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, or of purchases required for the sale, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise (Regulation 8(h))
11	Goods or articles manufactured or processed by one enterprise are sold/ transferred to another enterprise or to persons specified by the enterprise, and the prices and other conditions relating thereto are influenced by such enterprise or vice versa (Regulation 8(i))
12	Control by an individual or his relative or jointly by such individual and his relative or jointly by relatives of such individual (Regulation 8(j))
13	Holding of not less than ten per cent interest of a firm, association of persons or body of individuals (Regulation 8(k))
14	Where the controlled transaction differs from the transactions that would have been made or imposed by any person not directly participating in the management, control or capital as mentioned in section 76 or 77, but confers a potential advantage to the enterprise (Regulation 8(l))

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ANNEX 3: Transfer Pricing Method Codes

Method Code No.	Description
CUP	Comparable Uncontrolled Price Method
RP	Resale Price Method
CP	Cost Plus Method
TNM	Transactional Net Margin Method
PS	Profit Split Method

ANNEX 4: Profit Level Indicator Codes

PLI Code No.	Description
GM	Gross Margin
GMK	Gross Markup
ROS	Operating Margin / Return on Sales
ROTC	Operating Markup / Return on Total Cost
ROA	Return on Assets
ROCE	Return on Capital Employed
BERRY	Berry Ratio
Other	Other (to be specified in Local File)

ANNEX 5: Tested Party Codes

Tested Enterprise Code No.	Description
01	Sri Lankan enterprise
02	Foreign enterprise

ANNEX 6: Country of Residence Codes

COUNTRY	CODES
Afghanistan	AFG
Albania	ALB
Algeria	DZA
American Samoa	ASM
Andorra	AND
Angola	AGO
Anguilla	AIA

Antarctica	ATA
Antigua and Barbuda	ATG
Argentina	ARG
Armenia	ARM
Aruba	ABW
Australia	AUS
Austria	AUT
Azerbaijan	AZE
Bahamas	BHS

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Bahrain	BHR	Ecuador	ECU
Bangladesh	BGD	Egypt	EGY
Barbados	BRB	El Salvador	SLV
Belarus	BLR	Equatorial Guinea	GNQ
Belgium	BEL	Eritrea	ERI
Belize	BLZ	Estonia	EST
Benin	BEN	Ethiopia	ETH
Bermuda	BMU	Falkland Islands	FLK
Bhutan	BTN	Faroe Islands	FRO
Bolivia	BOL	Fiji	FJI
Bosnia and Herzegovina	BIH	Finland	FIN
Botswana	BWA	France	FRA
Brazil	BRA	French Polynesia	PYF
British Indian Ocean Territory	IOT	Gabon	GAB
British Virgin Islands	VGB	Gambia	GMB
Brunei	BRN	Georgia	GEO
Bulgaria	BGR	Germany	DEU
Burkina Faso	BFA	Ghana	GHA
Burundi	BDI	Gibraltar	GIB
Cambodia	KHM	Greece	GRC
Cameroon	CMR	Greenland	GRL
Canada	CAN	Grenada	GRD
Cape Verde	CPV	Guam	GUM
Cayman Islands	CYM	Guatemala	GTM
Central African Republic	CAF	Guernsey	GGY
Chad	TCD	Guinea	GIN
Chile	CHL	Guinea-Bissau	GNB
China	CHN	Guyana	GUY
Christmas Island	CXR	Haiti	HTI
Cocos Islands	CCK	Honduras	HND
Colombia	COL	Hong Kong	HKG
Comoros	COM	Hungary	HUN
Cook Islands	COK	Iceland	ISL
Costa Rica	CRI	India	IND
Croatia	HRV	Indonesia	IDN
Cuba	CUB	Iran	IRN
Curacao	CUW	Iraq	IRQ
Cyprus	CYP	Ireland	IRL
Czech Republic	CZE	Isle of Man	IMN
Democratic Republic of the Congo	COD	Israel	ISR
Denmark	DNK	Italy	ITA
Djibouti	DJI	Ivory Coast	CIV
Dominica	DMA	Jamaica	JAM
Dominican Republic	DOM	Japan	JPN
East Timor	TLS	Jersey	JEY
		Jordan	JOR

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Kazakhstan	KAZ	Nigeria	NGA
Kenya	KEN	Niue	NIU
Kiribati	KIR	North Korea	PRK
Kosovo	XXK	Northern Mariana Islands	MNP
Kuwait	KWT	Norway	NOR
Kyrgyzstan	KGZ	Oman	OMN
Laos	LAO	Pakistan	PAK
Latvia	LVA	Palau	PLW
Lebanon	LBN	Palestine	PSE
Lesotho	LSO	Panama	PAN
Liberia	LBR	Papua New Guinea	PNG
Libya	LBY	Paraguay	PRY
Liechtenstein	LIE	Peru	PER
Lithuania	LTU	Philippines	PHL
Luxembourg	LUX	Pitcairn	PCN
Macau	MAC	Poland	POL
Macedonia	MKD	Portugal	PRT
Madagascar	MDG	Puerto Rico	PRI
Malawi	MWI	Qatar	QAT
Malaysia	MYS	Republic of the Congo	COG
Maldives	MDV	Reunion	REU
Mali	MLI	Romania	ROU
Malta	MLT	Russia	RUS
Marshall Islands	MHL	Rwanda	RWA
Mauritania	MRT	Saint Barthelemy	BLM
Mauritius	MUS	Saint Helena	SHN
Mayotte	MYT	Saint Kitts and Nevis	KNA
Mexico	MEX	Saint Lucia	LCA
Micronesia	FSM	Saint Martin	MAF
Moldova	MDA	Saint Pierre and Miquelon	SPM
Monaco	MCO	Saint Vincent and the Grenadines	VCT
Mongolia	MNG	Samoa	WSM
Montenegro	MNE	San Marino	SMR
Montserrat	MSR	Sao Tome and Principe	STP
Morocco	MAR	Saudi Arabia	SAU
Mozambique	MOZ	Senegal	SEN
Myanmar	MMR	Serbia	SRB
Namibia	NAM	Seychelles	SYC
Nauru	NRU	Sierra Leone	SLE
Nepal	NPL	Singapore	SGP
Netherlands	NLD	Sint Maarten	SXM
Netherlands Antilles	ANT	Slovakia	SVK
New Caledonia	NCL	Slovenia	SVN
New Zealand	NZL	Solomon Islands	SLB
Nicaragua	NIC	Somalia	SOM
Niger	NER		

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South Africa	ZAF	Turkey	TUR
South Korea	KOR	Turkmenistan	TKM
South Sudan	SSD	Turks and Caicos Islands	TCA
Spain	ESP	Tuvalu	TUV
Sri Lanka	LKA	U.S. Virgin Islands	VIR
Sudan	SDN	Uganda	UGA
Suriname	SUR	Ukraine	UKR
Svalbard and Jan Mayen	SJM	United Arab Emirates	ARE
Swaziland	SWZ	United Kingdom	GBR
Sweden	SWE	United States	USA
Switzerland	CHE	Uruguay	URY
Syria	SYR	Uzbekistan	UZB
Taiwan	TWN	Vanuatu	VUT
Tajikistan	TJK	Vatican	VAT
Tanzania	TZA	Venezuela	VEN
Thailand	THA	Vietnam	VNM
Togo	TGO	Wallis and Futuna	WLF
Tokelau	TKL	Western Sahara	WSH
Tonga	TON	Yemen	YEM
Trinidad and Tobago	TTO	Zambia	ZMB
Tunisia	TUN	Zimbabwe	ZWE

If you require any assistance or clarification, you may contact;

- **Transfer Pricing Regulations Unit**

Commissioner	-	011 213 4870
Senior Deputy Commissioner	-	011 213 5052
Deputy Commissioner	-	011 213 5056

- **IRD Secretariat**

Senior Commissioner	-	011 213 5410
Commissioner	-	011 213 5413
Senior Deputy Commissioner	-	011 213 5438
Senior Deputy Commissioner	-	011 213 5434

- **IRD Call Centre - 1944**