

# Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

## 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”), 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 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, provide the Inland Revenue Department with certain information regarding the transactions they carried out with associated enterprises during a year of assessment. 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, the TPDF is to be prepared and filed annually, along with the Return of Income, by those enterprises that carry out transactions with associated enterprises, regardless of the size and nature of those transactions. The following conditions apply:

- Enterprises that carry out categories of transactions that exceed LKR 200 million must complete all fields (Columns I to IV) of the TPDF.
- Enterprises that carry out aggregate transactions that exceed LKR 200 million but any category of transaction that does not exceed LKR 200 million for a Year of Assessment must only complete Columns I and II of the TPDF.

In case of domestic transactions, the above threshold is applicable after removing transactions with enterprises which are taxed at same rates and which do not incur losses for the year and immediately preceding year.

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

**NOTE 1: As a transitional measure with respect to the year of assessment 2018/2019 only, any enterprise that had not carried out at least one category of transactions not exceeding LKR 200 million (even though the aggregate categories of transactions exceeded LKR 200 million) during that year, is not required to prepare and file the TPDF for this year of assessment of 2018/2019.**

**However, any enterprise that carried out at least one category of transactions that exceeded LKR 200 million during that Year of Assessment must prepare and file the TPDF. The following conditions apply,**

- **For categories of transactions that exceeded LKR 200 million for that Year of Assessment, all fields (Columns I to IV) of the TPDF should be completed.**
- **For other categories of transactions that did not exceed LKR 200 million for that Year of Assessment, only Columns I and II of the TPDF should be completed.**

# Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

## 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 transactions with associated enterprises.

**NOTE 2: As an exceptional measure with respect to Year of Assessment 2018/2019, and according to the Public Notice dated 17.12.2019, submission of the Transfer Pricing Disclosure Form has been allowed up to 31<sup>st</sup> March 2020.**

**TPDF that has not been submitted along with the Tax Return for the Year of Assessment 2018/2019 should be submitted to the Computer Development and Monitoring Unit (CDMU) at the First Floor of the Inland Revenue Department Head Office**

## Contents of the Transfer Pricing Disclosure Form

The Transfer Pricing Disclosure Form is to be completed by all Sri Lankan enterprises that carry out transactions with associated enterprises during a year of assessment regardless of the size and nature of those transactions. 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 categories 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 LKR200 million), and
4. The comparable arm's length price or range, according to the use of the methodology.

The TPDF has the following format:

Item	Transaction	Associated Enterprise	TP Methodology	Arm's Price	Length
	Category of Transaction	Name of Associated Enterprise	TP Method	Comparable Price / Range	
	Amount of Transaction (in LKR)	Associated Enterprise's Tax Identification Number	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 Party/Enterprise	AL Range - Low	

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

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 a year of assessment. In this section, Sri Lankan enterprises must provide information about all the transactions they carried out with associated enterprises during a year of assessment. Transactions are those that have an impact on the revenues / deductions of the Sri Lankan enterprise. 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 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.
- *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 a year of assessment. In this section, taxpayer must provide information about the associated enterprises with which transactions were carried out during a 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 type of association criteria. Association criteria codes are provided in Annexure VII of the Transfer Pricing Regulations and as Annex 2 of this Guide.

**NOTE 3: Columns I and II of the TPDF must be completed by all Sri Lankan enterprises those who are required to fill the TPDF, regardless of the size and nature of the disclosed categories of transactions. Concerning Year of Assessment 2018/2019, please refer to the information in NOTE 1 above.**

**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 a 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 a year of assessment. This column has four cages, where Sri Lankan enterprises must disclose the following information:

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

- *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 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 and as Annex 4 of this Guide.
- *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 enterprise 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 a 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 a 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 – Maximum 60<sup>th</sup> 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 – Minimum 40<sup>th</sup> Percentile*: Disclose the minimum/lower limit of the calculated arm’s length range. Please include two (2) decimal places.

Enterprises that carry out transactions with associated enterprises must complete an information item per transaction category carried out with each associated enterprise. 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 2018/2019. 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 Type No.	Name of Associated Entities	Category of Transaction	Category of 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

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

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 (LKA- BOI)	Payment of technical assistance	31	199,000,000
<b>TOTAL</b>				<b>1,761,000,000</b>

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

1. 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 LKR421,000,000, 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 enterprise. Remember that 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/enterprise), 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.

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 Tax Identification Number	11111111	Profit level indicator	ROTC	AL Range - Max	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 party/Enterprise	01	AL Range - Low	1.06%
2	Category of transaction	01	Name of associated Enterprise	Company 2	TP Method	TNMM	Comparable price / range	
	Amount of transaction	15,000,000	Associated Enterprise's	22222222	Profit level indicator	ROTC	AL Range - Max	6.50%

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

	(in LKR)		Tax Identification Number					
	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 party/Enterprise	01	AL Range – Low	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	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 party/Enterprise	01	AL Range – Low	1.06%

2. 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 CHN) 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.

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 Tax Identification Number	22222222	Profit level indicator		AL Range - Max
	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 party/Enterprise		AL Range - Low

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. Remember that the economic analysis needs to be in accordance with the arm's length principle.

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

For purposes of the example, suppose this transaction type 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/enterprise), 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.

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	44444444	Profit level indicator	GM	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	55555555	Profit level indicator	GM	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 LKR200 million thresholds*. 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.

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	11111111	Profit level indicator		AL Range - Max	
	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 party/Enterprise		AL Range - Low	

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

5. Receipt of technical services (Category of Transaction Code No. 06): The total value of this transaction category (receipt from Associated Enterprise 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. Remember that 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/Enterprise), 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.

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method	CPM	Comparable price / range	
8	Amount of transaction (in LKR)	220,000,000	Associated Enterprise's Tax Identification Number	33333333	Profit level indicator	GMK	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 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. Remember 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.



## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	66666666	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	11111111	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	7.00%

7. Receipt of Royalties (Category of Transaction Code No. 22): The total value of this transaction Code (Receipt of royalties to an associated enterprise in Nepal) was LKR 250,000,000, 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. Remember that 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.

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	77777777	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	4.00 %

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

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 LKR200 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.

	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	88888888	Profit level indicator		AL Range - Max	
	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 party/Enterprise		AL Range - Low	

In summary, the complete TPDF of Company A for year of assessment 2018/2019 will be as presented below:

### COMPANY A's TRANSFER PRICING DISCLOSURE FORM Year of Assessment 2018-2019

Item	Transaction		Associated Enterprise		TP Methodology		Arm's Length Price	
	Category of transaction		Name of associated Enterprise	Company	TP Method		Comparable price / range	
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 Tax Identification Number	11111111	Profit level indicator	ROTC	AL Range - Max	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 party/Enterprise	01	AL Range - Low	1.06%
2	Category of transaction	01	Name of associated Enterprise	Company 2	TP Method	TNMM	Comparable price / range	
	Amount of transaction	15,000,000	Associated Enterprise's	22222222	Profit level indicator	ROTC	AL Range - Max	6.50%

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

	(in LKR)		Tax Identification Number					
	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 party/Enterprise	01	AL Range – Low	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	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 party/Enterprise	01	AL Range – Low	1.06%
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 Tax Identification Number	22222222	Profit level indicator		AL Range - Max	
	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 party/Enterprise		AL Range - Low	
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 Tax Identification Number	44444444	Profit level indicator	GM	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	55555555	Profit level indicator	GM	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax	11111111	Profit level indicator		AL Range - Max	

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

			<b>Identification Number</b>					
	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 party/Enterprise		AL Range - Low	
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 Tax Identification Number	33333333	Profit level indicator	GMK	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	66666666	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	11111111	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification Number	77777777	Profit level indicator	Other	AL Range - Max	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 party/Enterprise	01	AL Range - Low	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 Tax Identification	88888888	Profit level indicator		AL Range - Max	

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

			<b>Number</b>					
	<b>For loans, amount of principal</b>		<b>Country of residence</b>	LKA	<b>Price / Profit Margin / Rate</b>		<b>AL Range - Med</b>	
	<b>For loans, ending balance</b>		<b>Criteria of associated enterprise</b>	02	<b>Tested party/Enterprise</b>		<b>AL Range - Low</b>	

## Guide to Transfer Pricing Disclosure Form

### Year of Assessment 2018-2019

#### ANNEX 1: Transaction Category Codes

##### (i) Revenue Transactions

Transaction Category 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)

**Guide to Transfer Pricing Disclosure Form**  
**Year of Assessment 2018-2019**

**ii) Expense Transactions**

Transaction Category 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)

## Guide to Transfer Pricing Disclosure Form

**Year of Assessment 2018-2019**

### 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 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))

### ANNEX 3: Transfer Pricing Method Codes



## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

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/Enterprise Codes

Tested Party /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

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

Aruba	ABW
Australia	AUS
Austria	AUT
Azerbaijan	AZE
Bahamas	BHS
Bahrain	BHR
Bangladesh	BGD
Barbados	BRB
Belarus	BLR
Belgium	BEL
Belize	BLZ
Benin	BEN
Bermuda	BMU
Bhutan	BTN
Bolivia	BOL
Bosnia and Herzegovina	BIH
Botswana	BWA
Brazil	BRA
British Indian Ocean Territory	IOT
British Virgin Islands	VGB
Brunei	BRN
Bulgaria	BGR
Burkina Faso	BFA
Burundi	BDI
Cambodia	KHM
Cameroon	CMR
Canada	CAN
Cape Verde	CPV
Cayman Islands	CYM
Central African Republic	CAF
Chad	TCD
Chile	CHL
China	CHN
Christmas Island	CXR
Cocos Islands	CCK
Colombia	COL
Comoros	COM
Cook Islands	COK
Costa Rica	CRI
Croatia	HRV
Cuba	CUB
Curacao	CUW

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

Cyprus	CYP
Czech Republic	CZE
Democratic Republic of the Congo	COD
Denmark	DNK
Djibouti	DJI
Dominica	DMA
Dominican Republic	DOM
East Timor	TLS
Ecuador	ECU
Egypt	EGY
El Salvador	SLV
Equatorial Guinea	GNQ
Eritrea	ERI
Estonia	EST
Ethiopia	ETH
Falkland Islands	FLK
Faroe Islands	FRO
Fiji	FJI
Finland	FIN
France	FRA
French Polynesia	PYF
Gabon	GAB
Gambia	GMB
Georgia	GEO
Germany	DEU
Ghana	GHA
Gibraltar	GIB
Greece	GRC
Greenland	GRL
Grenada	GRD
Guam	GUM
Guatemala	GTM
Guernsey	GGY
Guinea	GIN
Guinea-Bissau	GNB
Guyana	GUY
Haiti	HTI
Honduras	HND
Hong Kong	HKG
Hungary	HUN
Iceland	ISL
India	IND

## Guide to Transfer Pricing Disclosure Form

### Year of Assessment 2018-2019

Indonesia	IDN
Iran	IRN
Iraq	IRQ
Ireland	IRL
Isle of Man	IMN
Israel	ISR
Italy	ITA
Ivory Coast	CIV
Jamaica	JAM
Japan	JPN
Jersey	JEY
Jordan	JOR
Kazakhstan	KAZ
Kenya	KEN
Kiribati	KIR
Kosovo	XKX
Kuwait	KWT
Kyrgyzstan	KGZ
Laos	LAO
Latvia	LVA
Lebanon	LBN
Lesotho	LSO
Liberia	LBR
Libya	LBY
Liechtenstein	LIE
Lithuania	LTU
Luxembourg	LUX
Macau	MAC
Macedonia	MKD
Madagascar	MDG
Malawi	MWI
Malaysia	MYS
Maldives	MDV
Mali	MLI
Malta	MLT
Marshall Islands	MHL
Mauritania	MRT
Mauritius	MUS
Mayotte	MYT
Mexico	MEX
Micronesia	FSM
Moldova	MDA
Monaco	MCO

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

Mongolia	MNG
Montenegro	MNE
Montserrat	MSR
Morocco	MAR
Mozambique	MOZ
Myanmar	MMR
Namibia	NAM
Nauru	NRU
Nepal	NPL
Netherlands	NLD
Netherlands Antilles	ANT
New Caledonia	NCL
New Zealand	NZL
Nicaragua	NIC
Niger	NER
Nigeria	NGA
Niue	NIU
North Korea	PRK
Northern Mariana Islands	MNP
Norway	NOR
Oman	OMN
Pakistan	PAK
Palau	PLW
Palestine	PSE
Panama	PAN
Papua New Guinea	PNG
Paraguay	PRY
Peru	PER
Philippines	PHL
Pitcairn	PCN
Poland	POL
Portugal	PRT
Puerto Rico	PRI
Qatar	QAT
Republic of the Congo	COG
Reunion	REU
Romania	ROU
Russia	RUS
Rwanda	RWA
Saint Barthelemy	BLM
Saint Helena	SHN
Saint Kitts and Nevis	KNA
Saint Lucia	LCA

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

Saint Martin	MAF
Saint Pierre and Miquelon	SPM
Saint Vincent and the Grenadines	VCT
Samoa	WSM
San Marino	SMR
Sao Tome and Principe	STP
Saudi Arabia	SAU
Senegal	SEN
Serbia	SRB
Seychelles	SYC
Sierra Leone	SLE
Singapore	SGP
Sint Maarten	SXM
Slovakia	SVK
Slovenia	SVN
Solomon Islands	SLB
Somalia	SOM
South Africa	ZAF
South Korea	KOR
South Sudan	SSD
Spain	ESP
Sri Lanka	LKA
Sudan	SDN
Suriname	SUR
Svalbard and Jan Mayen	SJM
Swaziland	SWZ
Sweden	SWE
Switzerland	CHE
Syria	SYR
Taiwan	TWN
Tajikistan	TJK
Tanzania	TZA
Thailand	THA
Togo	TGO
Tokelau	TKL
Tonga	TON
Trinidad and Tobago	TTO
Tunisia	TUN
Turkey	TUR
Turkmenistan	TKM
Turks and Caicos Islands	TCA
Tuvalu	TUV

## Guide to Transfer Pricing Disclosure Form

Year of Assessment 2018-2019

U.S. Virgin Islands	VIR
Uganda	UGA
Ukraine	UKR
United Arab Emirates	ARE
United Kingdom	GBR
United States	USA
Uruguay	URY
Uzbekistan	UZB
Vanuatu	VUT
Vatican	VAT
Venezuela	VEN
Vietnam	VNM
Wallis and Futuna	WLF
Western Sahara	ESH
Yemen	YEM
Zambia	ZMB
Zimbabwe	ZWE

If you require any assistance or clarification, please contact;

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