AMERICAS

Transfer Pricing | 2026

A collection of transfer pricing summaries of countries in the Central & South America region

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Transfer Pricing | 2026

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AGN International - Americas

BOLIVIA
2025 TRANSFER PRICING

1.
Table of Obligations

Legal Framework: Law 549, D.S. 2227, and RND 10-0008-15.

Annual Transaction Amount (Bs)	Main Obligation
Less than Bs 7,500,000	Keep supporting documentation (10 years).
Bs 7,500,001 - Bs 15,000,000	Submit Form 601 (Information Return).
More than Bs 15,000,000	Form 601 + Transfer Pricing Study (TPS).

2.
Key Details

Related Parties Concept: Presumed with share control (→50%), kinship, or transactions with tax havens.

Accepted Methods: 1. Comparable Uncontrolled Price, 2. Resale Price, 3. Cost Plus, 4. Profit Split, 5. Transactional Net Margin, 6. Quoted Price (Commodities).

Deadline: 120 days after fiscal year-end (along with Corporate Income Tax/IUE).

Penalties: 2,500 UFV for non-compliance + potential tax adjustments.

Legal Note: For informational purposes. Updated 2025.

Updated
July 2026

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COLOMBIA
2026 TRANSFER PRICING

1. Transfer prices	Transfer prices can be defined as those prices at which a company transfers goods or services to foreign related parties, related parties located in Free Trade Zones or to persons, companies, entities or companies located, resident or domiciled in Tax Havens. The development of the arm's length principle for tax purposes implies the obligation to treat related parties as separate and totally independent entities in their commercial relations, and to carry out their operations under the same open market conditions that they would expect to find independent companies in similar operations and under similar circumstances, so that the appropriate tax is paid in the place where it is actually generated. In general terms, taxpayers who meet the following conditions are required to comply with the transfer pricing regime: a. Be a taxpayer of income tax and complementary. b. Have associates abroad and/or associates located in free zones. c. Carry out operations during the taxable year with: (i) Associates from abroad; (ii) People, companies, entities or companies located, resident or domiciled in tax havens; (iii) Related parties located in free zones.
2. Linkage criteria	For income and complementary tax purposes, it is considered that there is a link when a taxpayer is in one or more of the following cases: a. Subordinates: i. An entity will be subordinated or controlled when its decision-making power is subject to the will of another or other persons or entities that will be its parent or controlling entity, either directly, in which case it will be called a subsidiary, or with the bankruptcy or by intermediate of the subsidiaries of the parent company, in which case it will be called a subsidiary. ii. A company will be subordinated when more than 50% of its capital belongs to the parent company, directly or through or with the help of its subsidiaries, or their subsidiaries. b. Branches, with respect to their main offices. c. Agencies, with respect to the companies to which they belong. d. Permanent establishments, with respect to the company whose activity they carry out in whole or in part.
3. The principle of free competition	The operations carried out by taxpayers with related parties must be valued in accordance with the principle of free competition, that is, the ordinary and extraordinary income and the costs and deductions necessary to carry out this operation must be determined considering the price or amount that independent parties would have agreed upon. under similar circumstances under conditions of free competition. The value thus determined must be reflected for tax purposes in the income statements submitted by the taxpayer.

4. Transfer pricing formal obligations in Colombia	The formal obligations that must be presented to comply in Colombia are the following: **a. Informative Return:** Must be submitted by income taxpayers and complementary taxpayers who have carried out operations with related parties abroad or with related parties located in a free zone with gross assets equal to or greater than COP$4.706 million or gross income equal to or greater than COP$2.870 million. The informative return also applies to taxpayers who have had operations with third parties in non-cooperative jurisdictions, with low or no taxation and preferential tax regimes. **b. Local Report:** It must be submitted by income taxpayers and complementary taxpayers required to submit the informative return and additionally, for taxpayers who have carried out operations with foreign economic partners or located in a free zone for an amount equal to or greater than COP$2,118 million. This obligation also applies to taxpayers who have carried out operations with entities located in non-cooperative jurisdictions, with low or no taxation and preferential tax regimes for an amount equal to or greater than COP$471 million. **c. Master Report:** Must be submitted by taxpayers required to submit the Local Report and who additionally belong to a multinational group. **d. Country-by-Country Report Notification:** This obligation applies to multinational groups, regardless of whether or not they have formal transfer pricing obligations. The notification must be made by answering the DIAN questionnaire and it is sent via email. **e. Country-by-Country Report:** Applies to income taxpayers and complementary taxpayers who are controllers of multinational groups.
5. Expiration dates	The deadlines to declare the previous obligations will be given in the second semester of the 2026 period.

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Updated
July 2026

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DOMINICAN REPUBLIC
2026 TRANSFER PRICING

1. Legal framework and arm's length principle	The transfer pricing regime is governed by the Tax Code (Law 11-92, as amended by Law 253-12), Regulation 78-14, as amended by Decree 256-21, and General Rule 08-2021, as amended by General Rule 08-2022, relating to the Country-by-Country Report. The competent tax authority is the Dominican Tax Authority (Dirección General de Impuestos Internos, DGII), which applies the OECD Transfer Pricing Guidelines on a supplementary basis. Transactions between related parties must be agreed in accordance with the arm's length principle: at prices, consideration or margins that independent parties would have agreed in comparable transactions and similar circumstances, taking into account the economic substance, the functions performed, the assets used and the risks assumed by each party.
2. Covered taxpayers and related parties	Individuals, legal entities or entities resident in the Dominican Republic are subject to the regime when they carry out transactions with: (i) related parties resident abroad; (ii) related parties resident in the Dominican Republic, including those covered by special tax regimes; and (iii) persons or entities located in low- or no-tax jurisdictions, preferential tax regimes or tax havens, whether or not they are related parties. A relationship is deemed to exist, among others, in the following cases: • Direct or indirect participation in the management, control or capital of another entity, or when the same persons participate in several entities (common partners or directors/managers). • Ownership of the majority of the share capital, or the existence of a common decision-making unit or common control. • A permanent establishment abroad of the taxpayer, or a permanent establishment in the Dominican Republic of a non-resident. • Exclusive arrangements for the purchase or sale of goods, services or rights. • Acquisition of more than 50% of costs and expenses from a single supplier, or sale of more than 50% of production to a single customer. • Family relationships, economic dependence, or transactions with residents in tax havens or preferential tax regimes. The DGII publishes annually the list of States or territories that are NOT considered low- or no-tax jurisdictions (negative list).
3. Covered transactions and valuation methods	The transactions analyzed include, among others: purchase and sale of goods; intragroup services (administrative, technical, management, financial, legal or technological); financing, loans, guarantees and interest; assignment or use of intangibles (trademarks, patents, know-how, software); leases; commissions, royalties, expense reimbursements and corporate charges; cost-sharing arrangements; and transfers of assets, functions or risks.

3. Covered transactions and valuation methods (cont.)	The regulations recognize the methods set forth in the OECD Guidelines, applying the best method rule according to the nature of the transaction and the comparable information available (internal and external comparables are admitted): • Comparable Uncontrolled Price Method (CUP). • Resale Price Method. • Cost Plus Method. • Profit Split Method. • Transactional Net Margin Method (TNMM).
4. Comparability analysis	Two transactions are comparable when there are no differences that significantly affect the price, consideration or profit margin; if such differences exist, they must be eliminated through reasonable adjustments. In assessing comparability, the following are considered: the characteristics of the goods, services or intangibles; the functional analysis (functions, assets and risks); contractual terms; economic circumstances and market conditions; and business strategies. Depending on the type of transaction, the most relevant elements to consider are: (see table below)
5. Formal information and Documentation obligations	(see table below)

Type of transaction	Elements to consider
Financing	Amount of capital or loan, term, collateral/guarantees, debtor solvency and interest rate.
Services	Nature of the service and whether or not it includes technical experience or knowledge.
Use or transfer of goods	Physical characteristics, quality and availability of the good.
Intangibles	Type (patent, trademark, trade name, technology), duration and degree of protection.
Transfer of shares	Accounting equity of the issuer, present value of projected profits or cash flows, or stock market quotation.

Obligation	Who is required to comply	Filing deadline
Informative Return on Related-Party Transactions (DIOR)	All taxpayers covered by the regime, even if no transactions occurred during the period.	Annually, through the Virtual Office, together with the income tax return; the Regulation references up to 180 days after the fiscal year-end.
Local File or Transfer Pricing Study	Taxpayers subject to the regime who are not exempted (see threshold in item 6).	Within 180 days after filing the DIOR.
Master File	Taxpayers that are part of a multinational group.	Within 180 days after filing the DIOR.
Country-by-Country Report (CbC)	Ultimate parent entity resident in the Dominican Republic of a multinational group exceeding the consolidated income threshold (item 6).	Within 12 months after the end of the fiscal year reported.

5. Formal information and Documentation obligations (cont.)

Since fiscal year 2022, the DIOR is filed jointly with the annual income tax return (IR-2). It must be submitted even when no related-party transactions were carried out during the period, if the taxpayer falls within any related-party scenario.

6. Applicable thresholds - fiscal year 2026

Concept	2026 Threshold (RD$)
Exemption from the Local File and Master File: transactions with related parties that, in aggregate, do not exceed this amount (and without transactions with tax havens or preferential tax regimes).	16,025,436
Country-by-Country Report: consolidated income of the multinational group equal to or greater than this amount (approx. US$617 million).	38,800,000,000

The exemption threshold for the Local File and Master File is adjusted annually for inflation. For 2026, it was set at RD$16,025,436 through DGII Resolution No. DDG-AR1-2026-00001, dated January 15, 2026 (Article 281 of the Tax Code and Article 18, Paragraph V of Regulation 78-14). The exemption does not apply to transactions with low- or no-tax jurisdictions.

7. Preparation of the local file or transfer pricing study

The Local File documents and supports compliance with the arm's length principle, reducing the risk of adjustments by the DGII. Its preparation generally comprises three phases:

- Phase I - Identification. Identify the related parties, the transactions subject to analysis, and the applicable tax provisions in force.
- Phase II - Transactional and functional analysis. Review the functions performed, the risks assumed and the assets (tangible and intangible) used by each party, together with the contractual terms, economic circumstances and market conditions.
- Phase III - Economic analysis. Search for and identify comparables, clean and prepare the financial information, perform adjustments that increase the reliability of the analysis, and determine the arm's length range applicable to the transaction analyzed.

8. Contents of the local file

The resulting Local File includes, among other elements:

- Description of the taxpayer and the organizational structure of the group and its entities.
- Identification of the related parties and details of the transactions and their amounts.
- Summary of the functional analysis (functions, assets and risks).
- Selection and justification of the method applied and a description thereof.
- Search for and evaluation of comparable transactions or companies.
- Economic analysis, determination of the range, and conclusion regarding compliance with the arm's length principle.

9. Advance Pricing agreements (APA)	Taxpayers may request Advance Pricing Agreements from the DGII to define in advance the valuation methodology for certain related-party transactions, providing greater tax certainty and reducing the risk of disputes. The regulations provide for unilateral and bilateral APAs, subject to the established requirements, conditions and deadlines.
10. Documentation and record retention	It is recommended to maintain a transfer pricing policy that is documented and consistent with the economic substance of the transactions. Supporting documentation must be retained for 10 years counted from the filing of the tax return. Recommended supporting records include: intercompany agreements, tax invoices and accounting records, financial statements, details of related-party transactions, evidence of services received or provided, calculations of interest, royalties and corporate charges, economic studies and comparability analyses, and the local and group organizational chart.
11. Penalties for non-compliance	Failure to timely submit the information or documentation, or submitting it with false or incomplete data, constitutes a violation of formal duties (Article 281 of the Tax Code). The main consequences are: • Fine for failure to comply with formal duties of five (5) to thirty (30) minimum wages, plus an additional penalty of 0.25% of the income reported in the previous fiscal period (Article 257). • The taxpayer may be subject to up to three times such penalties when the scenarios set forth in Article 281 are met. • If a pricing adjustment is confirmed, the penalties under Article 250 apply (monetary penalty of up to twice the omitted tax), without prejudice to surcharges and interest.
10. Penalties	The Dominican Tax Code establishes that any action or omission that prevents or hinders the DGII from determining the tax obligation, as well as the inspection and collection of taxes, carries a fine of five (5) to thirty (30) minimum wages. In the event of non-compliance with the duty to submit information to the DGII, a penalty of about zero points twenty-five percent (0.25%) of the income declared in the previous fiscal period may also be applied.

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Updated
July 2026

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ECUADOR
2026 TRANSFER PRICING

1. Transfer prices	Transfer prices are the prices at which transactions are carried out between related companies, such as the parent company and the subsidiary, or between companies that are part of the same business group. The objective is to ensure that transactions are carried out at market prices, to avoid tax evasion through artificial routing of operations. Transfer pricing seeks to prevent companies from carrying out transactions with their related parties at artificially low or high prices to reduce their tax burden. **Powers of the Tax Administration (Internal Revenue Service)** The Tax Administration, in the exercise of its legal powers, may request - through information requirements - taxpayers who carry out operations with related parties within the country or abroad, the presentation of information leading to determining whether in said operations applied the arm's length principle, in accordance with the law.
2. Linked parties	**Definition of related parties** For the purpose of determining related parties, in addition to those defined by law, the Tax Administration may consider, among other cases, situations involving ownership percentages or transaction proportions in order to establish the existence of a relationship. 1. When a natural person or company is the direct or indirect owner of 25% or more of the share capital or owns funds in another company. 2. Companies in which the same partners, shareholders or their spouses, or their relatives up to the fourth degree of consanguinity or second degree of affinity, participate directly or indirectly in at least 25% of the share capital or own funds or maintain commercial transactions, provide services or are in a dependency relationship. 3. When a natural person or company is the direct or indirect owner of 25% or more of the share capital or equity in two or more companies. 4. When a natural person or company, domiciled or not in Ecuador, carries out 50% or more of its sales or purchases of goods, services, or other types of operations, with a natural person or company, domiciled or not in the country. For the consideration of related parties under this section, the Tax Administration must notify the taxpayer, who, if applicable, may demonstrate that there is no relationship by management, administration, control or capital. Taxpayers who comply with the precepts established in this standard will be subject to the transfer pricing regime and must present annexes, reports and other documentation related to transfer pricing, in the manner established in this regulation, without the need to be notified by the Tax Administration. To establish related parties when the transactions carried out between them do not comply with the arm's length principle, the Administration will apply the methods described in this regulation.

3. Area of application	Taxpayers of Income Tax who have carried out operations with related parties local and/or domiciled abroad, within the same fiscal period in a cumulative amount greater than three million dollars of the United States of America (USD 3,000. 000.00), they must present the Annex of Operations with Related Parties to the Internal Revenue Service. Those taxable persons who have carried out operations with local and/or related parties domiciled abroad, within the same fiscal period, in a cumulative amount greater than six million dollars of the United States of America (USD 6,000,000.00). In addition to the Annex, they must submit the Comprehensive Transfer Pricing Report. International transportation companies for passengers, cargo, express air companies, couriers or parallel couriers established under foreign laws and that operate in the country through branches, permanent establishments, agents, or representatives, indicated in article 31 of the Law Organic Internal Tax Regime, they do not have the obligation to present the Annex and Transfer Pricing Report on their usual transportation operations.
4. Transfer pricing method	**Methods to apply the principle of free competition** To determine the price of operations carried out between related parties, any of the following methods may be used, in such a way that it reflects the principle of arm's length competition, in accordance with the provisions of the Internal Tax Regime Law: 1. Uncontrolled Comparable Price Method. 2. Resale Price Method. 3. Added Cost Method. 4. Utility Distribution Method. 5. Transactional Operating Profit Margins Method. For the use of these methods, the technical standards and the priority that may be established by the Internal Revenue Service will be considered.
5. Arm's length principle	For tax purposes, the arm's length principle is understood to mean that, when conditions are established or imposed between related parties in their commercial or financial transactions, which differ from those that have been stipulated with or between independent parties, the profits that would have been obtained by one of the parties in the absence of such conditions but which, due to the application of those conditions, were not obtained, will be subject to taxation. **Comparability Criteria:** Transactions are comparable when there are no differences between the relevant economic characteristics of these, which significantly affect the price or value of the consideration or the profit margin referred to in the methods established in this section, and if differences exist, that their effect can be eliminated by reasonable technical adjustments. To determine whether the operations are comparable or whether there are significant differences, the following elements will be taken into account, depending on the method of application of the arm's length principle selected:

5. Arm's length principle (cont.)	1. The characteristics of the operations, including: a. In the case of provision of services, elements such as the nature of the service, and whether or not the service involves technical experience or knowledge. b. In the case of use, enjoyment or disposal of tangible assets, elements such as the physical characteristics, quality and availability of the asset. c. In the event that the exploitation or transfer of an intangible asset is granted, the form of the operation, such as the granting of a license or its sale; the type of asset, whether patent, trademark, know-how, among others; the duration and degree of protection and the expected benefits derived from the use of the asset in question. d. In case of sale of shares, the updated stockholders' capital of the issuing company, the equity, the present value of the projected profits or cash flows or the stock market price recorded in the last transaction carried out with these shares; and, e. In the case of financing operations, the amount of the loan, term, guarantees, solvency of the debtor, interest rate and the economic essence of the operation rather than its form. 2. The analysis of the functions or activities performed, including the assets used and risks assumed in the operations, by related parties in related operations and by independent parties in unrelated operations. 3. The contractual terms or not, with which transactions between related and independent parties are actually fulfilled. 4. Economic or market circumstances, such as geographical location, market size, level of market, wholesale or retail, level of competition in the market, competitive position of buyers and sellers, availability of goods and services substitutes, the levels of supply and demand in the market, consumer purchasing power, government regulations, production costs, transportation costs and the date and time of the operation. 5. Business strategies, including those related to market penetration, permanence, and expansion, among others.
6. Annual informative transfer pricing statements	**Transfer pricing report** Taxpayers must submit, annually, the Transfer Pricing report, within six months following the closing date of the corresponding fiscal period.
7. Technical reference on transfer pricing	As a technical reference for the provisions of this Chapter, the "Guidelines on Transfer Pricing for Multinational Companies and Tax Administrations" will be used, approved by the Council of the Organization for Economic Cooperation and Development (OECD).

7. Technical reference on transfer pricing (cont.)	**Use of secret comparable:** For the application of the arm's length principle, the Tax Administration may use all information, both its own and that of third parties, in accordance with the provisions of the Tax Code and the Internal Tax Regime Law. **Reservation of Information:** The information contained in the comprehensive transfer pricing report will be used solely for tax purposes and may not be disclosed or published.
8. Sources of interpretation	For the interpretation of transfer pricing issues, the Internal Tax Regime Law and the Regulations for the Internal Tax Regime Law will apply.
9. Sanctions	Failure to submit the report will be punishable by fines of up to US$15,000.

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Updated
July 2026

GUATEMALA
2026 TRANSFER PRICING

1. Transfer pricing	The valuation of transactions between related parties, or carried out from, to, or through tax havens must be in accordance with the principle of Arm's Length; that is, that the agreed prices are within the price that independent parties to comparable transactions, similar terms and conditions would have agreed. The Tax Administration has the power to adjust the valuation granted for income tax purposes, only when it observes that the non-application of the transfer pricing rules determines a lower tax payable in Guatemala.
2. Linked entities	Two or more persons, companies or entities are considered to be related parties when: • One of them participates directly or indirectly in the administration, control or capital of the other party; or, • This same person or group of persons participates directly or indirectly in the administration, control or capital of the entities that take part in the transaction. • The linking will also operate when the transaction is made using interposed persons whose purpose is to cover up a transaction between related parties. In addition, the transfer pricing rules establish additional situations in which the parties are considered to be related.
3. Transfer pricing methods	The Income Tax Law establishes the following methods for determining the price of transactions, as follows: • Uncontrolled comparable price method. • Added cost method. • Resale price method. • Transactional net margin method. Companies should apply the most appropriate method with respect to the particular transaction, to determine the market value for income tax purposes.
4. Comparability analysis	Transactions between related parties are comparable to a transaction between independent parties, on equal or similar terms, where at least one of the following two conditions is met: • That none of the differences between the transactions under comparison or between the characteristics of the parties performing them may materially affect the price, amount of considerations or profit margin; or • That even if there are differences between the transactions being compared or between the characteristics of the parties making them, which may materially affect the price, amount of considerations or profit margin, such differences may be eliminated through reasonable adjustments.

4. Comparability analysis (cont.)	In order to determine whether transactions are comparable, account shall be taken of those elements or circumstances that reflect to a greater extent the economic reality of the transactions, depending on the method selected, considering among others, the following elements: • The characteristics of the operations. • The functions or economic activities, including the assets used and risks assumed in the operations, of each of the parties involved in the operation. • The contractual terms. • Economic or market circumstances. • Business strategies, including those related to market penetration, permanence and expansion. When, for purposes of determining comparable transactions, local information is not available, taxpayers may use information from foreign companies, having to make the necessary adjustments to reflect the differences in the markets.
5. Advance pricing agreements (APA)	• Prior application to SAT. • Unilateral. Sat may approve, deny or modify the proposal. • In other jurisdictions there are also bilateral agreements. • It takes effect with respect to operations carried out after the approval date. • It takes effect for a maximum of 4 fiscal periods. • Administrative silence operates in a negative sense.
6. Annual transfer pricing information return	Taxpayers whose transactions are subject to transfer pricing rules are also subject to the formal obligation to submit the following annual returns: • Informative Affidavit Local Report. • Annex to annual Informative Affidavit (Transfer Pricing). The information contained in the informative affidavits may be used by the Tax Administration for the exercise of its functions and for the exchange of tax information with the competent authority of another State provided for in international treaties or in the decisions of the Community Commission Andean observing the rules of confidentiality and computer security indicated in them.
7. Presentation of the transfer pricing statements	Taxpayers must submit each of the transfer pricing returns based on the last digit of their Tax ID number and according to the schedule established by the tax administration.
8. Adjustments to transfer pricing	It will only be necessary to adjust the value agreed by the parties when it determines in the country a lower tax than it would correspond by application of the transfer pricing rules. The Tax Administration may adjust the agreed value even if the above assumption is not met, if said adjustment affects the determination of a higher tax in the country with respect to transactions with other related parties.

8. Adjustments to transfer pricing (cont.)	In order to assess whether the agreed value determines a lower tax, the effect that, independently, each transaction or set of transactions, either individually or together, at the time of applying the respective method, generates for Income Tax.
9. Information retention term for transfer pricing	The documentation and information supporting the informative affidavits, as appropriate, must be kept by the taxpayers, duly translated into Spanish, if applicable, for a period of five years or during the limitation period, whichever is greater (the longest period of prescription is five years).
10. Sources of interpretation	For the interpretation of transfer pricing issues, the Income Tax Law and its regulations will be applied according to government agreement 213-2013 and amended by Decree 19-2013 of the Republic of Guatemala.
11. Penalties	• Breach of formal duties. • Lack of information delivery. • Adjustment for incorrect valuation of operations subject to transfer pricing. • Omitted tax payment. • 100% fine. • Interests.

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July 2026

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HONDURAS
2026 TRANSFER PRICING

1. Transfer pricing scope of application	Transfer pricing refers to the values at which commercial or financial transactions are recorded between related or affiliated parties. The scope of application includes any transaction carried out between natural or legal persons domiciled or residing in Honduras with their related parties and/or those covered under Special Regimes that benefit from tax incentives.
2. Entities Required to file	The following Income Tax taxpayers are required to file: • Natural or legal persons categorized as medium or large taxpayers who engage in commercial or financial transactions with related or affiliated parties. • Natural or legal persons who conduct commercial or financial transactions with entities covered under special regimes that benefit from tax incentives (provided they are related or affiliated). • Natural or legal persons who engage in commercial or financial transactions with related or affiliated parties residing in jurisdictions classified as tax havens. • Natural or legal persons who, within the same fiscal period, conduct commercial or financial transactions with related or affiliated parties in an accumulated amount exceeding one million United States dollars (USD 1,000,000.00) or its equivalent in Lempiras, based on the exchange rate between the national and foreign currency.
3. Tax compliance obligations and requirements	Taxpayers required to file must determine, for tax purposes, their income, costs, and deductible expenses by applying the prices and profit margins that would have been used in comparable transactions between independent parties, in accordance with the Arm's Length Principle. **Documentation and Information** **Transfer Pricing Informative Return:** In compliance with Article 17 of the Law, this return must be submitted to the SAR. The return must be generated, completed, and submitted through the Virtual Office. **Transfer Pricing Study:** Taxpayers subject to the application of the Law must provide the SAR, upon request, with a transfer pricing study in compliance with Article 32 of the Law's Regulations, supporting the information declared in the return.

<table>
<tr><td>4.
Filing deadline</td><td>The deadline for submitting the aforementioned Sworn Declaration shall be as follows:

• Taxpayers with fiscal periods matching the calendar year: The filing period is from January 1 to April 30, or the next business day of each year.
• Taxpayers with special fiscal periods: The filing must be completed no later than three (3) months after the end of the fiscal period.</td></tr>
<tr><td>5.
Violations and penalties</td><td>Violations

1. Failing to provide, or providing false, manifestly incomplete, or inaccurate information or documentation when required by the Tax Administration.
2. Declaring a taxable base lower than what should have been reported due to an agreed valuation differing from what independent parties would have established under comparable circumstances, unless documentation exists to verify or justify the accuracy of the declared amount.
3. Any other non-compliance with the provisions established in the Law.

Penalties

• A fine of USD 10,000 for the violation described in item 1.
• A fine of 15%, calculated on the adjusted amount determined by the Tax Administration for the violation described in item 2. If both violations are committed, the penalty increases to 30% or USD 20,000, whichever is greater.
• A fine of USD 5,000 for the violation described in item 3.</td></tr>
</table>

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Updated
July 2026

MEXICO

2026 TRANSFER PRICING

1. Transfer price study (TPS)	A. When legal entities enter into transactions with foreign resident-related parties, they must obtain and keep the supporting documentation. This documentation should prove that their income and deductions were determined under the prices or amounts that independent parties in comparable transactions would have used. The following legal entities should not comply with this obligation: a. Taxpayers who carry out entrepreneurial activities and their taxable income in the immediate previous year did not exceed $13 million (Mexican Pesos). b. Taxpayers who provide professional services and their taxable income in the immediate previous year did not exceed $3 million (Mexican Pesos). B. When legal entities should file financial statements audited by a CPA or must submit the tax situation return, they also must prepare and file the following tax returns: • Master information must be no later than December 31 of next year. • Local information on related parties should be provided no later than May 15 of the following year. • Informative return (country-by-country) of the multinational business group no later than December 31 of the following year.
2. Related parties	Two or more persons are considered to be related parties when: A. One of them participates, directly or indirectly, in the other's administration, control, or equity. B. A person or group of persons participates, directly or indirectly, in the administration, control, or equity of said persons. C. Members of partnerships are related, as the persons under this paragraph are considered related parties of said members.
3. Comparable operations	Transactions between related parties are comparable to independent parties when no differences significantly affect the price, amount of consideration, or profit margin; if there are significant differences, they should be eliminated by reasonable adjustments. In determining these differences, the following elements must be taken into account:

3. Comparable operations (cont.)	A. The characteristics of the operations, as follows: • Capital amount, term, guarantees, debtor solvency, and interest rate are considered in financing operations. • In providing services, elements such as the nature of the service and whether or not it includes experience or technical knowledge are essential. • Consider the good's physical characteristics, quality, and availability in use or temporary enjoyment of goods and disposal. • Where exploitation is granted, or an intangible good is transmitted, consider whether it is a patent, trademark, trade name, technology transfer, duration, and degree of protection. • In the transfer of shares, the updated book capital of the issuer, the present value of the projected profits or cash flows, or the stock price of the last fact of the day. B. Functions and activities, including the assets used and risks, assumed in the operations. C. The contractual terms. D. Economic circumstances. E. Business strategies.
4. Applicable methods	a. Comparable price not controlled. b. Resale price. c. Added cost. d. Partitioning utilities. e. Utility partition residual. f. Transactional margins of operating profit.
5. Implement-ation of the TPS	The TPS development aims to generate the necessary documentation supporting compliance with the market value principle of transactions between related parties and reduce the possibility of a transfer price adjustment in the tax results obtained. The above study comprises the following phases: **Step I:** This phase aims to identify the related parties, the transactions under review, and the applicable existing tax provisions. **Phase II: Transactional and Functional Analysis** The second step is to review the functions undertaken, the risks assumed, and the assets (tangible and intangible) used by the parties involved in the operation under study. At this stage, contractual terms, economic circumstances, and market conditions that could affect the participants' results in the transaction under analysis are also reviewed.

5. Implement-ation of the TPS (cont.)	**Phase III: Economic Analysis** Based on the information obtained in Phase II, an economic analysis is carried out, the main objective of which is to determine whether the operation under study was carried out under the market value principle. The first step in this phase is the search and identification of comparables. Then, a detailed review of comparable companies' financial and descriptive information or transactions is carried out accordingly to make the necessary adjustments to increase the analysis's reliability and determine market value compensation for the operation under study. The resulting TPS includes the following documents: • Description of the company's activities; • Summary of functional analysis; • Valuation of comparable operations or companies; • Explanation of reasons to select a particular method; • Description of the method applied; • Compliance in terms of the law; • Conclusions. The TPS developed in this way allows: • To have the possibility of a penalty reduction up to 50%, when applicable. • To know the margins range or prices in which trades can be agreed upon. • To update corporate contracts, assumptions, asset values, and operating and market conditions. • To validate, question, and even improve the corporate structure of the related parties.

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PANAMA
2026 TRANSFER PRICING

1. Transfer pricing	**The principle of free competition** Transactions carried out by taxpayers with related parties shall be valued in accordance with the principle of free competition, i.e. ordinary and extraordinary income and the costs and deductions necessary to carry out that transaction shall determine in the recital the price or amount agreed by independent parties under similar circumstances under conditions of free competition. The value thus determined shall be reflected for tax purposes in the income returns presented by the taxpayer. **Faculties of the Directorate General of Revenue** The Regional Revenue Directorate may verify that transactions carried out between related parties have been assessed in accordance with the provisions of the previous article and shall make the corresponding adjustments where the stipulated price or amount does not correspond to what had been agreed between independent parties in comparable transactions, resulting in lower taxation in the country or deferral of taxation.
2. Linked entities	**Definition of related parts** Two or more persons are considered related parties when one of them participates directly or indirectly in the administration, control or capital of the other, or where a person or group of persons participates directly or indirectly in the administration, control or capital of such persons. They are also considered related parts of a permanent establishment, the main office or other permanent establishments thereof, as well as the persons described in the preceding paragraph and its permanent establishments. Permanent establishments, as defined in Article 762-M or, where applicable, in the relevant tax treaties or the Convention for the Avoidance of Double Taxation entered into by the Republic of Panama. Free Zones, Free Trade Zones, Special Economic Areas, and Special Regimes. Natural or legal persons engaged in operations with related parties established in the Colon Free Zone, operating in the Free Zones of Petroleum under Cabinet Decree 36 of 2003, the Panama Pacific Special Economic Area, Multinational Company Headquarters at Ciudad del Saber, or any other free trade zones or special economic areas established or to be established in the future, shall be subject to the transfer pricing regime as established in this chapter, except as provided in Article 762-D. This also applies to any operation that a natural or legal person established in the Colon Free Zone, or operating in the Free Zones of Petroleum under Cabinet Decree 36 of 2003, the Panama Pacific Special Economic Area, Multinational Company Headquarters, Ciudad del Saber, or any other free trade zones or special economic areas established or to be established in the future, carries out with related parties established in the Republic of Panama, or residents of other tax jurisdictions, or established in any other zone or special economic area subject to a special regime as mentioned.

2. Linked entities (cont.)	Natural or legal persons operating in a zone or areas or under a special regime or to be created in the future, even if they are exempt from income tax or subject to a reduced rate of such tax by provision of their special laws, shall be subject to the transfer pricing regime as established in this Chapter, without the provisions of Article 762-D of the Fiscal Code being applicable.
3. Methods for transfer pricing	A. In order to determine whether the transactions are in accordance with the principle of free competition, one of the following methods shall apply: 1. Comparable price method not controlled. It consists in assessing the price of the good or service in a transaction between persons relating to the price of the identical good or service or of similar characteristics in an independent transaction in comparable circumstances, making, if necessary, the corrections necessary to obtain equivalence, considering the particularities of the transaction. 2. Method of cost of production of a good or service in the usual margin obtained by the taxpayer in identical or similar transactions with independent persons or entities or, if not, in the margin that independent persons or entities apply to comparable transactions making, if price, the corrections necessary to obtain equivalence, taking into account the particularities of the transaction. The percentage representing gross profit relative to sales costs is considered the usual margin. 3. Resale price method. It consists in subtracting from the sale price of a good or service, the margin applied by the reseller itself in identical or similar transactions with independent persons or entities or, if not, the margin that independent persons or entities applies to comparable transactions, making, if necessary, the corrections necessary to obtain equivalence, taking into account the particularities of the transaction. The percentage representing gross profit for net sales is considered the usual margin. B. When, due to the complexity of operations or lack of information, some of the methods in literal A cannot be properly applied, some of the methods described in this literal will apply: 1. Utility partitioning method. 2. Transaction net margin method.
4. Comparability analysis	For the purpose of determining the price or amount that independent parties would have agreed in circumstances similar under conditions of free competition referred to in Article 762-A, the conditions of transactions between persons relating to other comparable transactions carried out between independent parties shall be compared. Two or more trades are comparable where there are no differences between them that significantly affect the price or amount, and where such differences exist, they can be eliminated by reasonable adjustments. In determining whether two or more transactions are comparable, the following elements shall be considered respectively in so far as they are economically relevant:

4. Comparability analysis (cont.)	1. Specific characteristics of operations, including: a. In the case of financing operations, elements such as principal amount, term, risk rating, guarantee, debtor solvency and interest rate. b. In the case of the provision of services, elements such as the nature of the service and whether or not the service involves an experience or technical knowledge. c. In the case of granting rights of use or disposal of tangible goods, elements such as physical characteristics, quality, reliability, availability of the good and volume of the offer. d. In the event that the exploitation is granted or an intangible good is transmitted, elements such as the class of the good, patent, trademark, trade name, transfer of technology or know-how, the duration and degree of protection and the benefits that are expected to be obtained from its use. e. In the case of transfer of shares, the liquid assets of the issuer, the present value of the projected profits or cash flows, or the trading price of the issuer of the last fact of the day of disposal. 2. The significant economic functions or activities assumed by the parties in relation to the transactions under analysis, including the risks assumed and weighing, where appropriate, the assets used. The actual contractual terms from which, where appropriate, transactions are derived taking into account the responsibilities, risks and benefits assumed by each contracting party. Market characteristics or other economic factors that may affect operations. Business and business strategies, such as market penetration, permanence or expansion policies, as well as any other circumstances that may be relevant in each case.
5. Informative annual declarations of transfer pricing	Taxpayers must submit, annually, a report of transactions carried out with related parties, within six months of the date of closure of the relevant tax period, in the terms laid down by the regulations to be drawn up for this purpose.
6. Presentation of the transfer pricing statements	Taxpayers must submit each of the transfer pricing returns based on the last digit of their NIT number and according to the schedule established by the tax administration.
7. Sources of interpretation	For interpretation on transfer pricing issues, the Tax Code of the Republic of Panama shall apply in chapter IX, Standard of Adequacy to The Treaties or Conventions to Avoid Double International Taxation.

8. Penalties	Failure to file the report shall be punished with a fine equivalent to 1% of the total amount of transactions with related parties. For the calculation of the fine, the gross number of operations shall be considered regardless of whether they are representative of income, costs or deductions. The fine referred to in this paragraph shall not exceed one million balboas (B/.1,000,000.00). Data relating to transactions with related parties, as well as their nature or other relevant information, shall be included in the income tax affidavit in the terms available to it.

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Updated
July 2026

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VENEZUELA
2026 TRANSFER PRICING

1. Transfer prices	The valuation of the transactions carried out between related parties, or that are carried out from, to, or through tax havens must be in accordance with the Arm's Length principle; in other words, that the agreed prices are within the price that independent parties in comparable transactions, similar terms and conditions would have agreed upon. The Tax Administration has the power to adjust the valuation granted for Income Tax purposes, only when it observes that a lower tax to be paid in the Bolivarian Republic of Venezuela is determined due to the non-application of the transfer pricing regulations.
2. Related parties	Two or more people, companies or entities are considered related parties when: • One of them participates directly or indirectly in the administration, control or capital of the other party, or; • This same person or group of people participate directly or indirectly in the administration, control or capital of the entities that take part in the transaction. • The relationship will also operate when the transaction is carried out using interposed persons whose purpose is to conceal a transaction between related parties. Additionally, the transfer pricing rules establish additional situations in which the parties are considered related.
3. Methods for transfer pricing	The Income Tax Law establishes the following methods to determine the price of transactions, as follows: • The uncontrolled comparable price method. • The resale price method. • The added cost method. • The profit division method. • The transnational net margin method. The taxpayer must consider the uncontrolled comparable price method as the first option in order to determine the price or amount of the considerations that they would have used with or between independent parties in transactions comparable to the operations of transfer of goods, services or rights carried out between parties. linked. The Tax Administration will evaluate whether the method applied by the taxpayer is the most appropriate according to the characteristics of the transaction and the economic activity carried out.

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<td>4. Comparability analysis</td>
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Transactions between related parties are comparable to one carried out between independent parties, under the same or similar conditions, when at least one of the following two conditions is met:

That none of the differences that exist between the transactions being compared or between the characteristics of the parties that carry them out may materially affect the price, amount of consideration or profit margin; or,
That even when there are differences between the transactions being compared or between the characteristics of the parties that carry them out, which may materially affect the price, amount of consideration or profit margin, such differences may be eliminated through reasonable adjustments.

In order to determine whether the transactions are comparable, those elements or circumstances that more reflect the economic reality of the transactions will be taken into account, depending on the method selected, considering, among others, the following elements:

The characteristics of the operations.
The functions or economic activities, including the assets used and risks assumed in the operations, of each of the parties involved in the operation.
The contractual terms.
Economic or market circumstances.
Business strategies, including those related to market penetration, permanence and expansion.

When, for purposes of determining comparable transactions, local information is not available, taxpayers may use information from foreign companies, having to make the necessary adjustments to reflect the differences in the markets.
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<td>5. Advance transfer pricing agreements (APA)</td>
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The taxpayers of income tax, prior to carrying out the operations, may make a proposal for the valuation of the operations carried out with related parties.
The proposal must refer to the valuation of one or more transactions individually considered, with the demonstration that they will be carried out at the prices or amounts that independent parties would have used in comparable operations. Proposals may also be made by natural persons, legal entities or non-resident or non-domiciled entities in Venezuelan territory, who plan to operate in it through a permanent establishment or entities with which they are related. The valuation proposal must be signed by all of the related parties that are going to carry out the operations that are the subject of it.
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<td>6. Annual informative returns of transfer pricing</td>
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Taxpayers whose transactions are subject to transfer pricing regulations are also subject to the formal obligation to submit the following annual returns:
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6. Annual informative returns of transfer pricing (cont.)	1. **<u>Preparation of the Informative Declaration of Operations carried out with Related Parties Abroad (Form PT-99)</u>,** which must be presented annually in the month of June following the closing date of the fiscal year. Taxpayers who have a fiscal year other than the calendar year, must submit the return within six (06) months following the close of their fiscal year. As part of this point, the special report that supports the presentation of the transfer pricing information statement is included, if required by SENIAT (Integrated National Service of Customs and Tax Administration). 2. **<u>Preparation of the Study of Local Transfer Prices</u>,** for any industrial, commercial or service sector. The Firm's professionals carry out the studies stipulated in the Venezuelan Income Tax Law, applying the basic aspects of comparison and the transfer pricing methods authorized in said Law, according to the specific situation of each company. This allows your company to reduce the risk of a possible tax contingency with the SENIAT Authorities. The transfer pricing study is the ideal document to demonstrate that inter-company operations are agreed at market prices (arm's length). Based on the above, we highly recommend having a Transfer Pricing Study with the following characteristics: • That it is developed annually. • That it includes all inter-company operations. • That it be written in Spanish. • That it uses the transfer pricing methodologies established in the LISLR.
7. Presentation of the transfer pricing statements	Taxpayers must submit each of the transfer pricing returns based on the last digit of their RUC number and according to the schedule established by the tax administration. • Taxpayers must annually submit an Informative Declaration of Operations carried out with Related Parties Abroad. Said declaration must be filed with SENIAT in the month of June following the close of the fiscal year, or six months after the close of the fiscal year if it does not coincide with the calendar year.
8. Transfer pricing adjustments	It will only proceed to adjust the value agreed by the parties when it determines in the country a lower tax than would correspond by application of the transfer pricing rules. The Tax Administration may adjust the agreed value even when the previous assumption is not met, if said adjustment affects the determination of a higher tax in the country with respect to transactions with other related parties. In order to evaluate whether the agreed value determines a lower tax, the effect that, independently, each transaction or set of transactions, either individually or together, at the time of applying the respective method, will be taken into account for Income Tax.
9. Period of conservation of information for transfer pricing	The documentation and information that supports the informative sworn statements, as appropriate, must be kept by the taxpayers, duly translated into Spanish, if applicable, for a period of five years or during the statute of limitations, whichever is longer (the longest limitation period is ten years).

10. Sources of interpretation	For the interpretation of transfer pricing issues, the Transfer Pricing Guidelines for Multinational Companies and Tax Administrations, approved by the Council of the Organization for Economic Cooperation and Development - OECD, will be applicable, as long as they are not opposed. to the approved provisions that regulate this issue.
11. Sanctions	The following table summarizes the applicable sanctions and offenses: (see table below)

Illicit Tax				
Description	Article COT	Number	Sanctión*	Closure**
Not submitting the returns or submitting them with a delay of more than one (1) year.	103	1	150 times the exchange rate	10 days
Failure to present the communications established by the laws, regulations or other administrative acts of general character.	103	2	50 times the exchange rate	-
Submit the returns incompletely or with a delay of less than or equal to one (1) year.	103	3	100 times the exchange rate	-
Submit other communications incompletely or after the deadline.	103	4	50 times the exchange rate	-
Submit more than one replacement return, or the first replacement return after the deadline established in the respective standard.	103	5	50 times the exchange rate	-
Present the declarations in forms, media, formats or places, not authorized by the Administration Tax.	103	6	50 times the exchange rate	-
Failure to submit or submit late the informative return of investments in low tax jurisdictions.	103	7	2000 times the exchange rate	10 days
Failure to submit or submit late the informative return of investments in low tax jurisdictions.	103	7	1000 times the exchange rate	-
Failure to maintain or preserve the documentation and information that supports the calculation of the prices of transfer.	104	12	1000 times the exchange rate	10 days

* "The pecuniary sanctions are applied by the official exchange rate (T / C) of the currency with the highest value, published by the Central Bank of Venezuela"

** "The closure penalty provided for in this article will be applied to all establishments or branches owned by the taxpayer"

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Rif: J-31313688-3

Updated July 2026

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