

## Transferpricing: penalties from tax authorities for non-submission of master file

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Dear clients and business partners!

recently, there have been an increasing number of cases in which Russian companies that are part of an international group of companies have been asked to submit the global documentation (so-called master file) to the Russian tax authorities, especially in the context of the formation of the regular transfer price declaration and documentation.

As a reminder: the global documentation (master file) must be provided to the supervisory authority upon their request **within 3 months from the date of having received an according notice**. The file is to be provided in Russian language.

The master file may be requested **not earlier than 12 months and no later than 36 months after the end of the reporting year**, so e.g. starting from 01.01.2022 till 31.12.2024 for the year 2020. The documentation must comply with the requirements of Article [105 16-4](#) of the Russian Tax Code.

Please note that the violation of the rules of the Tax Code - failure of the taxpayer to submit global documentation in time ([paragraph 2 of Article 129.11 of the Tax Code](#)) **may result in a fine in the amount of 100,000 rubles**.

From 2020 onwards, the benefits of the so-called "Transitional period" (2017-2019), for which no fines were imposed, **no longer apply**. From 2020, failure to comply with the requirement to submit the master file to the authorities upon request can result in a maximum amount of fine.

In order to provide the required information to the tax authorities on time, if requested, we recommend the Russian member companies of international company groups to fulfill the following steps in advance:

- request the Global Documentation from the parent company,
- check it for compliance with the requirements of Article 105 16-4 of the Tax Code of the Russian Federation and, if necessary, supplement the File;
- translate the Global Documentation into the Russian language, if applicable.

### Expert comment

Eugenia Chernova, Project Leader at swilar: "Not every taxpayer who is a member of an international group of companies may be required to provide global documentation. The existing limits are bound to the total revenue of the group. The limit depends on the country of residence of the parent company."

If you have any questions about the necessity of global documentation for your company, swilar specialists will be happy to give you qualified advice.

### Contacts:

Eugenia Chernova, Project Leader Controlling and Reporting **swilar** OOO  
E-Mail: [eugenia.chernova@swilar.ru](mailto:eugenia.chernova@swilar.ru), T: +7 499 978 37 87 (ext. 310)

Olga Kireyeva, Deputy Project Leader, **swilar** OOO  
E-Mail: [olga.kireyeva@swilar.ru](mailto:olga.kireyeva@swilar.ru), T: +7 499 978 37 87 (ext. 311)

**SWILAR** OOO

CEO  
Daria Pogodina  
ul. Lesnaja 43  
127055 Moscow  
Tel.: +7 499 978 3787

**swilar** GmbH

CEO  
Tobias Schmid  
Erikaweg 32  
D-86899 Landsberg / Lech  
Tel.: +49 8191 9898377

CEO  
Dr. Georg Schneider  
Schlehenweg 14  
D-53913 Swisttal  
Tel.: +49 2226 908258