

Electronic Declaration System and large screenshots now work hand in glove 3/22/22



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Our experience suggests that taxpayers carrying out the obligation to submit transfer pricing (TP) documentation to the State Revenue Service (SRS) may suddenly find themselves in an awkward situation, as the functionality of the Electronic Declaration System (EDS) prevents them from uploading a screenshot file that supports their benchmarking study because of its size. So the document fails to reach the SRS and puts the taxpayer at risk of defaulting on statutory requirements for information to be included in TP documentation. This article offers a solution to this problem.

The obligation to submit documentation

Section 15.2 of the Taxes and Duties Act requires taxpayers to prepare TP documentation and duly submit it to the tax authority.

The Cabinet of Ministers' Rule No. 802 of 18 December 2018, *Transfer Pricing Documentation and Advance Pricing Agreement Procedures*, specifies the content of information to be included in the master file and the local file.

Submitting screenshots that show the date they were made and support the financial indicators of selected independent companies used in TP analysis is a key requirement. We are talking about TP documentation that includes not only, for instance, a benchmarking strategy screenshot (often the case so far) but also screenshots supporting the finding about each selected company that has been tested.

The SRS's public guidance "[Transfer Pricing Documentation](#)" states that TP documentation must be submitted in electronic form via EDS.

Practical difficulties

The size of a screenshot file containing data on independent companies that serve as a basis for TP analysis usually exceeds the prescribed size for an EDS attachment. This is because the permitted size of one document is 50 megabytes and the number of electronic documents for the master file and the local file on EDS has so far been limited to six documents.

Given the tight statutory requirements, taxpayers are unsure about a convenient, secure and successful way to submit information (screenshots) supporting their TP analysis to the SRS via EDS.

We asked the SRS to help solve this problem. Since today's hybrid working arrangements provide taxpayers with the technical capabilities and power to ensure remote access to information supporting their TP analysis, we asked the SRS to indicate how taxpayers should go about submitting that information remotely.

Solutions recommended by the SRS

In reply to our question about ways of submitting TP documentation with attached screenshots, the SRS explained that the “Transfer Pricing Documentation” form within the EDS “Corporate Income Tax Documents” currently makes it possible to attach up to 25 files, each up to 50 megabytes.

When it comes to submitting multiple screenshots at the same time, the SRS finds it useful to combine and upload several screenshots in a single .pdf or .docx file.

If the previous steps were not successful and the number of documents is still over the limit (25 files), the SRS suggests submitting the TP documentation for the same period in more than a single go. In that case, however, the taxpayer has to notify the SRS.

While the size of one document for uploading to EDS remained unchanged, the SRS was able to find a solution and considerably increased the number of files. This significantly mitigates the risk of screenshots failing to reach the SRS. Meanwhile, the taxpayer should structure the information by splitting large files up into smaller ones or combining screenshots of different sizes so that the final file stays within the size limits.

As the deadline for submitting TP documentation approaches, you should keep up a constructive dialogue with the SRS and warn their officers if your company has a technical need to upload TP documentation for the same tax period in multiple goes.