

UNITED KINGDOM

SMALL AND MEDIUM ENTERPRISES AND TRANSFER PRICING

1. Have you established a dedicated website/webpage as a single point of information for SMEs on transfer pricing matters? Alternatively, has information for SMEs on transfer pricing matters been made available electronically via an existing website/webpage? In which language(s) is the information available?

No. HMRC has a website (www.hmrc.gov.uk) and publishes information on transfer pricing matters on this. Particular information sources available via this site relating to transfer pricing are our International Manual (www.hmrc.gov.uk/manuals/intmanual/) and Statements of Practice (www.hmrc.gov.uk/agents/sop.pdf). These documents cover our legislation and practice and provide relevant contact points.

Most SMEs are exempt from transfer pricing rules under our legislation but those that are not may refer to these same sources. This information is only available in English.

2. Do you have a single definition of SME that applies for most direct tax purposes?

The definition used in our transfer pricing legislation and more widely is the European Commission recommendation of 6 May 2003 (2003/361/EC):

	Maximum number of staff	And less than one of the following limits: Annual turnover	Balance sheet total
Small Enterprise	50	€10 million	€10 million
Medium Enterprise	250	€50 million	€43 million

There are modifications of the EU recommendation (see INTM412080):

- Rights of a liquidator or administrator (acting in that capacity) are left out of account in determining whether the enterprise or any other enterprise meets the numerical tests.
- Whether the person is an SME will be determined solely by reference to the period for which a return is being made.
- The declaration as an autonomous enterprise in paragraph 5 of Article 3 is omitted.
- The numerical tests are by reference to annualised figures for the chargeable period.
- The genuine estimate for a newly established enterprise is omitted.

The Recommendation is followed in full, apart from 2 instances:

1. Qualification as an SME will be determined solely by reference to the period for which a tax return is being made.
2. The rights in the capacity as liquidator or administrator should not be taken into account when looking at partnership of linked enterprises. These rights would not extend to situations where arrangements with the official in question extend beyond that which is normal for the practice of their office.

3. Do you apply a specific SME definition for transfer pricing purposes?

Yes. See reply to Q2 above.

4. What specific services for SMEs are in place e.g. advanced pricing agreements, dispute resolution (pre- or post-audit), etc.? Is information on these services available electronically on the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?

There are no specific services provided for SMEs in relation to transfer pricing. As we say in Q1, most SMEs are exempt from transfer pricing rules under our legislation.

5. Are training materials made available to SMEs electronically via the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?

No.

6. Is information on procedures to provide SMEs with advance certainty on transfer pricing issues (e.g. advanced pricing agreements, rulings and clearances) available electronically via the website(s) identified in question 1 or it is only available from some other source? In which language(s) is the information available?

Information on transfer pricing issues is available on our website but is not specifically aimed at SMEs. Please see reply to Q1 for links.

7. Is there a dedicated contact point available to SMEs for transfer pricing compliance issues?

HMRC's customer strategy for large business provides a named contact point for many customers, including SMEs. This contact point can facilitate access to relevant specialists across HMRC as appropriate, including transfer pricing specialists.

There is no delegated competent authority who specialises in SMEs. All taxpayers are able to contact the relevant competent authority for the particular issue.

8. Is there a dedicated contact point for advanced pricing agreements, clearances and rulings available to SMEs?

There are no special rules or processes for SMEs requiring certainty on transfer pricing. Our APA program is potentially available to all taxpayers. SMEs are also able to apply for Advance Thin Capitalisation Agreements ["ATCAs"] which use the same legislation.

There are no clearances or rulings available to any taxpayers in respect of transfer pricing other than APAs and ATCAs.

The relevant delegated competent authority to contact for APAs is:

APA Team Leader (Dominic Vines)
HMRC, CTIS Business International,
3rd Floor, 100 Parliament Street, London SW1A 2BQ
Tel: 03000 585861
E-mail: dominic.vines@hmrc.gsi.gov.uk

ATCAs are generally not dealt with by a delegated competent authority but instead the first point of contact for a taxpayer is their Customer Relationship Manager or Customer Co-ordinator.

9. Is there a dedicated contact point available to SMEs who want to claim relief from double taxation as a result of a transfer pricing adjustment?

No. Again SMEs would follow the same process as other taxpayers.

For presentation of cases to invoke MAP the relevant delegated competent authority is:

MAP Team Leader (Martin Powell)
HMRC, CTIS Business International,
3rd Floor, 100 Parliament Street, London SW1A 2BQ
Tel.: 03000 538097
E-mail: martin.powell@hmrc.gsi.gov.uk