

With transfer pricing becoming a broadly debated topic all over the world, the Deputy Commissioner of the Inland Revenue Department, Mr. Gamini Wijesinghe recently declared the transfer pricing law is ready for practical application in Sri Lanka and will be applicable from 2012/2013.

Addressing an informative presentation on Policies and Practical Considerations of Transfer Pricing organized by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) recently, Mr. Wijesinghe noted that more 60 countries have already adopted the transfer pricing rules across the globe and Sri Lanka too is following suit.

He also called on professionals including chartered accountants to cooperate in this new endeavor and ensure its successful implementation which would ultimately benefit the nation.

“Transfer pricing is a mechanism adopted in relation to transactions between two related entities, so as to minimize the overall tax liability of the group of companies of which the two entities are members,” he noted.

The objective of the CA Sri Lanka presentation was to focus on how the application of these provisions works in practice to enable the associated undertakings to put in place the appropriate steps to comply with the transfer pricing provisions and ground works that the Inland Revenue has done for the implementation of the provisions.

The deputy commissioner also disclosed that the Inland Revenue Department also hopes to introduce a penalty provision which is not in the current law. “This provision will be developed after considering the penalty provision of the other countries,” Mr. Wijesinghe added.

Senior Deputy Commissioner General of the Inland Revenue Department, Mr. H B A Seneviratne participated as a panelist at the event.