

# Ecuador

<b>Taxing Authority and Tax Law</b>	Internal Revenue Service (SRI); Master Tax Code Art. 91.
<b>Regulations and Rulings</b>	Executive Decree No. 2430 concerns reforms to the regulations for the application of the Ecuadorian Income Tax Law: Articles 4, 66.1 to 66.6. The OECD Transfer Pricing Guidelines will be applicable as an indexes technique.
<b>Priorities/Pricing Methods</b>	The SRI accepts CUP, Resale, Cost Plus, Profit Split, Residual Profit Split and TNMM. There is not a best method rule.
<b>Transfer Pricing Penalties</b>	There are no specific penalties for transfer pricing purposes. The SRI will apply the same penalty that applies to errors or omissions on the annual income tax return established by the Master Tax Code.
<b>Reduction in Penalties</b>	N/A
<b>Documentation Requirements</b>	The SRI requires the 'Informative Annex' reporting all transactions held with related parties and the 'Transfer Pricing Integral Report,' which substantiates that all transactions with related parties comply with the Arm's-Length Principle.
<b>Categories of Documentation Required</b>	<p>Informative Annex requires the following information:</p> <ul style="list-style-type: none"> <li>■ Name of the company</li> <li>■ Type and amount of transaction</li> <li>■ Type of relationship</li> <li>■ Method used to establish arm's-length values.</li> </ul> <p>The 'Integral Report' requires:</p> <ul style="list-style-type: none"> <li>■ Documentation of functions, assets, risk, organizational structure, business description</li> <li>■ Detailed information of all operations with related parties, audited financial statements</li> <li>■ Agreements and contracts</li> <li>■ Reason for selecting a method</li> <li>■ Analysis results</li> <li>■ Other relevant information.</li> </ul>
<b>Deadline to Prepare Documentation</b>	The Transfer Pricing Informative Return must be filed 5 days after filing the annual income tax return.
<b>Deadline to Submit Documentation</b>	The transfer pricing report and documentation must be prepared and submitted 6 months after filing the annual income tax return.
<b>Statute of Limitations on Transfer Pricing Assessments</b>	The statute of limitations is 5 years from the date of filing the return, and 6 years if overall tax compliance was not accomplished.
<b>Return Disclosure-Related Party Disclosure</b>	Requirements for the Annex and Integral Report have not yet been released by the SRI.
<b>Audit Risk/Transfer Pricing Scrutiny</b>	There is no transfer pricing audit at this time.
<b>APA</b>	N/A