

Annual transfer pricing declaration (2257-SD), a priority in the new regulatory context!

05 June 2024

The annual transfer pricing return (form 2257-SD) must be submitted electronically within six months following the corporate income tax return filing deadline. As such, companies closing on December 31st, 2023, will therefore have to e-file the return by November 4th, 2024, at the latest.

This declaration is often underestimated by taxpayers. The tightening of transfer pricing obligations, with the introduction of the new Finance Act for 2024 (see [our tax alert](#)), leads us to believe that this declaration will be increasingly used by tax inspectors as part of tax audits, particularly to identify inconsistencies between accounting and documentation. In addition, this return allows us to make an initial diagnosis of your transfer pricing policy.

Remember that it is, for many taxpayers, ...

This disclosure requirement applies to **French legal entities as well as to French permanent establishments of foreign entities**:

- a) whose **annual turnover excluding VAT or gross assets is equal or higher than €50 million**; or
- b) which hold or are held, at the end of the financial year, directly or indirectly, at more than half of the capital or voting rights, by a French or foreign entity which satisfies the above-mentioned condition in a); or
- c) which belong to a tax consolidation group when one of the member companies meets one of the above-mentioned conditions in a) or b).

These thresholds must be assessed on the basis of statutory financial statements.

a lighter version of the transfer pricing documentation...

The 2257-SD return is a light version of the transfer pricing documentation provided for in Article L. 13 AA of the French Tax Procedure Code.

facilitating the targeting of tax audits...

The information contained in the declaration **enhances the effectiveness of tax audits** by allowing tax inspectors to carry out preliminary analyzes of the data reported.

The form 2257-SD therefore allows the tax administration to **schedule its tax audits in a more efficient and targeted manner** (52% of audits initiated in 2022 were performed following analysis of mass data).

thanks to its modalities of declaration...

In practice, the declaration **must be submitted electronically**.

In the presence of a tax consolidation group, the electronic declaration must be made by the parent company on behalf of each of the member companies.

and which is backed up by penalties.

Failure to submit the return results in the application of a **fine of €150**. Omissions or inaccuracies result in the application of a fine of **€15 per omission or inaccuracy, without the total fines being less than €60 nor more than €10,000**.

In practice

Whilst penalties are not significant, it is important not to overlook the 2257-SD return, which **must be completed thoroughly and in full compliance with the transfer pricing documentation and statutory account.**

The preparation of the 2257-SD involves **rigorous collection of relevant information and technical analysis.**

It is therefore recommended to **take action as soon as possible to comply with its reporting obligation.**

Our team is fully available to assist you in the preparation, the review and the online submission of your 2257-SD return.

To go further :

[Transfer pricing - identify your French transfer pricing obligations | Grant Thornton \(avocats-gt.com\)](#)

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