

'Associated Enterprises' in Transfer Pricing

*Definition of "associated enterprises" as per Transfer Pricing Rules**

Transfer Pricing was introduced in Malta through Subsidiary Legislation 123.207 'Transfer Pricing Rules', targeting arrangements between associated enterprises, entered into (or materially altered) on or after 1st of January 2024.

"associated enterprises" means bodies of persons where:

- a) **one (1) of the bodies of persons controls the other body of persons** whether as a result of the fact that it holds, directly or indirectly, a participation of more than seventy-five per cent (75%) in the voting rights, or the ordinary capital, of the other body of persons or by virtue of any **powers conferred by the articles of association** or other document regulating the other body of persons; or*
- b) **the same person or persons controls two (2) or more bodies of persons** whether as a result of the fact that it holds, directly or indirectly, a participation of more than seventy-five per cent (75%) in the voting rights, or the ordinary capital, of the two (2) or more bodies of persons or by virtue of any **powers conferred by the articles of association** or other document regulating the two (2) or more bodies of persons*

*Provided that, for the purposes of paragraphs (a) and (b) of this definition, where such bodies of persons are **constituent entities of a MNE group** as defined in item 3 of Section I of Annex III of the Cooperation with Other Jurisdictions on Tax Matters Regulations the percentage interest in the voting rights or the ordinary capital referred to therein shall be fifty per cent (50%).*