

Appendix Table

Important Notice for Profit-Seeking Enterprises Preparing Transfer Pricing Reports

Type	Important Notice
Controlled transactions should be analyzed on a transaction-by-transaction basis	Unless separate transactions are linked or continuous, such transactions should be evaluated together using the most appropriate Arm’s-length Method to determine the arm’s-length transaction result, the different arm’s-length methods shall apply to each transaction on a transaction-by-transaction basis.
The financial data for each controlled transaction shall be appropriately separated for analysis	When analyzing specific controlled transactions, profit-seeking enterprises shall appropriately separate the financial data of each controlled transaction and compare them individually with comparables to determine whether the results of controlled transactions are at arm’s-length, rather than analyze the entire financial data of the enterprise in comparison with that of comparable entities.
It is essential to conduct an analysis of all controlled transactions	When preparing the transfer pricing report, a profit-seeking enterprise shall analyze all controlled transactions without exception. If any of the amount of controlled transactions meet the specified conditions which may substitute the transfer pricing

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	<p>report with other documentation in accordance with Paragraph 3, Article 22 of the Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm’s-Length Transfer Pricing, it is essential not only to prepare the documentation but also to specify which specified condition is satisfied and the reason for how the documentation is sufficient to demonstrate that their transfer pricing results are at arm’s-length in the transfer pricing report.</p>
<p>Based on the existence of economic facts</p>	<p>When conducting comparability analysis, the determination should be based on the existence of actual economic relationships of transactions and their related interests derived from such economic benefit.</p>
<p>Selecting the most appropriate Arm’s-length Method and profit level indicator</p>	<p>The selection of the Arm’s-length Method or profit level indicator shall be based on the analysis of the functions and risks of the parties involved in the controlled transaction, as well as the level of comparability and the quality of the data and assumptions used. The transfer pricing report shall also specify the reasons and basis for adopting the Arm’s-length Method or profit level indicator applied to each controlled transaction.</p>

Type	Important Notice
Those involved in a business restructure shall be analyzed	Profit-seeking enterprises involved in a business restructuring shall analyze the allocation of functions, assets, and risks, and whether the attribution of profits after the restructuring are at arm's length.
Special considerations for conducting a comparability analysis of transactions involving intangible assets	When evaluating transactions involving intangible assets, a comparability analysis must be conducted based on the economic activities involving the development, enhancement, maintenance, protection, and exploitation of intangible assets; in particular, attention shall be drawn to the degree of contributions of functions performed, risks assumed, and assets used of previous economic activities, and the arm's-length result shall be determined based on the comparability analysis.