APA APPLICATION REGARDING INTRAGROUP TRANSACTIONS IN THE CRYPTOCURRENCY BUSINESS CASE SOLUTION
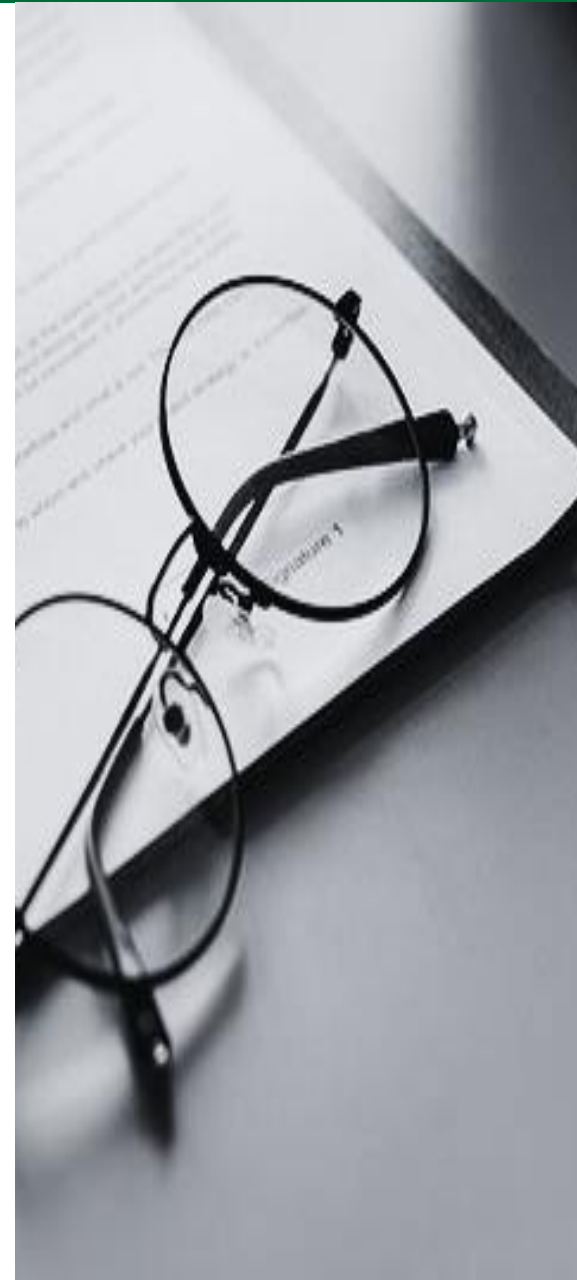
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After reviewing the taxpayer's request and evaluating the materials submitted, the tax administrator **decided to disapprove the transfer pricing principles** for the future controlled transaction outlined in the request.

1. The unique and valuable asset (license to conduct business) indicated by the A Co does not meet the description of unique and valuable assets defined in the OECD TP Guidelines.
2. According to the Lithuanian tax administrator, registration is necessary to conduct business, and it is more of a legal requirement that any company wishing to engage in similar activities must comply with.
3. The business creation chain provided is also based solely on explanations or the A Co opinion regarding the significance of certain value drivers, but lacks justification for their significance. This is important because these weights are later used in calculations (for profit allocation among the Group companies).

4. It was insufficiently justified why a one-sided method was not chosen, and why it is not possible to determine arm's length remuneration for A Co based on individual functions, even though this applies to part of the activities.

5. No justification was provided that in this sector the weight of functions in the value chain is assessed in this way and that unrelated parties would allocate residual profit in the same proportions.