

2018 Happy New Year



Thailand Transfer Pricing Update

Executive Summary

On 3 January 2018, the Thai Cabinet approved the draft specific transfer pricing legislative provisions after public consultation during 2017. Taxpayers with international and domestic related party transactions should consider whether to expedite any transfer pricing analysis, comparable search and transfer pricing documentation in view of the mandatory reporting and whether the THB 30M minimum annual turnover threshold applies (and whether that threshold is amended by the Minister of Finance which sets a higher threshold) as well as any amendments or potential delays. Note that documents or evidence from the reported position can be requested for the previous 5 years from the submission of the report through the new legislation.

These regulations shall apply to accounting periods starting from or after 1 January 2017 onwards.

Amendment to Transfer Pricing

The draft specific transfer pricing legislative provisions are as follows:

a) There will be fines in the case that related companies or juristic partnerships fail to prepare and submit the report, documents or any evidence to the tax assessment officer within the specified timeframe or prepare or submit the incomplete or incorrect report, documents or any evidence to the tax assessment officer without any justifiable reasons.

b) The tax assessment officer has power to adjust income and expenses of related companies or juristic partnerships to an appropriate amount of income or expenses that such companies or juristic partnerships should receive or pay for corporate income tax computation purposes.

c) Related companies or juristic partnerships must prepare a report to explain their relationship and related transactions between them and indicate the total amount of related transactions in each accounting year as per the form stipulated by the Director-General. The report must be presented to the tax assessment officer with the tax return within the tax return submission deadline.



d) The tax assessment officer, as approved by the Director-General, may request related companies or juristic partnership to submit documents or evidence that identify necessary information for the analysis of related transactions as stipulated by the Director-General within 5 years from the submission date of the report.

e) Companies or juristic partnerships that have income not exceeding the amount stipulated under the Ministerial Regulation, which will be not less than the proposed THB 30 million turnover, shall be exempt from the submission of the report in c).

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