



Tax and Legal Newsletter

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Transfer Pricing Documentation Requirements in Thailand

According to Section 71 bis and Section 71 ter of the Thai Revenue Code, taxpayers that have related parties and earn annual revenue of at least THB 200 million are required to prepare and submit a transfer pricing disclosure form within 150 days after the year-end (the same deadline as the Corporate Income Tax return filing). In addition, tax officers may request transfer pricing documentation which taxpayers must submit within 60-120 days. Taxpayers who fail to comply or submit incomplete or incorrect documentation will be subject to a THB 200,000 fine for each such failure. This fine is separate and in addition to any transfer pricing adjustment, penalty, and surcharges, if any, in case of transfer pricing audits by the tax officers.

On 4 Oct 2021, the Thai Revenue Department (“TRD”) published on its website further details and guidelines concerning the transfer pricing documentation requirements in a Notification of the Director-General of the TRD regarding Corporate Income Tax no. 407 dated 30 Sep 2021 (“the Notification”). We summarise the key points of the Notification as follows:

Information to be included in transfer pricing documentation

- **Information about the reporting entity** such as business operations, local organization chart, headcount, value chain, business strategy, business restructuring, transfers of intangibles, etc.
- **Information about the controlled transactions of the reporting entity** such as description, transfer pricing policies, a list of relevant agreements, a functional analysis, financial information, transfer pricing methodology, comparable search, the range of arm’s length returns, etc.
- **Others** as requested by the tax officers

Exemption from submission of certain information

If the reporting entity meets certain criteria or has requested an Advance Pricing Agreement, it may be exempted from submitting a benchmarking analysis.

Language

The transfer pricing documentation must be prepared in **Thai**.

Effective date

This Notification is effective for accounting periods beginning on or after **1 January 2021**.



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PKF Thailand's observations

The guidelines on transfer pricing documentation in the Notification mainly follow the Local File outlined in Annex II to Chapter V of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. However, there are slight deviations as the TRD requires some additional items.

We suggest that companies with significant related party transactions prepare transfer pricing documentation contemporaneously not only to comply with the local regulations but also to evaluate and manage transfer pricing risks proactively. Please let us know if you have any questions or concerns. Our transfer pricing professionals at PKF Thailand would be happy to assist.

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