



## The preparation of documentation for transaction records between parties that need to be submitted.

### Notification of the Director – General of Revenue Department on TAX (No.407)

Notification of the Director-General of the Revenue Department regarding Income Tax (No. 407): Prescription of documents or supporting evidence showing information for the analysis of transactions between a juristic company or partnership and a related person or juristic partnership. This is applicable for the accounting period starting on or after January 1, 2021. Companies or juristic partnerships with related persons must prepare documents or evidence supporting the analysis of transactions between a company or juristic partnership and its related persons as specified in Section 71 bis of the Revenue Code. Details are as follows:

- (1). Documents or supporting evidence showing information about the functions performed by the parties involved.
- (2). Documents or supporting evidence showing information about controlled transactions.
- (3). Documents or supporting evidence related to the list of items (1) and (2) that contain information necessary for the analysis of transactions between a company or juristic partnership and its related persons, as prescribed by the Director-General of the Revenue Department in further detail.



List	Description
<p>(1) Information related to the persons responsible for the preparation of documents or supporting evidence</p>	<p>1) Nature of Business Operations</p> <p>2) Management Structure (Local Organization Chart) Including Number of Employees</p> <p>3) Value Chain Including Key Partners</p> <p>4) Key Competitors</p> <p>5) Business Strategies and Economic Situation</p> <p>6) Structure of relationships of companies or partnerships with related entities engaging in transactions with the document or evidence submitter, including companies or partnerships that are direct shareholders of the document or evidence submitter and the ultimate shareholders of the document or evidence submitter</p> <p>7) In the case of a business restructuring during the accounting period or in the preceding accounting period that results in differences in the nature of business operations and business strategies before and after such restructuring, please explain the impact on the performance of the document and evidence submitter.</p> <p>8) An explanation of the impact on the performance of the document or evidence submitter if, during the accounting period, there are transfers or acquisitions of intangible assets between related companies or partnerships.</p>



List	Description
<p>(2) Information about controlled transactions.</p>	<p>1)A list that specifies the types of controlled transactions, counterparties, transaction amounts received or paid according to the contracts, and summary of key contract details, including price conditions.</p> <p>2)Pricing policy used for setting prices for each type of transaction, including assumptions applied in pricing based on financial data, except for transactions deemed insignificant.</p> <p>3)An analysis of the functions, assets, and risks of the document or evidence submitter and counterparties according to transaction types.</p> <p>4)Methods for determining prices selected by the document or evidence submitted for each type of transaction, along with the reasons for choosing these methods over other certified pricing methods. Also, specify the controlled transaction counterparties used to test the selected pricing methods if necessary for each chosen pricing method (Reference to pricing methods in Note 1)</p> <p>5)A list and description of transactions that may be comparable or independent entities or corporations or partnerships that may be comparable, as well as financial metrics for such transactions or entities or corporations or partnerships, including the range of returns if conducted independently. Also, provide an explanation of how to search and sources of information for searching for such uncontrolled transactions or independent entities or corporations or partnerships</p>



List	Description
(2) The other documents or evidence besides (1) and (2) that show necessary information for analyzing the terms of transactions between related entities or corporations or partnerships as notified by the authorized official.	