Protecting and Enhancing Value Throughout Your Enterprise

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NEWSFLASH

TRANSFER PRICING DOCUMENTATION NOW MANDATORY

- THAILAND -

On September 27, 2018, Thailand's National Legislative Assembly ("NLA") passed the Revenue Code Amendment Act ("TP LAW"). The TP LAW will require certain taxpayers to submit a certain documentation, in relation to TP, to the Revenue Department ("RD") within a specific time frame.

The NLA is Thailand's unicameral legislative branch. Generally, bills which are passed by the NLA subsequently enters into force. Generally, after the NLA approves a bill, the King grants his royal signature, it is then published in the Government Gazette, which gives it force. In respect of the ACT, not all details are fleshed-out. The Ministry of Finance and the Revenue Department are delegated powers to make regulations, make notifications, etc., which are generally binding upon taxpayers.

Salient features of the TP LAW include the following:

(1) The TP LAW will be applicable to accounting periods commencing on 1 January 2019 and thereafter;

(2) Taxpayers (e.g., companies) having annual gross income (i.e., turnover) of 200 million Baht or more will be subject to this new TP LAW;

(3) Subject taxpayers will be required to submit a "Transfer Pricing Disclosure Form" together with their annual corporate income tax return (form PND 50);

(4) In addition to the Transfer Pricing Disclosure Form, subject taxpayers will be required to prepare TP documentation ("TP Documentation"), which must be submitted virtually upon request. If a taxpayer receives an official letter from the RD requesting for TP Documentation, such taxpayer will be required to submit it within 180 days. This is for first time requests. For subsequent requests, that taxpayer will have 60 days, however extendable to 120 days if the RD accepts a justifiable reason; and,

(5) Failure to comply with the aforementioned requirements may result in a penalty of up to 200,000 Baht.

The VAT, withholding tax, surcharges, and other implications are yet to be clarified.

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OUR TRANSFER PRICING RELATED SERVICES

We provide advice regarding Transfer Pricing ("TP") based on the OECD TP Guidelines, and we can aldo prepare TP Documentation or the so-called "local file" for Thai subsidiaries of multi-national companies. Our format follows that of international consulting/accounting firms. If appropriate, we will use Thai benchmark data.

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