



Transfer pricing services in Thailand

mazars



Introduction

Who we are

We, at Mazars, are dedicated to delivering tailor-made solutions and services to our clients wherever they are in the world. International, integrated and independent, we are a partnership specialising in audit and advisory services.

We care about the success of our clients and people, we preserve the integrity of our industry, and we are committed to passing on a just and prosperous world to future generations.

Our values guide us in everything we do: how we work with our clients, how we develop our people and what role we play in our communities. Not only have our values contributed to our firm's decades-long story of growth, they also demonstrate our commitment to going above and beyond what is expected of us - today and tomorrow.

Integrity

Responsibility

Diversity and respect

Technical excellence

Independence

Stewardship



Who we are

Mazars in Thailand

Mazars in Thailand is a leading audit, accounting, legal, tax, and financial advisory practice, combining the benefits of an integrated global partnership with the entrepreneurial drive of the partners. Mazars in Thailand currently has over 350 professionals. One of the main advantages we offer our clients is the multinational composition of staff. Our practice has Thai, British, Dutch, German, Indian, Japanese, Korean and Australian nationals among its senior advisors, which ensures that we are well placed to act as a bridge between businesses operating in Thailand and related companies overseas.

1

Global integrated partnership

13

Partners

€ 14M

Fee income

350

Staff

9

Nationalities

9

Languages

Introduction

The stricter Thai TP documentation requirements are effective from 1 January 2021. It is important, that taxpayers review their TP policies to ensure they comply with the arm's length principle and to be aware of the stricter TP documentation requirements to avoid additional tax assessments and penalties.

TP in Thailand – What clients need to be aware of ?

- As a result of the OECD's action plans into Base Erosion and Profit Shifting (BEPS), there has been greater review by Tax Authorities worldwide into TP related issues.
- The Thai Revenue Department ("RD") scrutinizes international transactions between affiliated entities and have specialized teams that carry out TP related audits.
- The RD has the power to adjust income for corporate income tax ("CIT") purposes if the consideration received is lower than the market price without justifiable grounds.
- The expense incurred may be non-deductible for CIT purposes if the expense is higher than the market price.
- The RD's tax auditors can adjust revenue and expenses in relation to 'related-party transactions' that were not at arm's length according to the rules, procedures, and conditions set out in the related Ministerial Regulation.
- The above can result in extra tax payable, surcharges, and penalties.

Factors that could lead to a TP investigation

- Any request for a refund (even if related party transactions are only minor);
- Management service fee payments to affiliated entities;
- Other significant transactions between affiliated entities (whether trading of goods or provision of services including royalty payments);
- Interest arising from loans between related parties;
- Pricing adjustment during the year or at the year-end to revise the profit;
- A long-running loss over many years;
- Fluctuating profit/loss (such as going from a profit to a loss after the CIT holiday period has expired under a BOI promoted project);
- Internal information obtained by RD officials when comparing with other similar businesses or industries.

Stricter TP requirements since January 2021



- I. A Thai company which has related parties and an annual **turnover of at least Thai Baht 200 million** , is required to prepare and submit a two-tiered TP documentation package:

1. TP disclosure form

disclosure of all its related party relationships and transactions – within 150 days of the end of the accounting period (the same as the CIT return deadline)

2. TP report

(Local file) – which includes the factual analysis and a benchmarking study on the intercompany pricing. The local file will be due 60 days after receiving the request notification from the Thai Revenue Department. The TP report must be prepared in the Thai language.



- II. A Thai company of a multi-national entity group with a consolidated group turnover of at least **Thai Baht 28 billion** has to prepare and submit:

1. CbCR - notification form

within 12 months from the end of the Thai company's accounting period.

- 2.** Whereas the **CbCR report** itself generally must be filed by the Ultimate Parent Entity in its home jurisdiction. The home jurisdiction tax authority will automatically exchange the CbCR report with the Thai Revenue Department.



The Thai Revenue Department can request all TP documents within 5 years after the TP disclosure form being filed.



- Failure to submit the required documents may lead to a penalty of up to Thai Baht 200,000 , per each mandatory TP document,
- In addition, penalties may apply at 100% of the additional tax liability,
- Plus, interests on overdue tax at 1.5% per month.

What companies should do to prepare for the TP law?



At Mazars, we are a trusted business advisor.

Our team consists of experienced tax professionals, which ensures that we can provide, develop, and implement customised transfer pricing solutions that fit our clients' commercial and tax strategies. This provides us with a broad knowledge of the solutions that have proved successful with a range of clients across various industries. We also draw upon transfer pricing expertise from across the world to ensure that we provide our clients with truly global transfer pricing solutions.

Our TP services

- 1 Tax advice on TP issues
- 2 TP planning
- 3 TP policy implementation
- 4 TP compliance and documentation
- 5 Benchmarking studies
- 6 Tax investigation support services
- 7 Operational TP review

Contacts

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 95 countries and territories around the world, we draw on the expertise of more than 47,000 professionals – 30,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

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