



Tax & Legal News Flash

KPMG in Thailand



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Thailand's transfer pricing law in force from 1 January 2019

In September 2018, the National Legislative Assembly (“NLA”) approved Thailand’s new transfer pricing law (“TP law”) to enter into force for accounting periods starting on or from 1 January 2019.

Briefly, the draft TP law submitted for approval and now formally approved by the NLA contains some important changes in relation to [the previous version](#) of the proposed law.

The key highlights from the approved version of the TP law are summarized below:

- Minimum annual income threshold for mandatory filing and submission to the Thai Revenue Department (“TRD”) of a “Transfer Pricing Disclosure Form”, including information regarding relationship between companies and the amount of related party transactions of a company, has been increased from THB30 million to THB200 million. We note that this form should be submitted together with the annual corporate income tax return known as “PND 50”.
- The same minimum annual income threshold (i.e. annual income of THB200 million) will apply with respect to preparation and filing upon official request of other required TP documentation. Companies reaching this annual threshold may also be requested to submit a TP documentation to the TRD within 60 days.
- Taxpayers receiving a tax official letter requesting TP documentation for the first time, should now be able to prepare and submit such documentation to the TRD within 180 days after the tax official letter’s date.

KPMG observations

For the next steps, the approved TP law will be effective after King’s signature and published in Royal Gazette. With the new Thailand’s TP law entering in force for the accounting period starting 1 January 2019 and submission of TP disclosure forms and TP documentation being required for beginning of 2020, a company who passes the above threshold should pro-actively start preparing for the new Thai TP framework by introducing compliance requirements for TP disclosure and documentation as part of its TP policy in line with the new TP law and start preparing robust TP analysis and documentation. This will be essential to an effective management of the risks associated with Thailand’s new detailed TP regulations and strict documentation

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requirements but will also be key to support negotiations with the tax authorities on future proposed adjustments or imposed penalties (if any).

In addition to the above, we note that the TRD seems to be planning the issuance of a Ministerial Regulation for an additional Master File's requirement in line with the OECD's Transfer Pricing Guidelines, namely Base Erosion and Profit Shifting ("BEPS") Action Plan No. 13. That said, we recommend impacted ultimate parent companies to proactively start preparing the required Master Files in order to comply not only with the upcoming Thai TP requirements but also with applicable international TP regulations.

How KPMG can help

KPMG professionals in the Transfer Pricing group advise multinational corporations investing inbound and Thai corporations investing outbound on transfer pricing solutions to their value chain issues. Our Transfer Pricing team is well positioned to provide risk assessment reports in line with your global transfer pricing strategy to enable you to navigate through the complex and fast-changing transfer pricing environment resulting from the new regulatory changes in Thailand, as well as to support you in preparing transfer pricing documentation, Local File and Master File under the new requirements.

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