
Thailand's Revenue Department issues Transfer Pricing Disclosure Form

November 2019

Companies with revenues exceeding Baht 200 million during an accounting period must disclose information about their inter-company transactions under this Transfer Pricing Disclosure ("TPD") Form together with their annual Corporate Income Tax Return.

Under the TPD Form, the Revenue Department calls for information about:

Related-companies located in Thailand and overseas, namely:

- Tax Identification Numbers of related Thai companies,
- Registered office locations of overseas related companies, and
- Related party transactions among them, if any.

Values of all related parties transactions, detailing namely:

- Direct income,
- Other income,
- Purchase(s) of raw materials and finished goods,
- Purchase(s) of plants, properties, and equipment,
- Royalty fees,
- Management fees, technical services, and commissions,
- Interest expenses,
- Other expenses,
- Borrowings, and
- Loans.

Other information about related party transactions of the entity submitting the TPD Form, namely:

- Whether the company is obliged to prepare consolidated financial statements,
- Whether the company restructured its business (If so, clarification whether income, costs, or gross margins have been affected.); and
- Whether the company transferred or sold its intangible assets.

DRKI's Comments

The Revenue Department recently introduced new and pointed transfer pricing provisions to facilitate better tax collection. Taxpayers now face greater risk of penalties and tax audits. To help avert risk, taxpayers who meet the definition of "related party" under Section 71 bis of the Revenue Code should diligently prepare to file the TPD Form.

Companies that fail to submit information without justifiable grounds, or that submit incorrect information, will be liable to a maximum penalty of Baht 200,000.

Moreover, taxpayers should review their inter-company transactions according to the arm's length principle. Suspicion among Revenue Officials of transfer pricing mischief by companies could result in fines of several hundred million Baht.

**By Mr. Phongnarin Ratanarangsikul, Partner Dherakupt International Law Office Ltd.*
