



Tax News Flash

KPMG in Thailand



Issue 123 : March 2022

The Revised Transfer Pricing Disclosure Form for Country by Country Reporting Notification

The Thai Revenue Department (“TRD”) recently issued the revised Transfer Pricing Disclosure Form (“TPDF”) with additional explanations and Q&A on the TPDF as well as the Country by Country Reporting (“CbCR”) notification procedure on its website.

The key summary for the CbCR notification procedure is as follows:

- A Notification in Section C of the TPDF in the e-Filing system must be made within 150 days of the end of an accounting period (for every entity with revenues of more than THB 200 million); and
- Selection of one representative entity of the multinational enterprise group to log-in to the CbCR system for filing and uploading the list of all Constituent Entities in Thailand. The filing should be done as early as possible and no later than the abovementioned deadline for the CbCR Notification (one MNE group must have only one representative for filing). The file can be downloaded from the main page of the CbCR system website.

In addition, we would like to draw your attention to the new explanation and Q&A for the TPDF which provides a clearer position from the TRD. The key summary is as follows:

- The consideration of related parties is still based on the definition from Clause 1 and 2 of Section 71 bis. The definition from Clause 3 of Section 71 bis has not been enforced yet.
- The joint venture entity is required to prepare and submit transfer pricing documentation if it meets the revenue threshold as well as the related party definition.
- Dividend payments are not required to be included in the TPDF.
- The taxpayer is required to fill in only the reimbursement with mark-up while the reimbursement without mark-up is not required to be disclosed in the TPDF.
- If an entity applies TFRS 16 for rental fees, the amount of the right to use the asset will be filled in the Purchase of Property, Plant and Equipment (“PPE”) column and the amount of interest expense in the Other Expense column.
- In respect of intercompany loan transactions for the purchase of assets from third parties, if the assets are not ready for use, the interest expense will be included in the Purchase of PPE column. If the assets are ready for use, the interest expense will be included in the Interest Expense column.
- For the MNE group with a foreign ultimate parent entity (“UPE”), the threshold for preparing the CbCR should be based on the CbCR regulations/requirements in the country where the UPE is located.
- The TPDF can be filed separately from PND 50.

KPMG’s observations and recommendations

The TRD has launched the TPDF with a revised Section C by adding questions on the CbCR Notification. In order for each entity that meets the above threshold to be ready to submit the TPDF with new information in Section C, it is strongly recommended that each entity should contact its UPE to gather the information required to be filled in the TPDF in advance. Moreover, the related parties in Thailand in the same consolidated MNE Group should have a discussion and consultation with their ultimate parent

entity in order to select a representative entity in Thailand in advance. In addition, it is strongly recommended that taxpayers who meet the threshold of the TPDF should obtain a better understanding on the new explanation and Q&A. In doing this, taxpayers should be better prepared to manage any risks of being challenged in respect of incorrect or incomplete information inclusions in the TPDF, which may give rise to penalties.

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