



Transfer pricing brochure

Forvis Mazars in Thailand

**forvis
mazars**

Who we are

Forvis Mazars at a glance

Forvis Mazars is a leading global professional services network operating under a single brand with just two members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in more than 100 countries and territories.

With a legacy spanning more than 100 years, Forvis Mazars is a natural extension of each firm's heritage. At our core is our commitment to providing a different perspective and an unmatched client experience that feels right, personal, and natural. As a network of just two firms, we respect and reflect the range of perspectives, knowledge and local understanding of our people and clients. We take the time to listen to deliver consistent audit & assurance, tax, advisory and consulting services worldwide.

We nurture a deep understanding of our clients' industries, delivering greater insight, deeper specialism, and tailored solutions through people who listen to understand, are responsive, and consult with a purpose to deliver value.

Forvis Mazars is built to deliver robust, nuanced, and individual answers for our clients. Global to see the big picture and local to understand it. We provide advice that builds our clients' confidence and prepares them for what's next.

Combined we are:

- \$5bn combined revenue (2023)
- 100+ combined countries and territories
- 400+ combined offices & locations
- 1,800+ combined partners
- 40,000+ combined team members

400+

Staff

9

Nationalities

9

Languages

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);
- Significant profit/loss differences between BOI and non-BOI businesses or taxable and non-taxable transactions with similar nature;
- Significant changes in supply/ value chains or business models (e.g., business restructuring);
- Internal information obtained by RD officials when comparing with other similar businesses or industries.

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Mandatory TP documentation requirements



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

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 submitted in Thai language.



II. A Thai company of a multi-national entity group with an annual consolidated group turnover of at least Thai Baht 28 billion (around EUR 750 million), 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.

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What companies should do to prepare for the TP law?



At Forvis 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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*where permitted under applicable country law

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