

# BDO in Thailand's Rethink Series - Transfer Pricing in Thailand

March 2021



# Base Erosion and Profit Shifting



# OECD's Base Erosion Profit Shifting and Thailand

Base Erosion Profit Shifting (BEPS) package by OECD includes 15 Actions.

Thailand signed up for inclusive framework on BEPS in June 2017 and committed to adopting minimum standards on BEPS. Minimum standards include:

- Action 5 - Harmful tax practices
- Action 6 - Treaty abuse
- Action 13 - TP documentation
- Action 14 - Dispute resolution

In June 2020, Thailand joined the international efforts against tax evasion and tax avoidance, by signing up for the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

## Thailand joins the Inclusive Framework on BEPS and participates in first joint programme for the implementation of international tax standards

02/06/2017 – Thailand has become the 98<sup>th</sup> jurisdiction to join the [Inclusive Framework on BEPS](#) ("IF") and will participate on an equal footing with all other IF members at the next plenary meeting of the IF that will be held on 21-22 June 2017 in Noordwijk, the Netherlands.

The IF was established in January 2016, after the G20 Leaders urged the timely implementation of the [BEPS package](#) released in October 2015 and called on the OECD to develop a more inclusive framework with the involvement of interested non-G20 countries and jurisdictions, including developing economies.

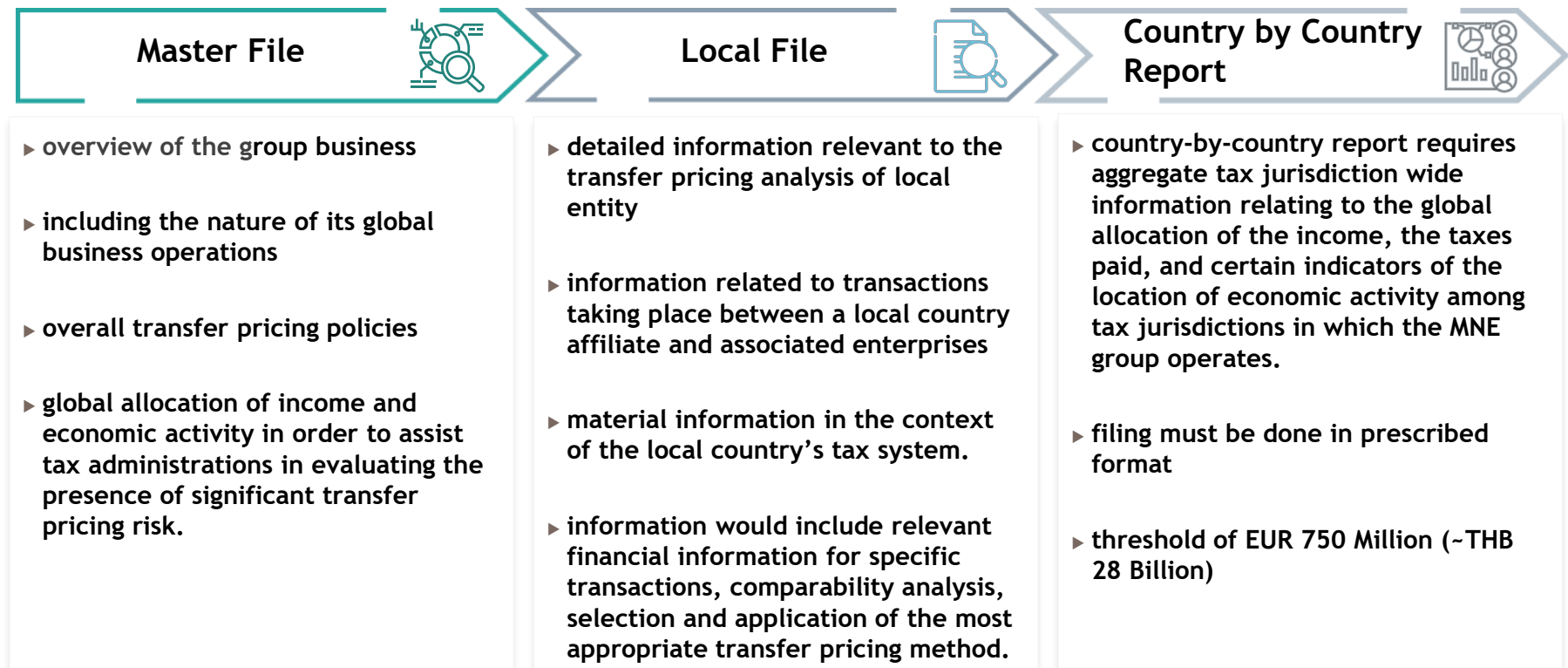
Thailand's commitment to join the Inclusive Framework was communicated by His Excellency Mr. Apisak Tantivorawong, Minister of Finance of Thailand, during the first joint induction visit of the Inclusive Framework on BEPS and of the [Global Forum on Transparency and Exchange of Information for Tax Purposes](#) ("Global Forum"), held on 31 May – 2 June 2017 in Bangkok. Thailand became a member of the Global Forum in January 2017.

## Thailand joins international efforts against tax evasion and avoidance

03/06/2020 - Today, at the Thai Embassy in Paris, His Excellency Sarun Charoensuwan, Ambassador of Thailand in France, signed the [Multilateral Convention on Mutual Administrative Assistance in Tax Matters](#) (the Convention). Thailand is the 137th jurisdiction to join the Convention.

Source: OECD

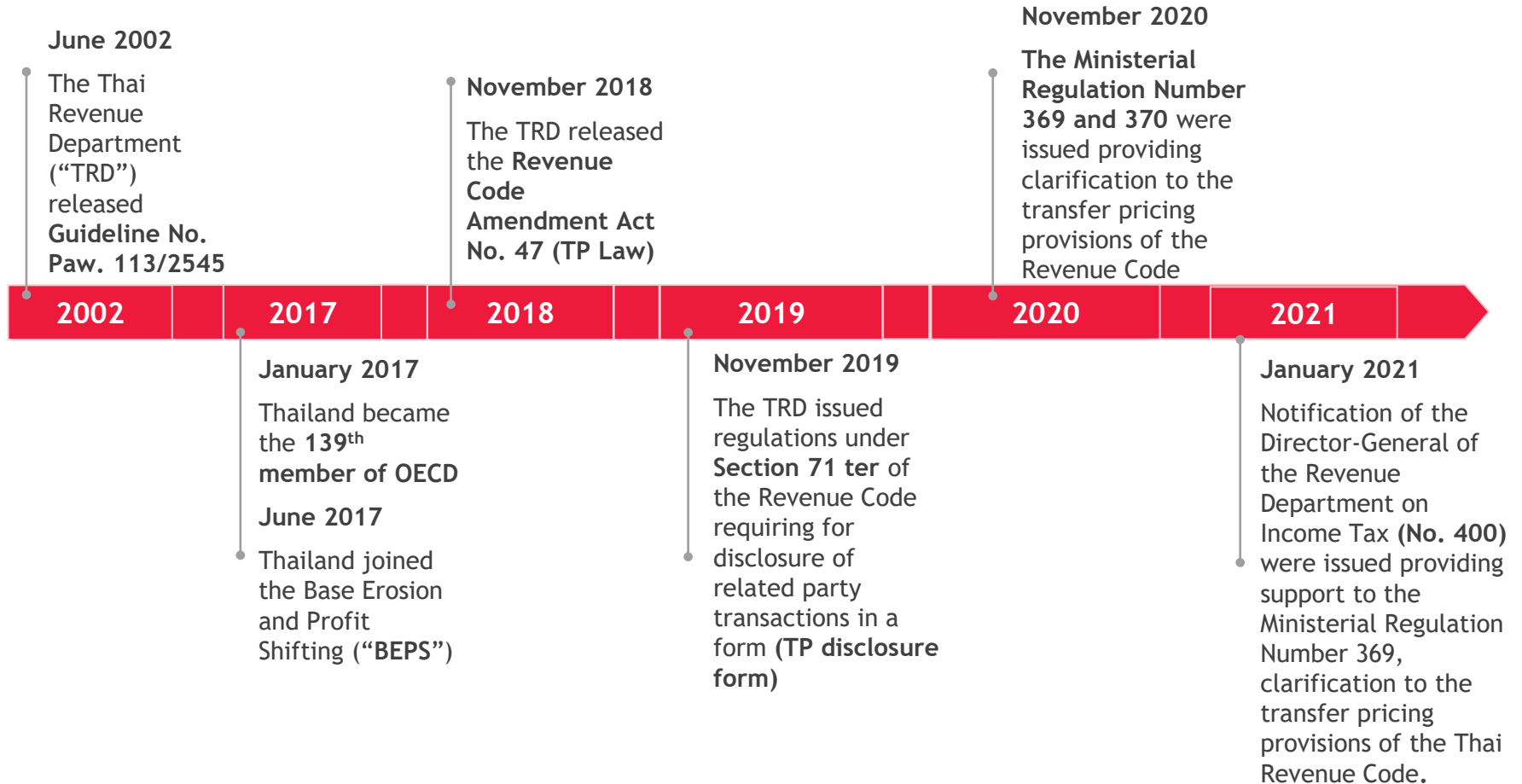
# BEPS Action 13 - Three-tiered approach to TP documentation



# Transfer Pricing in Thailand



# Transfer Pricing in Thailand



# Transfer pricing filings in Thailand

## Master File

### Contents

- Organizational structure
- Description of business
- Intangibles
- Inter-company financial arrangements
- Financial and tax position

**Preparation** - prepared once for the group. Does not need to be prepared by each entity in the group. Translations may be requested by the tax department.

**Update** - updated regularly with change in intercompany arrangements.

**Submission** - Required to be submitted upon request.

## Local File

### Contents

- Local structure and business description
- Controlled transactions
- Inter-company arrangements
- Functions performed
- Risk borne
- Assets utilized
- Industry overview
- Comparability analysis
- Benchmarking study
- Financial information

**Preparation** - prepared each year by companies entering related party transactions.

**Update** - updated annually

**Submission** - Required to be submitted upon request.

## Disclosure form

### Contents

- Details of related party domestic and international
- Details of related party transactions

**Preparation** - prepared each year by companies with a revenue of THB 200 million or above.

**Update** - annually if the revenue threshold is met.

**Submission** - Required to be submitted within 150 days from end of financial year, with the annual corporate income tax return. Online filing.

## Country by Country Report (Draft law)

### Contents

- Revenue related and unrelated party
- Profits before tax
- Taxes paid/ accrued
- Capital structure
- Retained earnings
- Employee count
- Other financial operation details.

**Preparation** - prepared each year by group with a consolidated revenue of each year, with a revenue of THB 28 billion or above.

**Update** - annually if the revenue threshold is met.

**Submission** - Required to be submitted within 12 month, or 60 days in specific case.







# Transfer pricing filings in Thailand - Disclosure form

ส่วน ข											
รายการที่ 1 ข้อมูลมูลค่าธุรกรรมที่ถูกควบคุมกับบริษัทหรือห้างหุ้นส่วนนิติบุคคลที่มีความสัมพันธ์กันที่ประกอบกิจการในประเทศไทย จำนวน..... ราย ใบแนบจำนวน..... แผ่น (หน่วย:.....)											
ลำดับ	1 ชื่อบริษัทหรือห้างหุ้นส่วนนิติบุคคลที่มีความสัมพันธ์กัน	2 รายได้โดยตรงจากการประกอบกิจการ	3 รายได้อื่น	4 ชื่อวัตถุดิบ/สินค้า	5 ชื่อที่ดิน อาคารและอุปกรณ์	6 รายการอื่น				7 จำนวนเงินกู้ยืม ณ วันสิ้นรอบระยะเวลาบัญชี	8 จำนวนเงินให้กู้ยืม ณ วันสิ้นรอบระยะเวลาบัญชี
						6.1 ค่าสิทธิ	6.2 ค่าบริการ/ค่าบริการทางเทคนิค/ค่าขนยกหนัก	6.3 ดอกเบี้ยจ่าย	6.4 อื่นๆ		
1											
2											

Source: Thai Revenue Department

Value of related party dealings

- Name of related party
- Direct income
- Other income
- Purchase of raw material or other goods
- Purchase of land, building and equipment
- Other expenses
- Outstanding loan taken
- Outstanding loan given

The disclosure form for financial year beginning on or after 1 January 2020 is required to be filed online. If the company cannot file online, they are required to notify the Revenue Department in writing with a reasonable grounds for not submitting the form online. All companies must ensure they have registered for online filing.

Non-submission or submission of inadequate or inaccurate information could result in a fine not exceeding THB 200,000 and possible tax adjustments.

# Open for discussion



# WHY BDO?

# POSITIONED AS 5<sup>TH</sup> LARGEST



# OUR NETWORK

## BDO GLOBAL STATISTICS 2020

### GLOBAL REVENUES

US\$ **10.3**  
**BILLION**



**+7.8%**\*

(at constant exchange rates)\*

### TOTAL HEADCOUNT



**91,054**

**PEOPLE**  
**+3.3%**

### GLOBAL FOOTPRINT



**167**  
**COUNTRIES**

**1,658**  
**OFFICES**



### PERCENTAGE REVENUE BY REGION



**12%**  
**ASIA PACIFIC**



**35%**  
**EMEA**



**53%**  
**AMERICAS**

### FEE SPLIT BY SERVICE LINE

**15%** **BSO**

**21%** **ADVISORY**



**42%** **A&A**

**22%** **TAX**

**BDO**

# BDO Thailand

BDO in Thailand provides comprehensive audit & assurance, advisory, corporate & International tax and business services & outsourcing services to organizations large and small. We offer a fresh approach to professional services, combining tailored solutions with tech-based innovation to meet the needs of each individual client. Through extensive local and international insight, our leadership team helps companies do business with ease in Thailand and beyond.

## Service Lines:

- ▶ Audit & Assurance
- ▶ Tax
- ▶ Advisory
- ▶ Business Services and Outsourcing




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