

TRANSFER PRICING LAW



The significant points of the “Transfer Pricing Law” that will be effective in 2019 are as follows:

The revenue department assessment representative will grant the authority to adjust income and expenses for corporate income tax concerning related party transactions that were not at arm's length according to the rules, procedures, and conditions following the revenue department rules and regulation.

The term “Related Party” is defined as two or more legal entities with the following agreement:

- One party directly or indirectly holds 50% or more of the capital of the other.
- The same shareholder directly or indirectly holds 50% or more of the capital of both parties.
- The parties have a dependent relationship through participation in the capital, management, or control of the other entity, as defined in the Ministerial Regulations.


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Specify the prescription period for claiming a tax refund where the tax assessment representative makes a transfer pricing adjustment under this section. Tax refunds resulting from a transfer pricing adjustment can be requested within 3 years from the due date for filing of the tax return or within 60 days of receiving written notice of a transfer pricing adjustment from the tax officers.

Tax assessment representative, upon approval from the Director-General of the Thai Revenue Department (TRD), can request transfer pricing documentation within 5 years after the submission of the disclosure form. The documentation will be due 180 days after receiving a notification from the TRD for the first time. Thereafter, the files will be due within 60 days with possible extension to 120 days upon request.



The disclosure form or transfer pricing documentation will not be required if the company or partnership has revenues less than the amount to be required in the Ministerial Regulations, which should not be less than THB 200 million, or other reasons to be specified.

Failure to lodge the disclosure form or transfer pricing documentation by the due date or lodgment of incomplete/incorrect disclosure form or transfer pricing documentation will result in a fine not exceeding THB 200,000.

With the tentative first filing of the transfer pricing disclosure form in May 2020, pro-active approach to the preparation of robust transfer pricing analysis, documentation and anticipated required disclosures will be essential in managing transfer pricing risks, including discussions with the tax authorities on future proposed adjustments and reduced penalties.