

Luther.

Transfer Pricing Brochure

Thailand

Luther

Our team was established in Bangkok in 2018 and consists of international professionals, as well as Thai lawyers, corporate secretaries, accountants and tax advisors. Thanks to our international network, we are well prepared to meet the various challenges of our clients' operations.

We have a strong focus on compliance and provide reliable and high-quality services. Using our 'one-stop shop' approach, we design and implement effective legal, tax and corporate compliance structures, allowing our clients to focus on their business.

Our practice

Our local and international consultants have the necessary expertise and extensive knowledge of the Thai legal and tax system. Consequently, we are able to assist and provide comprehensive legal, compliance and tax advice to businesses, investors, NGOs and the public sector.

Our specialists

Knowledge of the Thai market is essential for providing successful advice.

We believe that only an experienced team comprising members of different legal and tax disciplines can provide efficient and competent advice on complex projects. All of our team members are dedicated to providing you with the best possible advice.

Our excellent work at competitive prices

We are committed to leveraging the strengths of our teams. Experienced legal and tax consultants oversee the entire process. Our professional fees are competitive, and we can offer fee structures tailored to your needs and expectations.

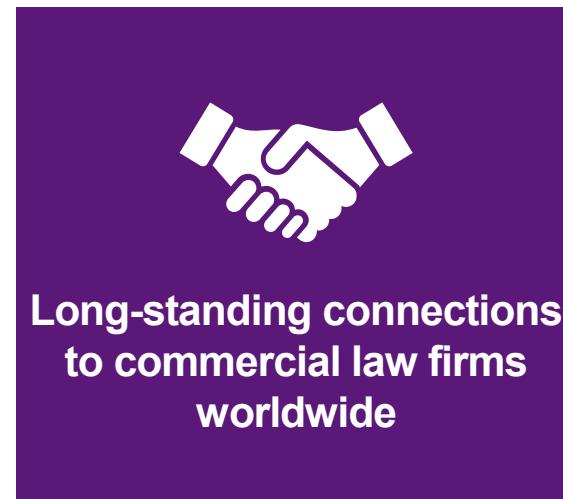
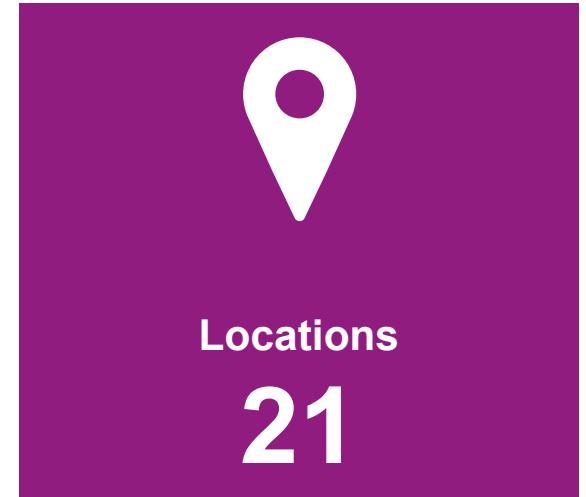
Our client relations

We typically provide clients with two consultants as direct contacts, supported by our other specialists as required.

Hits the Mark. Luther.

At Luther, we stand for expertise and dedication. Driven by our passion for our profession and the issues at hand, we provide precise answers to your questions. We provide our clients with the best possible solutions. Our advice always hits the mark – not too much and not too little.

We understand the importance of efficient resource use and prioritising sustainable, forward-looking planning. Therefore, we always consider the economic and financial implications of our advice. This applies to both controversial disputes and structuring advice.



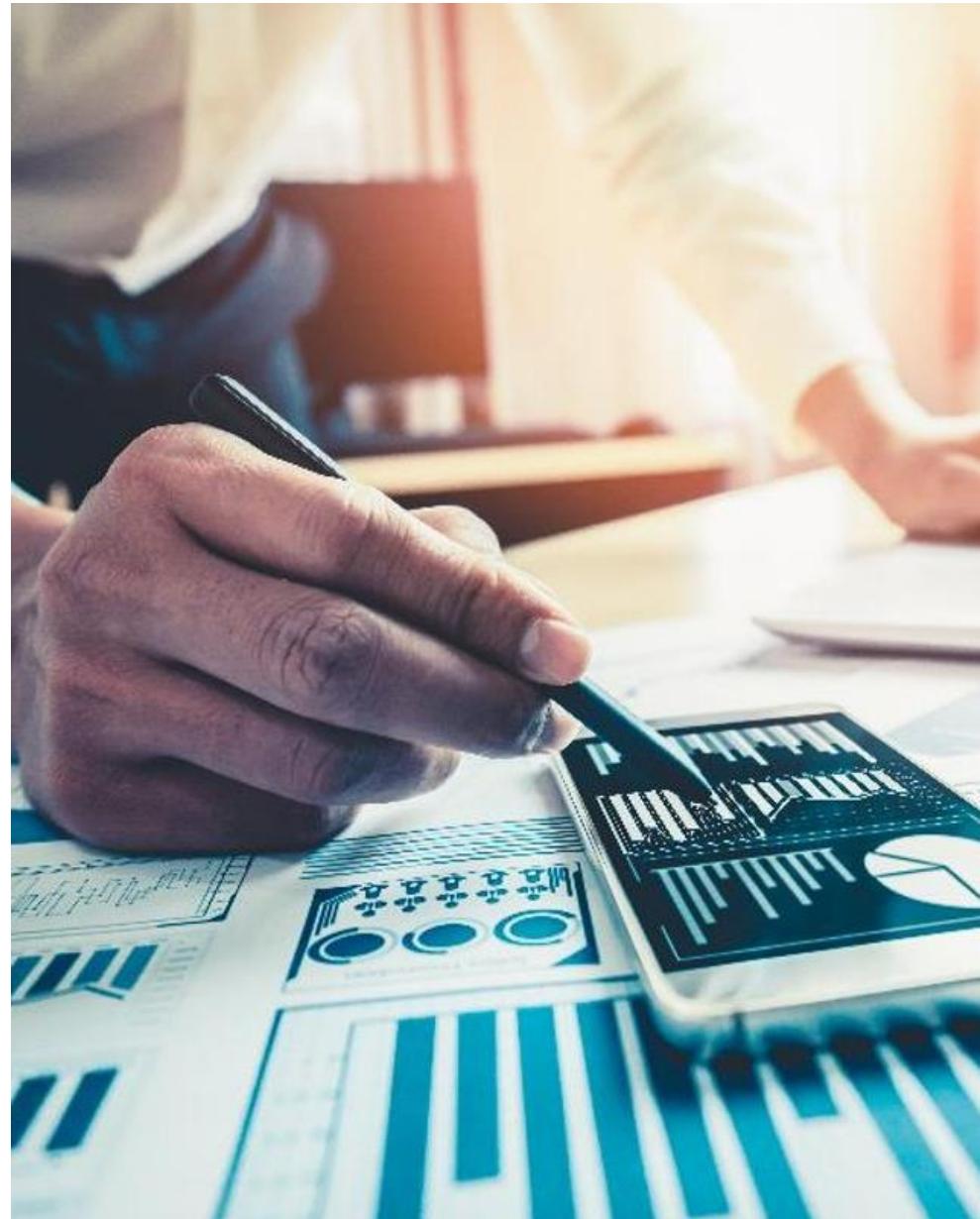


Transfer Pricing (TP) – Thailand.

- Thailand's TP regulations apply to all Thai companies, regardless of their size.
- TP refers to the pricing of goods, services, or intellectual property transferred between related parties. According to Thai tax laws, the adopted pricing must be comparable to that used by independent parties (the arm's-length principle).
- Following the OECD's BEPS (Base Erosion and Profit Shifting) action plans, tax authorities worldwide have conducted more thorough reviews of TP issues.
- The Thai Revenue Department (RD) uses specialised TP audit teams to scrutinise international transactions between affiliated entities.
- For corporate income tax (CIT) purposes, the RD has the power to adjust income if the consideration received is lower than the market price and there are no justifiable grounds for this. The RD can also adjust revenue and expenses relating to 'related party transactions' that were not conducted at arm's length, in accordance with the rules set out in the relevant Ministerial Regulation.
- These adjustments may result in additional tax liabilities, as well as surcharges and penalties. Furthermore, expenses incurred may be non-deductible for CIT purposes if they exceed the market price.

Potential reasons for a TP investigation.

- Requests for a tax refund, even if related party transactions are minor.
- Interest arising from loans between related parties.
- Pricing adjustments during the year or at year-end to revise profit.
- Losses sustained over many years.
- Fluctuating profits/losses (e.g., moving from a profit to loss after the CIT holiday period has expired under a BOI-promoted project).
- Significant differences in profit or loss between BOI and non-BOI businesses, or between similar taxable and non-taxable transactions.
- Significant changes in supply/value chains or business models (e.g., business restructuring).
- Management service fee payments to affiliated entities.
- Other significant transactions between affiliated entities, including the trading of goods, providing services and making royalty payments.
- Advances to your parent company or overseas subsidiaries are made without formal loan documentation or interest being charged.
- Internal information obtained by RD officials when comparing with other similar businesses or industries (TP benchmarking study).



Mandatory – TP documentation requirements – Thailand.

A Thai company with related party transactions and an annual turnover of at least THB 200 million:



TP Disclosure Form

All related party relationships and transactions must be **disclosed** to the RD within 150 days of the end of the accounting period, which is the same deadline as for the annual CIT return.



TP Report (TP Local File)

The **TP report** (TP Local File) includes a factual analysis and a **TP benchmarking study** on intercompany pricing. The local file is due 60 days after the Thai Revenue Department sends the request notification. The report must be submitted in the Thai language.

A Thai company belonging to a multinational group with an annual consolidated turnover of at least THB 28 billion (around EUR 750 million):



CbCR Notification Form

The CbCR notification form must be submitted within 12 months of the end of the Thai company's accounting period.



CbCR Report

The CbCR report must generally be filed by the ultimate parent entity in its home jurisdiction. The relevant tax authority will then automatically exchange the report with the Thai Revenue Department.

How should companies prepare?

Conduct a **TP review**. Or conduct an analysis of existing TP policies and documentation. Use this to assess potential risks areas.



Prepare a **TP report**, including a **benchmarking study**, to analyse the profitability of your related party transactions compared to those of similar businesses operating in Thailand.



The TP report must adhere to Thailand's specific TP guidelines and regulations.



The Thai Revenue Department can request all TP documents within five years of TP Disclosure Form being filed for the respective fiscal year.



Failure to submit the mandatory TP documents may result in penalties of **up to THB 200,000** per document. Additionally, penalties of up to 100% of the additional tax liabilities may apply. Interest on overdue tax payments is charged at a rate of 1.5% per month.



Given the challenging business environment in Thailand, you need a specialised TP team like ours to help you manage your TP requirements and risks.

Our TP services.



**Tax Advice on TP
Issues**

01



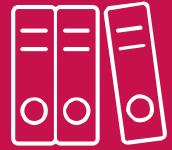
TP Planning

02



**TP Policy
Implementation**

03



**TP Reports and
Documentation**

04



**Benchmarking
Studies**

05



**Tax Investigation
Support Services**

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**Operational TP
Review**

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For reasons of better legibility, the simultaneous use of genderspecific language forms is dispensed with.

Corresponding terms apply in principle to all genders in the sense of equal treatment. The abbreviated form of language has only editorial reasons and does not imply any valuation.

Disclaimer.

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