

Alphalink Asia Pacific Transfer Pricing Documentation



Key

Tax Authority	Name of taxing authority in the economy (with website link)
Tax Law/ Legislation	Specific statutory provisions on transfer pricing ("TP") currently in effect in the economy
Reg/ rulings/ rules/ guidelines	Relevant regulations/ rules/ rulings/ guidelines on TP, which may or may not have legal effect.
CCA	Statutory provision or guidance for cost contribution arrangement or cost sharing agreement
TP methods	TP methods allowed or accepted by the tax authority
Priority of TP methods	TP methods preferred by the tax authority in ascending order
Documentation requirements	Tax authority's requirements or recommendations that taxpayers prepare and maintain written documentation to confirm that the amounts charged in related-party transactions ("RPT") are consistent with the arm's length principle ("ALP")
Documentation deadlines	Deadlines set by the tax Authority for preparation or submission of TP documentation
APA	Opportunity for and type of advance pricing arrangement programme with the tax authority

Types of TP Methods

CUP	Comparable uncontrolled price method
RP	Resale price method
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TNMM	Transactional net margin method
Profit Split	Profit Split method

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AUSTRALIA	Australian Taxation Office ("ATO") ATO Australia	Division 13 of Part III of the Income Tax Assessment Act 1936 ("ITAA 1936") ITAA 1936, Australia	ATO has issued numerous Tax Ruling ("TR"), Tax Determination ("TD") and papers. a) <u>Taxation Ruling ("TR")</u> - IT2514; TR92/11; TR94/14; TR95/23; TR97/20; TR98/11; TR98/16; TR1999/1; TR2000/16; TR2001/11; TR2001/13; TR2002/2; TR2003/1; TR2004/1; TR2005/11; TR2007/1 b) <u>Tax Determinations ("TD")</u> - TD2002/20; TD2002/28; TD2007/1; TD2007/D20; TD2008/20 c) Specific papers on transfer pricing issues ATO Legal Database, Australia Transfer Pricing Papers, Australia	Yes - Guidance provided in TR2004/1	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other broader methods may also be considered	No prescribed order of hierarchy - "most appropriate" method should be adopted. However, TR97/20 stated that CUP method provides the best basis.
CHINA	State Administration of Taxation ("SAT") SAT China	Chapter 6, Article 41 to 46 & Article 48 of the Enterprise Income Tax Law ("EIT")	- Article 109 to 123 of the Enterprise Income Tax Regulations ("EIT Regulations") - Article 36 of Tax Administration Law - Article 51 to 56 of Tax Administration Regulations - Guoshuifa [2009] 2 - Implementation measures for special tax adjustments	Yes - Prescribed under Article 41 of EIT	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Any other arm's length methods	No prescribed order of hierarchy - "best method" should be adopted.
HONG KONG	Inland Revenue Department ("IRD") IRD Hong Kong	Section 16, 17, 20 and 61A of the Inland Revenue Ordinance, Cap. 112 ("IRO") IRO, Hong Kong	Departmental Interpretation and Practice Notes 45 and 46	No specific statutory provisions or guidance or ruling on CCA	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other methods that conform with the arm's length principle	Traditional transaction methods are preferred

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INDIA	Income Tax Department ("ITD") ITD India	Section 92 to 92F, 92A to 92F, 271, 271AA, 271BA, 271G and 273B of the Income Tax Act, 1961 ("ITA") ITA, India	- Rule 10 to 10E of the Income Tax Rules, 1962 ("ITR") - CBDT Circular 14 of 2001 - CBDT Circular 12 of 2001 Rules/ Circulars, India	Presently, there are no specific statutory provisions or guidance or ruling on CCA	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other methods as may be prescribed by the Central Board of Direct Taxes ("CBDT")	No prescribed order of hierarchy - most appropriate method should be adopted.
INDONESIA	Direktorat Jenderal Pajak ("DGT") DGT Indonesia	Article 10 & 18 of the Income Tax Law 7/1983, as amended by Law 36/2008 ("ITL")	To-date, DGT has only issued DGT Circular Letter SE-04/PJ.7/1993 (on 9 ar 1993) which deals with transfer pricing guidelines where Indonesian companies has dealing with tax haven companies. This publication is old and predate the new ITL	Not known	Methods prescribed by OECD is generally accepted	Not known. In practice, CUP is favored
JAPAN	National Tax Agency ("NTA") NTA Japan	- Article 66-4 of Special Taxation Measures Law ("STML") - Special Provisions for Taxation of Transactions with Foreign Related Persons. - Article 68-88 of STML - Special Taxation Measures of Transactions between Consolidated Corporations and Foreign Related Persons	- Article 39-12 of the Special Taxation Measures Law Enforcement Order ("STMLEO") - Article 22-10 of the Special Taxation Measures Law Enforcement Regulations ("STMLER") - Special Taxation Measures Law Circular ("STMLC") - NTA's interpretation of the international transfer pricing rules - Commissioner's Directive on the Establishment of Instructions for the Administration of Transfer Pricing Matters, 1 June 2001 (last amended on 25 June 2007) (Administrative Guidelines)	Yes - guidance provided in the Administrative Guidelines	- Traditional transaction methods - CUP; RP; CP - Other methods similar to one or any combination of the traditional transaction methods - Transactional profit based methods - Profit Split ; TNMM	Traditional transaction methods should first be applied. Only when none of the three methods can be applied that taxpayers could use "other methods". Transactional profit based methods are considered to be the methods of last resort when all other methods have failed. <u>Note:</u> No specified order of priority within any of the methods

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KOREA (SOUTH)	National Tax Service ("NTS") NTS South Korea	The Law for Coordination of International Tax Affairs (Law 9266, as amended on 26 Dec 2008) ("LCITA") & Presidential Enforcement Decree ("PD") LCITA, South Korea		Article 6-2 (new) of LCITA provides guidance on CCA for intangibles.	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Berry Ratio Method ("BRM") or other reasonable methods	Traditional transaction methods are regarded as the primary methods and have priority over other methods. Profit Split, TNMM, BRM and other methods are viewed as the secondary methods. However, there is no internal priority within the primary or secondary methods.
MALAYSIA	Inland Revenue Board of Malaysia ("IRB") IRB Malaysia	Section 140 (general anti-avoidance provision); 140A and 141 of the Malaysian Income Tax Act , 1967 ("MITA") MITA, Malaysia	Transfer Pricing Guidelines issued on 2 July 2003 ("TP Guidelines") TP Guidelines, Malaysia	No specific guidance on CCA, generally subject to deductibility rules under domestic law.	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM	Transaction based methods are preferred. Transactional profit methods are considered as methods of last resort, used only when traditional transaction methods cannot be reliably applied.
NEW ZEALAND	Inland Revenue Department ("IRD") IRD New Zealand	Section GB 2, GC 6 to GC 14 of the Income Tax Act 2007 ("ITA") ITA, New Zealand	Transfer Pricing Guidelines issued in October 2000 ("TP Guidelines") TP Guidelines, New Zealand	Yes - guidance provided in TP Guidelines	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM	No preference of methods.

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PHILIPPINES	Bureau of Internal Revenue ("BIR") BIR Philippines	Section 50 of Tax Code, 1997 ("Tax Code") Tax Code, Philippines	Section 179 Revenue Regulations ("RR") 2 ("Income Tax Regulations") Revenue Audit Memorandum Order ("RAMO") no.01-98 - Audit guidelines and procedures for examination of multinational groups Finalised but not yet in-force "Comprehensive Revenue Regulations on Transfer Pricing ("draft TP Regulations")" Issuance & Rulings, Philippines	Yes - guidance is provided in the draft TP Regulations. The treatment essentially follow the OECD guidelines	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM	No specified order of method - method that produces the most reliable results is to be adopted
SINGAPORE	Inland Revenue Authority of Singapore ("IRAS") IRAS Singapore	No specific legislation governing TP. Section 33 (general anti-avoidance provision) and 54(2A) (related-party dealings between resident and non-resident) of the Singapore Income Tax Act ("SITA") SITA, Singapore	- Transfer Pricing Guidelines, Feb 2006 ("Main TP Circular") - Transfer Pricing Consultation, updated Aug 2008 - Supplementary Administrative Guidance on Advance Pricing Arrangements, Oct 2008 ("APA Supplementary Circular") - Supplementary e-Tax Guide on Transfer Pricing Guidelines for Related Party Loans & Services, Feb 2009 ("Supplementary TP Circular") IRAS e-Tax Guides, Singapore	No	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other methods that conform with the arm's length principle	No specific preference on any methods - methods with the most reliable results should be selected and applied
TAIWAN	National Tax Administration ("NTA") Taxation Agency, Ministry of Finance, R.O.C	Section 43-1 of the Income Tax Act ("ITA"); Article 50 of the Financial Holding Company Act; Article 42 of the Enterprise Merger and Acquisition Act ITA, Taiwan	Assessment Rules for Non-Arm's length Transfer Pricing of Profit-Seeking Enterprises issued on 28 December 2004 ("TP Assessment Rules") TP Assessment Rules, Taiwan	No	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other methods (pre-approval from tax authority required)	No prescribed order of priority

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THAILAND	Thai Revenue Department ("TRD") TRD_Thailand	General provisions in the Revenue Code ("RC") under Section 65 bis (4) & (7), 65 ter (13), (14) & (15), and 70 ter.	Transfer pricing guideline - Departmental instruction number Paw 113/2545 ("Paw 113")	No	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Any other methods that are internationally accepted	Paw 113 did not specify any preferred methods, but in general, taxpayers are expected to demonstrate attempts to use traditional transaction based methods.
VIETNAM	General Department of Taxation ("GDT") GDT Vietnam	- Article 11 of Corporate Income Tax Law (2003) - Article 37 of Law on Tax Administration (2006) - Decree 24/2007 - Decree 85/2007 Legal Documents, Vietnam	Transfer Pricing Circular 117/2005 - Circular providing guidelines on the calculation of market prices in business transactions between related parties ("TP Circular") TP Circular, Vietnam	No	- Traditional transaction methods - CUP; RP; CP - Transactional profit based methods - Profit Split ; TNMM - Other methods may be used in special cases where taxpayers are unable to find uncontrolled comparables due to the unique or distinctive characteristics of their controlled transactions.	No specified hierarchy of methods - the most appropriate method should be used

Alphalink Outsourcing Services

Overview of TP Regulations in Asia Pacific (Selected Economies)



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AUSTRALIA	Taxpayers with RPTs are strongly urged to prepare and maintain contemporaneous documentation. TR98/11 sets out specific documentation requirements taxpayers should follow in preparing TP documentation and the nature of documentation required	When notified, taxpayers are required within 2 weeks to provide the TP documentation to ATO.	Taxpayers are required to disclose all information on their international dealings in Schedule 25A of their annual corporate tax return.	Statutory penalties of 10%, 25% or 50% of additional tax payable may be imposed. In addition, interest charges are imposed at various rates. TR98/16 provides guidelines applicable to transfer pricing penalties	Unilateral, bilateral or multilateral APAs programme available. TR 95/23 outlined procedures for bilateral and unilateral APAs.	Medium/ high. ATO has developed a sophisticated risk engine that considers various factors such as size of RPTs, unexplained losses, weaknesses in compliance structures, when determining if taxpayers are to be subjected to TP audit. Specific issues targeted by ATO include: royalties, intangibles, management services, financing arrangements.
CHINA	Article 114 of EIT Regulations requires taxpayers to prepare and maintain contemporaneous documentation. Article 14 of Guoshuifa [2009] 2 provides details of information & documentation to be included. All documentation must be in Chinese.	Contemporaneous documentation must be prepared by 31 May of the following year and maintained for 10 years. Taxpayers are required to submit their contemporaneous documentation within 20 day of the date of request.	Taxpayer is required to file annual Related Party Transactions Information Forms along with its tax return	Penalties may be imposed for failure to provide relevant documents or non-submission or late submission of information. There are also penalties imposed for taxpayers filing false or incomplete information. On top of penalties imposed, there may be additional 5% interest charge imposed.	Guidance on APA process and procedures is provided in Articles 46 to 63 of Guoshuifa [2009] 2.	Medium to increasingly high. SAT continues to focus on enterprises that have sustained losses or those paying inter-company service charges or royalties.
HONG KONG	No explicit requirements for contemporaneous TP documentation	No specified deadline was set	Disclosure of related-party transactions with closely connected non-residents in annual tax return is required.	No specific penalties for TP. In general, penalty range of 50% - 100% of tax underpaid. The maximum penalty is 300% of tax underpaid.	No guidelines or legislation available for APAs	Low, but TP scrutiny is likely to increase in near future.

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INDIA	Section 92D of ITA requires taxpayers to keep prescribed contemporaneous documentation. Rule 10D of ITR detailed a list of mandatory documents & optional documents taxpayers should maintain. Specified information and documentation must be maintained for a period of 9 years.	Prescribed information & documentation must exist by a specified date, being:- - 30 Sept following the financial year, for taxpayers whose accounts need to be audited; and - 31 Jul following the financial year, for other cases. When requested, taxpayers must provide prescribed TP information/ documentation to ITD within 30 days of the notice date	Section 92E of ITA requires taxpayers to obtain an Accountant's certificate in a prescribed Form 3CEB and file it together with the annual tax return.	- 100% to 300% of amount of tax on TP adjustments made on non-arm's length prices. - Fine of 2% of transaction value for:- - failure to keep or maintain documentation; or - failure to furnish requisite information/ documents - Fine of Rupee 100,000 for non-filing of Form 3CEB with the tax return	APA programme is not (yet) available. However, taxpayers may wish to explore a possibility of getting a ruling from the Authority through the advance ruling programme ("AAR")	High, given that no transactions or industries have been excluded from the possibility of TP audit scrutiny. Businesses in information technology, financial services, pharmaceuticals, automobile, are some of the industries that have been subject to intense TP audits in recent years. Other major focus areas of audit & adjustments are payment of management charges, royalties.
INDONESIA	No formal documentation requirements have been introduced at this stage. In practice, DGT usually requires documentary evidence such as invoices, agreements to be submitted	Not known	Since 1 Jan 2002, disclosure of related-party transactions in annual tax return is required. Type of information to be disclosed include: type of transaction, value of transaction, the transfer price and method used to determine the transfer price.	Penalty of 2% per month, up to a maximum 48%, on any underpayment discovered during an audit.	APA opportunities are possible since 2001. No APAs negotiated so far.	Moderate, with most TP queries typically arise during regular tax audits. In practice, areas more at risk of being the subject of TP audit include: a large number of related-party transactions, losses for more than two consecutive years, transactions conducted with associated parties in tax havens
JAPAN	The Administrative Guidelines prescribed a list of various types of documents that may be requested during transfer pricing examination. However, there is no statutory requirements for these documents to be produced contemporaneously.	Taxpayers must produce the requisite documentation "without delay", but there is no specific guidance on the exact timing or deadline imposed.	Taxpayers with international related-party dealings are required to disclose details of their related-party transactions in a prescribed Form 17-3 & attach the Form with their final tax returns. Disclosures required include the TP methods applied, number of employees of the foreign related party, agreed APA with a foreign Tax Authority.	No specific penalties imposed for failure to produce or maintain TP documentation. Thus, general penalties on corporate assessment of either 10% or 15% (depending on the amount underpaid) of the additional tax, plus delinquency tax of up to 14.6%, apply.	Unilateral and bilateral APAs are available. Guidance on APA application, process and procedures are provided in the Administrative Guidelines.	Medium to high, given that NTA examines a wide variety of transactions of taxpayers in all major industries. The risk is increased for large taxpayers with significant related-party transactions, low profits in Japan, fluctuating profitability, having significant transactions with tax havens, etc. In recent years, there has been increasing audit focus on intangible and services transactions, especially those with countries in the Asia-Pacific region.

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KOREA (SOUTH)	Preparation of contemporaneous documentation is strongly recommended given the tight deadline imposed by NTS. Documents should be prepared and submitted in Korean - english translations may be used only with permission by NTS.	Documents and information requested by NTS should be submitted within 60 days from the date of request.	Taxpayers engaged in international transactions with a foreign related party must submit the following transfer pricing reporting forms when filing their annual corporate income tax return:- - Summary of international related-party transactions - Explanation and justification of the TP method selected for each intercompany transaction - Summary of income statements of overseas related parties	- Failure to provide documentation requested by NTS within the 60-day deadline may render the imposition of penalties up to KRW 30 million. - In the event of transfer pricing adjustment, an underreporting penalty and an underpayment penalty may be imposed. Underreporting penalty is approximately 10% of additional tax; and underpayment penalty is calculated as 0.03% of additional taxes on a transfer pricing adjustment per day on the cumulative days.	Unilateral, bilateral or multilateral APAs programme available.	High, with large number of TP audits have been carried out by NTS. Taxpayers whose profitability suddenly drop or fluctuate, or paying large royalties abroad or receiving cost allocations from overseas related parties are likely to be the subject of scrutiny by NTS. There has also been an increased focus on the TP documentation requirements.
MALAYSIA	TP Guidelines sets out a non-exhaustive list of information & documentation to be prepared and maintained by taxpayers for TP purposes. These include: company's details, transaction details and determination of arm's length price. Preparation of contemporaneous documentation is highly recommended. Malay or english documents are acceptable.	There is no specific documentation deadline, but the requested documents should be ready when called upon.	Disclosures of ownership information and arm's length values of the following transactions with related companies are required in the tax return:- - Sales to related companies; - Purchases from related companies; - Other payments to related companies; - Loans to and from related companies; - Receipts from related companies.	No specific penalties for TP or non-preparation of TP documentation. In the event of transfer pricing adjustments, existing penalties regime under the current legislation ranging from 100% to 300% of the undercharged tax, apply.	Statutory provision for unilateral and bilateral APAs has recently been formalised, but formal guidelines on APAs are still in draft form.	High - every company is expected to be subject to a field audit at least once every five years. TP audits and investigation activities carried out by IRB has increased significantly in recent years and many have been scrutinized on their TP policy. Recent areas of focus include sale & purchase of tangible goods, licensing or transfer of intangibles, provision of centralized services.
NEW ZEALAND	No explicit requirements for contemporaneous TP documentation - taxpayers are required to maintain sufficient business records to defend & justify that their TP practices were consistent with the arm's length principle.	No specified deadline was set.	The following information is required to be disclosed in the income tax return:- - Payments to non-residents - Whether the company is controlled or owned by non-residents - Whether the company holds an interest in a controlled foreign company	20% penalty for not taking reasonable care; 20% penalty for an unacceptable tax position; 40% penalty for gross carelessness; 100% penalty for an abusive tax position; 150% penalty for an evasive or similar act	Formal guidelines for APAs has yet been established. Unilateral APAs may be issued in the form of a private binding ruling (Section 91E of the Tax Administration Act 1994). Bilateral or multilateral APAs may be entered into under the Mutual Agreement Procedure provisions of DTAs.	High - IRD is of a view that TP is only one of a number of potential risk areas that it considers in determining if a tax audit (on a taxpayer) is warranted. TP Guidelines gives some insights on several factors that have been identified by IRD for guidance in assisting the determination of risk associated with TP.

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PHILIPPINES	<p>Taxpayers are expected to provide contemporaneous TP documentation as support of their transfer pricing practices.</p>	<p>If selected for tax audit, taxpayer is required to provide TP documentation within 45 days from the date of request</p>	<p>Inter-company transactions exceeding PHP 100,000 need to be disclosed in Form 1702-H-"Information Return on Transactions with Related Foreign Persons". This Form is to be attached when filing annual income tax return.</p>	<p>No specific penalties for non-compliance with TP rules, or for non-preparation of documentation</p>	<p>To-date, no APAs has been accepted by BIR.</p> <p>A special section in the draft TP Regulations was dedicated to provide general framework & approach on APAs</p>	<p>TP audit is expected to increase in near future once the draft TP Regulations is in-force. Currently, special areas of targets include: management & other inter-company services, intercompany financing, royalties.</p>
SINGAPORE	<p>No formal requirements to prepare TP documentations. Nonetheless, taxpayers with related-party dealings are strongly urged to conduct (at a minimum) TP risk assessment. Based on the TP risk assessment, taxpayers should then determine if more detailed TP documentation is required.</p> <p>Guidance on the TP risk assessment & TP documentation are provided in the Main TP Circular</p>	<p>No deadline is imposed, but the relevant documents should be made available if requested by IRAS</p>	<p>No specified related-party transactions are required in the annual income tax return</p>	<p>No specific TP penalties. In general, penalty range of 100% to 400% of tax underpaid may be imposed for underdeclared of income</p>	<p>Unilateral, bilateral and multilateral APAs are available. Criterias and procedures for APAs are stipulated in the Main TP Circular and APA Supplementary Circular</p>	<p>Moderate. IRAS' practice to-date is by raising queries on related-party dealings as part of its review of taxpayers' annual corporate income tax returns.</p>
TAIWAN	<p>An enterprise is required to have TP report and relevant documents readily prepared when filing its annual income tax, unless it meets the criterias of the safe harbor rule stipulated in the Tax Ruling Letters No. 09404587590 (Dec 2005) or No. 09704555160 (Nov 2008). Tax Ruling Letter No. 09704555160 is applicable for fiscal years ending Dec 2008 onward - criterias to meet include total annual revenue not exceeding TWD 300m and total annual controlled transactions of less than TWD 200m.</p> <p>TP report shall be comprehensive and include information on the enterprise's business overview, organisational structure, functions & risk analysis, comparability analysis, TP methods, etc.</p>	<p>TP report & relevant documents must be submitted within one month from the date of the notice.</p> <p>A one-time extension of time for additional one month may be granted, but only under special circumstances.</p>	<p>Information on the related parties, controlled transactions & availability of TP report shall be disclosed in a prescribed form and be submitted together with the annual income tax return. Such RPT disclosures are not required if an enterprise's annual revenue is less than TWD 30m & conditions under the safe harbor rule for related-party transaction disclosures stipulated in Tax Letter Ruling No. 09404587580 (Dec 2005) are met.</p>	<p>For refusal to provide information requested by the Tax Authority, a fine not exceeding TWD 30,000 may be imposed.</p> <p>Penalty of two to three times of the tax shortfall may be imposed, depending on the circumstances.</p>	<p>APAs are not (yet) common. Application criterias & procedures are set out in Articles 23 to 32 of TP Assessment Rules</p>	<p>Increasingly higher focus on documentation report.</p> <p>Companies conducting business through tax havens</p> <p>Tax Letter Ruling No. 9404540920 (Aug 2005) set out circumstances for a TP audit (e.g. fluctuations of profits, failure to prepare documentations, significant controlled transactions with related parties enjoying tax incentives, etc)</p>

Key

Tax Authority	Name of taxing authority in the economy (with website link)
Tax Law/ Legislation	Specific statutory provisions on transfer pricing ("TP") currently in effect in the economy
Reg/ rulings/ rules/ guidelines	Relevant regulations/ rules/ rulings/ guidelines on TP, which may or may not have legal effect.
CCA	Statutory provision or guidance for cost contribution arrangement or cost sharing agreement
TP methods	TP methods allowed or accepted by the tax authority
Priority of TP methods	TP methods preferred by the tax authority in ascending order
Documentation requirements	Tax authority's requirements or recommendations that taxpayers prepare and maintain written documentation to confirm that the amounts charged in related-party transactions ("RPT") are consistent with the arm's length principle ("ALP")
Documentation deadlines	Deadlines set by the tax Authority for preparation or submission of TP documentation
APA	Opportunity for and type of advance pricing arrangement programme with the tax authority

Types of TP Methods

CUP	Comparable uncontrolled price method
RP	Resale price method
CP	Cost plus method
TNMM	Transactional net margin method
Profit Split	Profit Split method

	Documentation requirements	Documentation deadlines	Return disclosures/ RPT disclosures	TP penalties	APA	Audit risk/ TP scrutiny
THAILAND	Taxpayers are required to prepare contemporaneous TP documentation. The type of information to be included in the TP documentation is listed in Paw 113	TP documentation should be made available and submitted to TRD within one month following a request date.	Unclear if specific disclosures on related party transactions are required in the tax returns.	No explicit penalties for non-compliance of TP documentation. However, a penalty of 100% or 200% of the tax shortfall plus 1.5% per month surcharge may be imposed for understatement of income	There is no formal provision or guidelines available on APAs. TRD is reluctant to enter into a unilateral APA with any taxpayer - although it has concluded several bilateral APAs recently.	Moderate to high, with increasing focus on manufacturers in the automotive and electronic industries as the selected target for audit review. Additionally, TRD is known to have been focusing on issues on sale & purchase price of goods, royalties, services fees, loss carry-forward.
VIETNAM	Contemporaneous TP documentation is required under the Vietnamese Law. All documents, information and records relevant to business activities and transfer pricing methods of associated parties must be compiled at the time when the controlled transactions take place, updated and supplemented over the course of carrying out the controlled transactions.	The documentation must be provided to GDT within 30 days from the date of request	Taxpayers are required to complete a special form - Information on Associated Transactions - to disclose the general information on controlled transactions & TP methods used. The disclosure form must be submitted together with the annual corporate income tax return, due to be filed within 90 days at the end of the fiscal year.	General tax penalties apply. GDT may also make tax adjustments in cases where taxpayers fail to disclose or provide incomplete information on their related party transactions; or fail to produce the requisite documents within the 30-day timeframe.	No guidelines or legislation available for APAs	Increasingly high. Companies in automobile and pharmaceutical as well as companies reporting losses during their tax incentive periods have been the target of TP audits.