

TaXavvy

Stay current. Be tax savvy



Transfer pricing documentation - New 'check the box' requirement

With effect from the year of assessment (YA) 2014, taxpayers are required to confirm whether transfer pricing documentation has been prepared with the inclusion of a new check box (Box R4) in the income tax return form C for the YA 2014.

8 May 2014
Issue 3/2014

Who are affected

The Income Tax (Transfer Pricing) Rules 2012 and the Transfer Pricing Guidelines 2012 (the TP Guidelines) require persons who undertake related party transactions domestically and across borders to prepare contemporaneous transfer pricing documentation. Persons carrying on a business with gross income of RM25 million or less with a total amount of related party transactions of RM15 million or less; or persons providing financial assistance of RM50 million or less* may opt for simplified transfer pricing documentation.

Exclusions

Transactions between persons who are assessable to tax in Malaysia and where it can be proven that any adjustments made under the TP Guidelines will not alter the total tax payable or suffered by both persons are however excluded. However in practice, the onus is on the taxpayer to demonstrate that these arrangements do not have an effect of altering their total tax.

Contemporaneous transfer pricing documentation

Transfer pricing documentation is contemporaneous when it is prepared at the time the related party transaction is being developed or implemented; and where existing transfer pricing documentation is updated prior to the due date for filing of income tax return for that YA on material changes to the related party transactions.

**excluding transactions involving financial institutions*

TaXavvy is a publication which aims to provide concise updates on developments in tax laws, cases, guides, administrative practices and other regulatory developments.

Getting prepared

With the corporate tax filing deadlines for the YA 2014 fast approaching, taxpayers must quickly assess their level of readiness in meeting the IRB transfer pricing documentation requirements.

As a checkpoint, taxpayers should ensure that appropriate transfer pricing documentation for each particular year of assessment is in place.

Let's talk

SM Thanneermalai
Tel: +60(3) 2173 1582
thanneermalai.somasundaram@my.pwc.com

Jagdev Singh
Tel: +60(3) 2173 1469
jagdev.singh@my.pwc.com

Anushia Soosaipillai
Tel: +60(3) 2173 1419
anushia.joan.soosaipillai@my.pwc.com

Desmond Goh
Tel: +60(3) 2173 1439
desmond.goh.keng.hong@my.pwc.com

Ong Ai Ling
Tel: +60(3) 2173 0711
ai.ling.ong@my.pwc.com

pwc.com/my

TaXavvy is a newsletter issued by PricewaterhouseCoopers Taxation Services Sdn Bhd. Whilst every care has been taken in compiling this newsletter, we make no representations or warranty (expressed or implied) about the accuracy, suitability, reliability or completeness of the information for any purpose. PricewaterhouseCoopers Taxation Services Sdn Bhd, its employees and agents accept no liability, and disclaim all responsibility, for the consequences of anyone acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Recipients should not act upon it without seeking specific professional advice tailored to your circumstances, requirements or needs.

© 2014 PricewaterhouseCoopers Taxation Services Sdn Bhd. All rights reserved. "PricewaterhouseCoopers" and/or "PwC" refers to the individual members of the PricewaterhouseCoopers organisation in Malaysia, each of which is a separate and independent legal entity. Please see www.pwc.com/structure for further details.
