



# Tax and Legal Newsletter

**PKF**

## **Update on Information Exchange and Transfer Pricing Disclosure Form**

On the path to enforce the Country-by-Country Reporting (CbCR) requirements in Thailand, there are a few developments regarding the TP rules in Thailand over the past month including the development of information exchange and the newer version of the Transfer Pricing Disclosure Form (TPDF).

### **Information Exchange**

On 9 November 2021, the Thai Revenue Department (TRD) has published on its website an Act Amending the Revenue Code (No. 54), B.E. 2564, dated 7 Nov 2021 ("the Act"). In doing so, Section 10 ter has been added to the Thai Revenue Code giving power to Thailand's competent authorities to exchange information with other Competent Authorities in jurisdictions with respect to which Thailand has an agreement in effect.

### **Change in Transfer Pricing Disclosure Form**

Recently, the TRD has released an updated version of the TPDF on its website. The new TPDF is in Thai and English. In addition, Part C – Other Information has been changed to include questions concerning CbCR filing obligations of the Multinational Enterprise (MNE) group of which the Thai taxpayer is a part. The Thai taxpayer must declare which company in the group is designated to file CbCR and in which jurisdiction.

With regard to the due date of CbCR filing in Thailand, the TRD also informed verbally that there might be an additional announcement to extend from 150 days after the year-end to 12 months after the year-end in order to align with international standards.

### **PKF Thailand's observations**

The Act is an important legislative milestone that enables the TRD to proceed on the Multilateral Competent Authority Agreement (MCAA) expected to be effective early in 2022. The MCAA is a multilateral framework agreement that provides a mechanism to facilitate the automatic exchange of information between tax authorities worldwide. Once the MCAA becomes effective, the information for tax purposes (such as CbCR) that the TRD receives from taxpayers in Thailand can be shared with relevant tax authorities in other jurisdictions on an automatic basis and vice versa.



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The update in the TPDF is also another mechanism to notify the TRD about CbCR filing of each MNE group. As a result, the trend has shown us that in the near future, the TRD will have access to more and more information relating to Thai taxpayers which could increase their Transfer Pricing risk assessment and audits. Hence, companies should review and become aware of their filing obligations and manage all disclosure effectively for compliance and transparency. All related party transactions should be reviewed and documented thoroughly and contemporaneously.

Further guidance from the TRD is required to provide taxpayers with more details on the practical aspects of CbCR filing. We will continue to closely monitor relevant Transfer Pricing developments. Please let us know if you have any questions or concerns relating to TP developments. Our Transfer Pricing professionals at PKF Thailand would be happy to assist.

**Steve Wilson**

International Tax Partner  
+66 (0) 88 784 8680  
[steve.wilson@pkf.com](mailto:steve.wilson@pkf.com)

**Thitayakorn Thirati**

Associate Director, Transfer Pricing  
+66 (0) 86 545 2990  
[thitayakorn.t@pkf.com](mailto:thitayakorn.t@pkf.com)