



Reporting of Related Party Transactions

1 Introduction

- 1.1 Taxpayers are expected to adopt arm's length pricing for their related party transactions ("RPT"). IRAS audits taxpayers' compliance with transfer pricing documentation and arm's length pricing requirements as part of its compliance programme.
- 1.2 IRAS will be introducing a new RPT reporting requirement for companies with effect from Year of Assessment 2018. The RPT reporting requirement will provide IRAS with relevant information to better assess companies' transfer pricing risks and to improve on the enforcement of the arm's length pricing requirement.
- 1.3 IRAS has sought feedback from SIATP representatives and transfer pricing practitioners on the RPT reporting requirement. IRAS is mindful to minimise additional compliance costs arising from this reporting requirement. Companies will be required to complete a new Form for Reporting of Related Party Transactions ("RPT Form") only if the value of RPT exceeds S\$15 million. The information necessary to complete the RPT Form can readily be obtained from the companies' audited accounts and accounting systems.

2 RPT reporting requirement

- 2.1 Under the RPT reporting requirement, a company is to state in the Form C whether the value of RPT as disclosed in the audited accounts exceeds S\$15 million for the relevant Year of Assessment. If the value of RPT exceeds S\$15 million, the company has to complete the RPT Form and submit it together with the Form C.

3 Determining whether the value of RPT exceeds S\$15 million

- 3.1 The value of RPT as disclosed in the audited accounts is the aggregate of:
 - a. All amounts of RPT as reported in the Income Statement but excluding compensation paid to key management personnel and dividends; and
 - b. Year-end balances of loans and non-trade amounts due to/ from all related parties.

4 Details of RPT

- 4.1 The values of the following categories of RPT are to be reported in the RPT Form:
 - ✓ Sales and purchases of goods
 - ✓ Services income and expense
 - ✓ Royalty and licence fee income and expense
 - ✓ Interest income and expense
 - ✓ Other income and expense
 - ✓ Year-end balances of loans and non-trade amounts



4.2 In the case of a company with cross-border related party sales or purchases of goods and services, it has to list the top 5 foreign related parties that it transacts with (by value of sales or purchases respectively) and provide their entity details including entity names, countries, relationship and amounts transacted.

5 RPT Form

5.1 A sample RPT Form, to be submitted together with Form C, is attached.

6 Clarification

6.1 If you have any enquiries or need clarification, please email ct_transfer_pricing@iras.gov.sg or call 6351 3892 or 6351 2819