

**Notification of the Director - General of Revenue Department  
on Income Tax (No. 407)**

**Subject: Prescribing the documents or evidence showing information necessary for transfer pricing analysis of the terms of transactions between related companies or juristic partnerships**

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By virtue of paragraph 2 of Section 71 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 47) B.E. 2561 (2018), the Director-General of the Revenue Department hereby prescribes documents or evidence showing information necessary for transfer pricing analysis of terms of transactions between related companies or juristic partnerships as follows:

**Article 1** According to this Notification,

“Related companies or juristic partnerships” means related companies or juristic partnerships under Section 71 bis, paragraph 2 of the Revenue Code.

“Controlled transactions” means transactions entered into between related companies or juristic partnerships.

“Uncontrolled transactions” means transactions entered into between companies or juristic partnerships and contractual parties that are not related companies or juristic partnerships.

“Reporting entity” means a company or juristic partnership that has relations with other companies or juristic partnerships defined as related companies or juristic partnerships and received a notification letter from a tax assessment officer approved by the Director-General requesting submission of documents or evidence showing information necessary for transfer pricing analysis of terms of transactions between related companies or juristic partnerships under paragraph 2 of Section 71 ter of the Revenue Code.

**Article 2** Prescribing the following documents or evidence as documents or evidence showing information necessary for transfer pricing analysis of the terms of transactions between related companies or juristic partnerships under paragraph 2 of Section 71 ter of the Revenue Code.

- (1) Documents or evidence showing information regarding the reporting entity, as follows:
  - (a) A description of business operations, local organization chart including the number of employees, value chain including key trading partners, key competitors, business strategies and industry analysis;
  - (b) Shareholding structure containing the related companies or juristic partnerships that have transactions with the reporting entity, the companies or juristic partnerships that are direct shareholders of the reporting entity, and the ultimate parent of the reporting entity;
  - (c) An explanation of business restructuring between related companies or juristic partnerships that occurred during the reporting accounting period or the immediately previous accounting period, if any, including an explanation of any changes in business operations and business

strategies before and after the business restructuring and impact on profitability of the reporting entity; and

(d) A description of intangible property transfers which the reporting entity acquired from or transferred to related companies or juristic partnerships, if any, including the impact on profitability of the reporting entity.

(2) Documents or evidence showing information regarding the reporting entity's controlled transactions as follows:

(a) A list of controlled transactions by category, contractual parties, jurisdictions or economic regions of the contractual parties, and receipt or payment amount from/to the contractual parties;

(b) An explanation of each category of controlled transactions under (a) and pricing policy(ies) for each category of controlled transactions, including assumptions applied to determine the pricing, except for the transactions under (a) that are considered as immaterial;

(c) A list of all the agreements related to each category of the controlled transactions that need an explanation under (b), including a summary of material information and pricing conditions under these agreements;

(d) An analysis of functions, assets and risks of the reporting entity and contractual parties with respect to the controlled transactions that need an explanation under (b) and differences in the functions, assets and risks compared to the previous accounting period, if any;

(e) Financial information used for application of the selected pricing method(s) of each category of the controlled transactions that need an explanation under (b);

(f) Transfer pricing method(s) that the reporting entity selected for each category of the controlled transactions that need an explanation under (b), including the rationale for selecting the method(s) and for not selecting other approved methods, and identification of the tested parties under the controlled transactions, if necessary depending on the selected transfer pricing method(s); and

(g) A list and description of comparable uncontrolled transactions or comparable independent companies or juristic partnerships, information on the profit level indicators of those transactions or companies or juristic partnerships, including arm's length range(s), and explanation of search processes and sources of information used for locating such comparable uncontrolled transactions or independent companies or juristic partnerships.

(3) Other documents or evidence apart from (1) and (2) showing information necessary for transfer pricing analysis of terms of transactions between related companies or juristic partnerships which a tax assessment officer with approval from the Director-General requests in a notification letter for additional submission.

**Article 3** A reporting entity may not submit documents or evidence according to Article 2 (2) (g), if, during the accounting period specified in the assessment officers' notification letter requesting documents or evidence under this Notification, there occurred one of the following factual circumstances:

(1) In cases where the reporting entity has the following characteristics:

(a) Had operating revenue and related revenue from business operations for the accounting period not exceeding THB 500 million;

(b) Did not enter into any controlled transactions with companies or juristic partnerships that are subject to different corporate income tax rate(s) compared to the reporting entity;

(c) Did not enter into any controlled transactions with companies or juristic partnerships that are incorporated overseas; and

(d) Did not incur any tax losses in the previous accounting periods which were carried forward as expenses in the calculation of taxable net profits for the purpose of corporate income tax for the reporting accounting period. In addition, the contractual parties that entered into such controlled transactions do not have any tax losses carried forward as aforementioned as well.

(2) In cases where the reporting entity requested an advance pricing arrangement according to the convention or obligation with respect to the avoidance of double taxation and the Thai competent authority or the Thai trade and economic office has already concluded such arrangement with the foreign competent authority or foreign trade and economic office in accordance with the request of the reporting entity. Nevertheless, this exception applies only to information with respect to the controlled transactions covered by the advance pricing arrangement that are still effective during the reporting accounting period according to the covered period of such arrangement.

**Article 4** Documents or evidence according to Article 2 shall be in Thai language and shall be submitted to the assessment officer who sent the notification letter under Section 71 ter, paragraph 2 of the Revenue Code at the Large Business Tax Administration Division or Area Revenue Office that the company or juristic partnership is situated.

**Article 5** Submission of documents or evidence according to Article 4 shall be deemed to be complete when the reporting entity obtains an official receipt number for such documents or evidence from the Revenue Department.

**Article 6** This Notification will be effective for income of the companies or juristic partnerships whose accounting periods commence on or after 1 January B.E. 2564 (2021) onwards.

Released on 30 September B.E. 2564 (2021)

Ekniti Nitithanprapas

(Mr. Ekniti Nitithanprapas)

Director-General of the Revenue Department