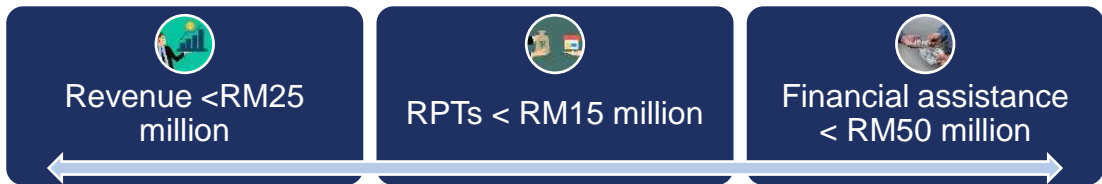


Updated Transfer Pricing Requirements 2023

TP Documentation (“TPD”) Flowchart

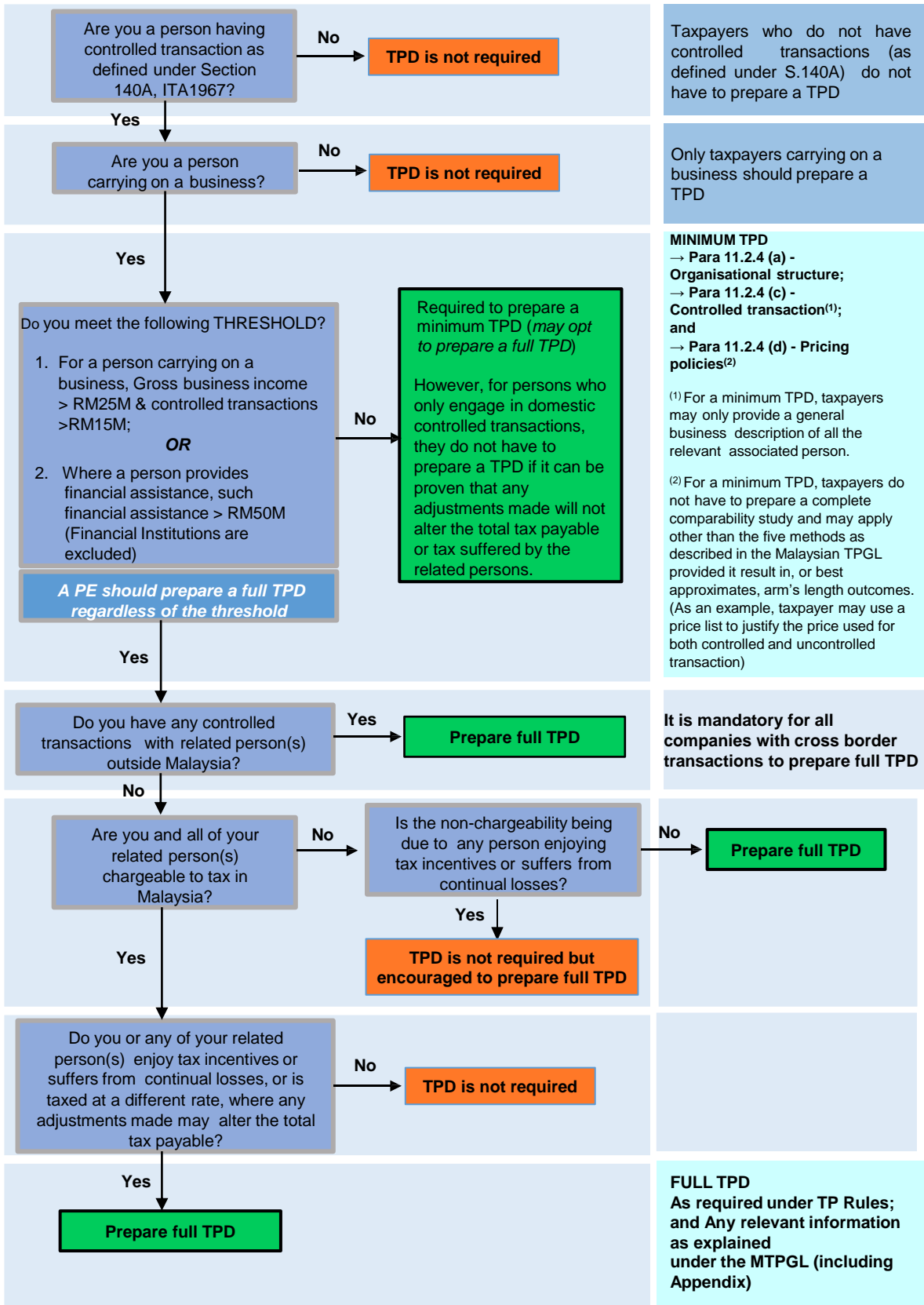
The guidelines states that companies involved in related party transactions in Malaysia should prepare a TP documentation yearly. Companies who fall below this threshold may opt to prepare a limited scope/ minimum TPD while companies who exceed it should prepare full scope TP documentation.



The TPD Flowchart is a chart that assists taxpayers in determining the circumstances where full or minimum TPD is required. Some of the salient points highlighted in the flowchart covers:

- ✓ Only taxpayers carrying on a business and is involved in controlled transactions should prepare a TPD
- ✓ Permanent establishment in Malaysia must prepare full TPD, regardless of the threshold
- ✓ Companies transacting with overseas related companies must prepare TPD
- ✓ Companies can be exempted from preparing if any adjustments made does not alter the total tax payable (i.e. both companies do not enjoy incentive, suffer losses or taxed at different rates)

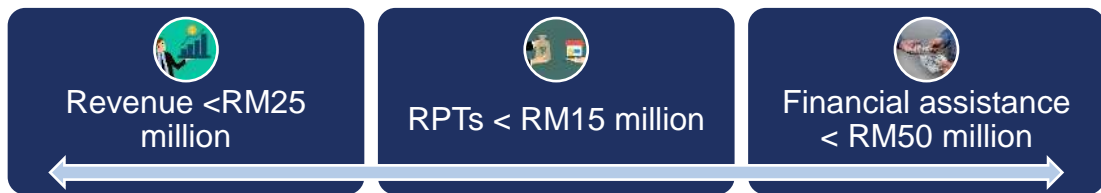




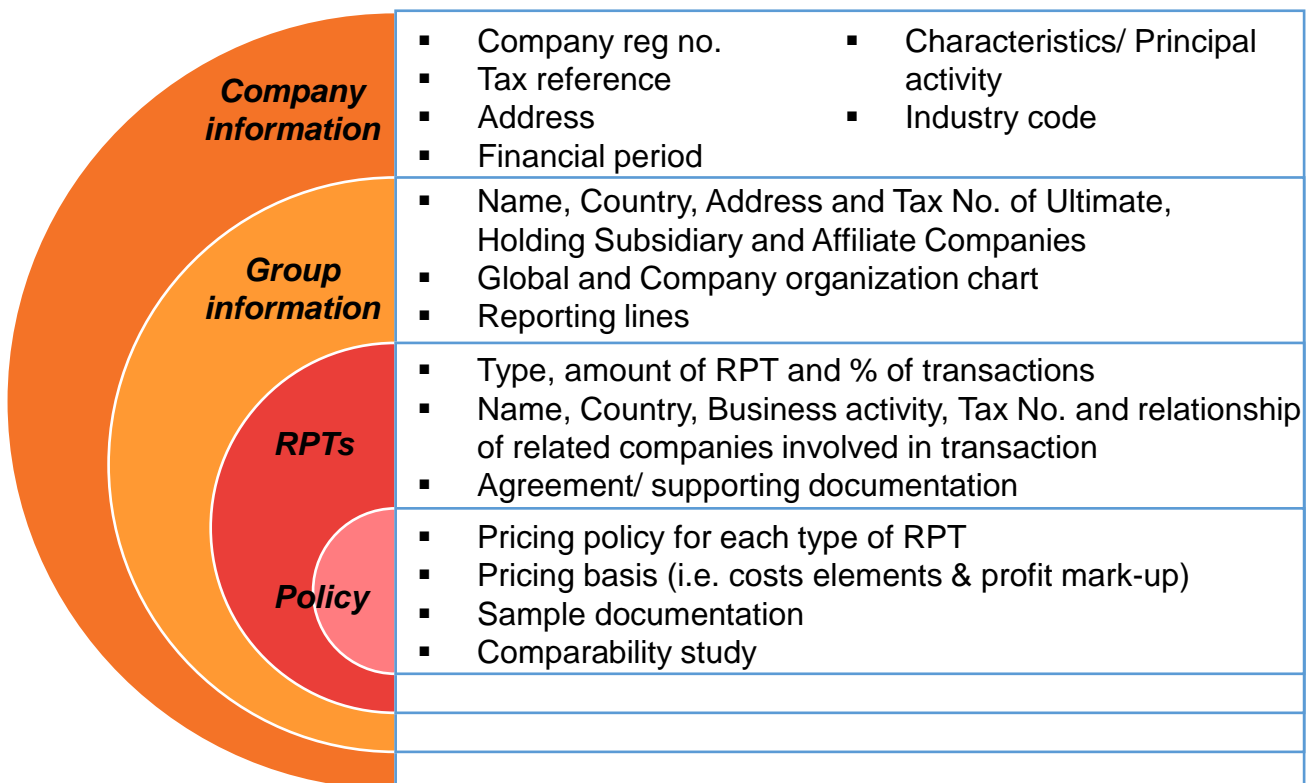


Minimum Transfer Pricing Documentation Template (PIN 1/2022)

- ❑ The template was released to simplify compliance for SMEs and reduce administrative burden of compliance
- ❑ The template reinforces that companies involved in related party transactions (“RPTs”) in Malaysia should prepare a TP documentation
- ❑ Companies can opt to use this template if their:



- ❑ Template consists of 4 parts as follows:





Transfer Pricing Penalties

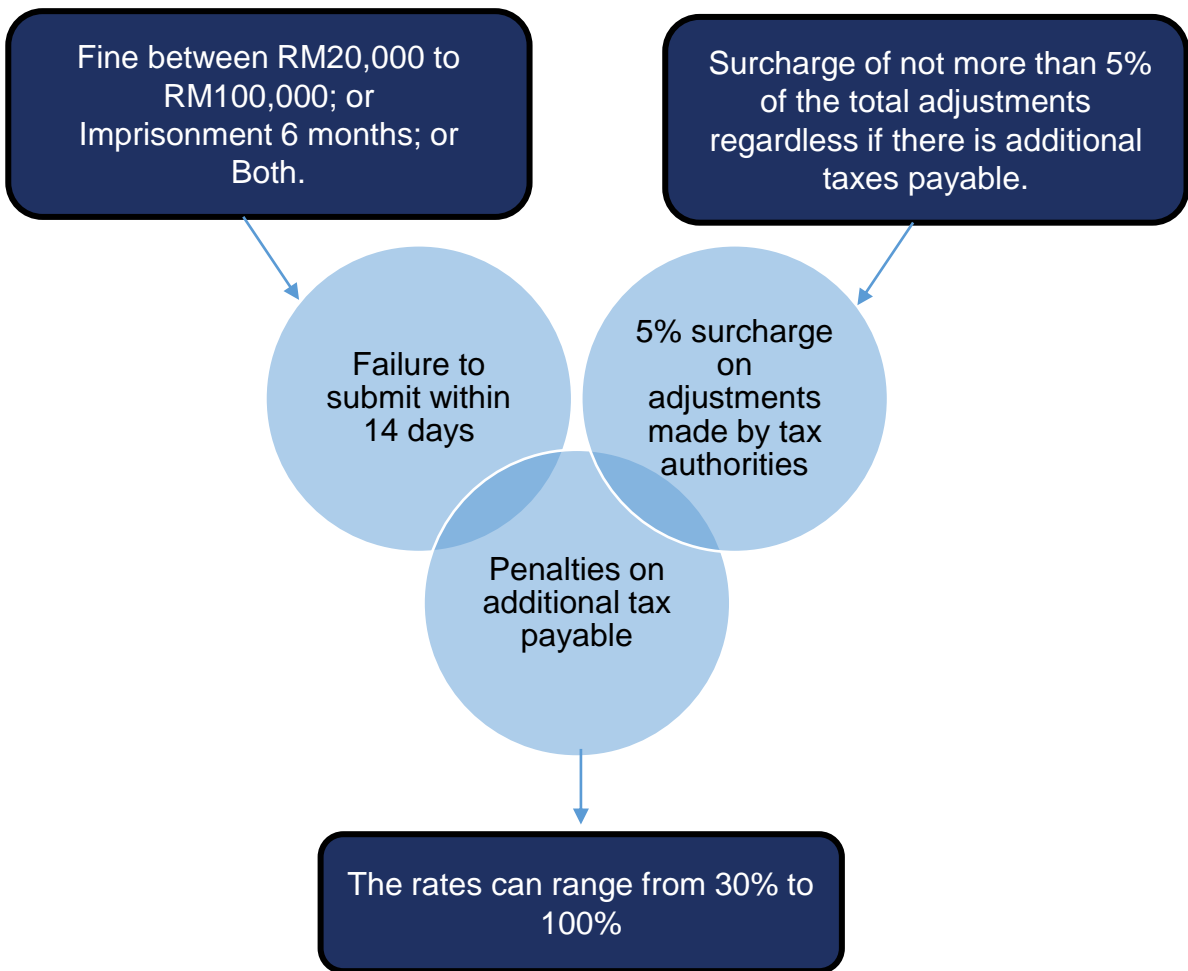
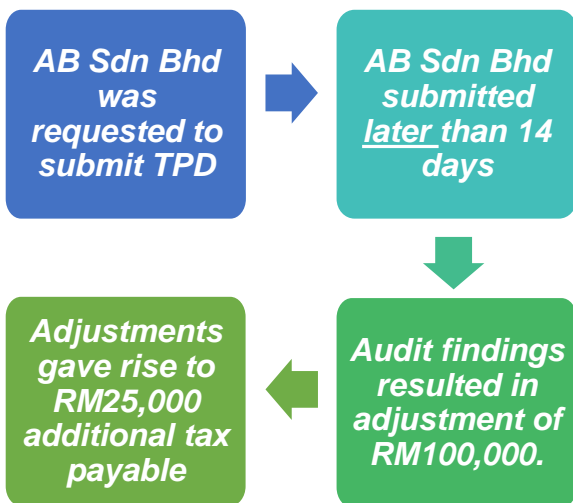


Illustration on Penalties



	Penalty (RM)
Fine between RM20k and RM100k. (assumed at minimum penalty amount)	20,000
5% surcharge x 100,000	5,000
Additional tax payable	25,000
Penalty on additional tax (assumed at 35%)	8,750
Total	58,750





Key Take-aways

- ❑ Tax authorities have provided a cost efficient template for SME companies to encourage compliance
- ❑ In addition to the template, taxpayers also need to include documentation or analysis to justify that the RPT is carried out at market price (i.e. comparability study)
- ❑ TPD or Template and analysis needs to be updated yearly
- ❑ While there are exemptions to preparing TPD, it is not always possible determine whether adjustments will result in additional tax until the audit is carried out
- ❑ Keep in mind that the penalties have not been amended or adjusted for such exemptions. The risk of IRB imposing the 5% surcharge on adjustments on top of remaining penalties are still present.

How We Can Help

Our dedicated team of professionals has experience in various disciplines to respond effectively and efficiently to our clients' individual requirements. This professional capability allows us to advise and plan strategies critical to our clients' needs and success within the challenges of the present business environment.

Our service includes a total approach to our clients' problems and needs. Using a team approach, our services are tailored to meet our clients' individual requirements. We stress on a high degree of competence, professionalism and commitment among our team members.

We offer the following services with a clear focus on the business issues and regulatory requirements of the client's industry:

- Audit and Assurance
- Tax & Transfer Pricing Advisory and Compliance
- Business Advisory
- China Belt and Road Desk
- Financial and Transaction Advisory
- Migration Advisory
- Offshore Advisory
- Risk, Governance and Sustainability Advisory
- Valuation Advisory

Should you have any questions or require any assistance on the above, please do not hesitate to drop us an email or call us.

This publication contains information in summary form and is therefore intended for general guidance only. No person should rely on the contents of the aforesaid publication without first obtaining advice from a qualified professional person. ShineWing TY TEOH is not responsible for the results of any actions taken on the basis of information neither in this publication, nor for any error in or omission from this publication. ShineWing TY TEOH expressly disclaims all and any liability and responsibility to any person, whether a reader of this publication or not, in respect of anything, and of the consequences of anything, done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this publication.



WHY ShineWing TY TEOH 为什么选择信永中和迪威 ?

ShineWing TY TEOH is a leading regional chartered accountants, tax, transfer pricing, valuation and consulting group with office presences in Malaysia to provide a diverse spectrum of business solutions and consulting services to public listed companies, Fortune 500 companies, multi-national corporations, local small and medium companies representing a cross section of major industries.

信永中和迪威是一所领先的区域会计事务所，在马来西亚设有办事处，为上市企业、财富500强企业、跨国企业及中小企业提供多种业务解决方案与服务包括会计、税务与商业咨询。

+ Registered Auditor of Public Company Accounting Oversight Board (PCAOB), USA

美国上市公司会计监督委员会的注册审计师

+ Approved Auditor of Labuan Financial Services Authority (Labuan FSA), Malaysia

马来西亚纳闽金融服务管理局注册审计师



Member firm of ShineWing International - Top 20 international accounting network and association.
信永中和国际成员所 - 会计公告发布的全球20大国际会计师事务所联盟

www.shinewinginternational.com



Member firm of Praxity - The world's largest alliance of independent accounting firms.

PRAXITY 国际成员所 - 全球最大独立会计师事务所联盟

www.praxity.com

WHAT WE OFFER 我们的专业服务

+ Audit & Assurance + BPO & Business Advisory + China Desk + Digital Transformation and Data Analytic + Family Office & Private Client Services + Financial & Transaction Advisory + Japan Desk + Migration Advisory + Market Entry Advisory + Myanmar Desk + Offshore Advisory + Risk & Governance Advisory + Singapore Desk + Tax Advisory + Transfer Pricing Advisory + Valuation Advisory

+ 审计 + 商务外包与咨询 + 中国企业服务部 + 数字化转型及数据分析 + 家族办公室及私人客户服务 + 企业融资与并购咨询 + 日本企业服务部 + 移民服务 + 市场进入咨询 + 缅甸企业服务部 + 离岸咨询 + 风险管理及内控咨询 + 新加坡企业服务部 + 税务咨询 + 转让定价咨询 + 估值咨询

100+ 630+ 42000+

Countries Locations Professionals

Audit | Tax | Advisory | Transfer Pricing | Valuation

[W shinewingtyteoh.com](http://www.shinewingtyteoh.com)



Kuala Lumpur 吉隆坡	T +603 780 55022	Johor Bahru 柔佛	T +607 595 2299	Penang 檳城	T +604 296 6730 / +604 371 3318
Labuan 纳闽岛	T +6087 599 328	Muar 麻坡	T +606 952 0205	Sitiawan 实兆远	T +605 688 5112
Ipoh 怡保	T +605 546 3388				