



## **IC Advisors Transfer Pricing Newsletter February 2017**

### **Indonesia revises Transfer Pricing documentation regulations in line with BEPS Action Plan 13**

On the 30th December 2016, the Ministry of Finance (“MOF”) released transfer pricing documentation regulations that was earlier regulated by Directorate General of Tax regulation thereby mandating the transfer pricing regulations by law. These regulations adopt three tier documentation, which includes Master file, Local file and Country by Country Report (“CBCR”), in line with the recommendations of BEPS Action Plan 13. However, MOF has included certain provisions resulting in more stringent regulations such as the definition of “parent entity” in reference to CBCR includes entity preparing consolidated financial statements as per Indonesia financial reporting standards. Further, MOF has included two more criteria, in addition to the standard revenue threshold of IDR 50 billion (equivalent to \$377,000), for qualifying to prepare two tiered documentation (i.e. master file and local file).

As a BEPS associate, MOF has regulated that if the parent entity of any taxpayer is a tax resident of a jurisdiction, which does not obligate CBCR or does not have information exchange agreement with Indonesia then such taxpayer, though a subsidiary, is required to prepare CBCR.

Other administrative changes include change in terminology from transfer pricing documentation to “price setting document” and documentation need to be translated in Bahasa Indonesia. Also, such regulations are effective from tax year 2016 (so taxpayer is required to prepare documents by 30 April 2017).

### **Malaysia implements Country-by-Country Reporting**

Malaysia has incorporated CbC reporting requirement for Malaysian-parented multinational corporate groups with total consolidated group revenue of at least Malaysian Ringgit (RM) 3 billion in the financial year preceding the reporting financial year. The CbC rules are align closely with recommendations under the base erosion and profit shifting (BEPS) project’s report on Action 13. The average number of employees in each entity must be reported. The CbC report must be submitted within twelve months after the end of the tax year.

However, the Internal Revenue Board of Malaysia (“IRBM”) has not released any rules on the Masterfile and Local file requirements. These rules are expected to be released by 2017 by way of amendments to the existing transfer pricing rules.

Keeping these changes in mind, taxpayers need to be better prepared for the transfer pricing documentation requirements across the region.

### **Upcoming seminars:**

Dr Sowmya Varadharajan will be presenting at the following full day seminars:

- a. **Update on the Singapore Transfer Pricing Regime**, on 16<sup>th</sup> February 2017, organised by CCH – Wolters Kluwer
- b. **Managing Transfer Pricing**, on 7<sup>th</sup> March 2017, organised by Takx Solutions Pte Ltd
- c. **A Primer on the Singapore Transfer Pricing Guidelines**, on 27<sup>th</sup> March, organised by the Singapore Business Federation

If you would like to attend any of these seminars, please send an email to [sowmya@icadvisorsasia.com](mailto:sowmya@icadvisorsasia.com).