

## Newsflash Singapore

# Are you prepared for the transfer pricing documentation requirements?

With effect from the Year of Assessment 2019 (financial year 2018), taxpayers who meet either of the following conditions are obliged to prepare a transfer pricing documentation ("TP documentation") based on the Fifth Edition of the Transfer Pricing Guidelines published by the Inland Revenue Authority of Singapore ("IRAS"):

- Gross revenue derived from trade or business is more than SGD 10 million for that basis period (financial year), or
- Preparation of a TP documentation is required for the previous basis period under Section 34F Singapore Income Tax Act.

Should your gross revenue from trade or business in the Year of Assessment 2019 exceed the amount of SGD 10 million, you will be obliged to prepare the TP documentation.

TP documentation should be prepared on a contemporaneous basis. Non-compliance will lead to a fine imposed by IRAS of up to a maximum amount of SGD 10,000. Examples for non-compliance are:

- Not preparing the TP documentation before the due date of filing the tax return (30 November / 15 December 2019 for corporations);
- Not preparing the documentation that complies with the requirements as set out in the Transfer Pricing Guidelines;
- Not submitting the TP documentation within 30 days starting from the date of the written notice served by IRAS on the taxpayer personally or by registered mail requiring the taxpayer to submit the TP documentation;
- Providing any documentation that the taxpayer knows to be false or misleading; or

- Not retaining the TP documentation for at least five years from the end of the basis period in which the transaction took place.

In addition to the fine, a 5% surcharge on the amount of any transfer pricing adjustment will be imposed.

In our experience, IRAS has started focusing on the question whether taxpayers have prepared the TP documentation by the due dates and fines have been imposed if the TP documentation was not prepared contemporaneously, even if a documentation was submitted within the 30 days' time limit.

Please note, if your transactions with related parties are below certain thresholds as specified in the Transfer Pricing Guidelines, no TP documentation will have to be prepared.

If you would like to know whether you are obliged to prepare a TP documentation for the YA 2019, please approach us and we will assist you with this analysis.

Should you require assistance with the preparation of a TP documentation, we would be happy to assist.



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