

**KOMPILASI SOALAN DAN JAWAPAN
TRANSFER PRICING & TAX CORPORATE GOVERNANCE SEMINAR 2025
27 MEI 2025**

TOPIK 2: CHALLENGES AND AREA FOR IMPROVEMENT IN THE PREPARATION OF CONTEMPORANEOUS TRANSFER PRICING DOCUMENTATION (CTPD)

BIL.	QUESTION	ANSWER
1.	How can we get comparable industry data?	Publicly available data from reliable databases can be used to obtain industry information.
2.	We received inquiry from IRBM on some information on Friday, 3pm and need to feedback within 14 days which includes weekend. Any consideration to change to 14 working days instead?	Currently, the requirement is to submit the inquiry within 14 days; however, the taxpayer may request an extension by submitting an official email or written request to HASiL.
3.	If no financial assistance given during the year but interest is charged for previous amount. Is the interest charged for the year need to be disclosed?	Yes. All the related party transactions including the financial assistance during the financial year need to be disclosed in the CTPD as per Sub-rule 12 of Transfer Pricing Rules 2023.
4.	Is a TPD considered contemporaneous if the TPD is prepared and dated after the submission of Form C but before the due date of tax return submission?	A TPD will be non-contemporaneous in 2 situations – when prepared after the due date (this will relate to the completion date) and not complete (all information needed in subrule 4(2) are not provided including indexing or N/A indication).
5.	What does a company need to do if the actual contemporaneous benchmarking study show that the profit of the company is still below the 37.5th percentile?	HASiL will make adjustments to the midpoint based on benchmarking results. Companies are required to provide further justification if their position falls below the 37.5th percentile. It is encouraged that companies voluntarily disclose such information prior to any audit to promote transparency and facilitate the review process.
6.	For management services, difficult to obtain comparable because most company provide the services to RP, while other remaining independent company don't have website or specify in detail what they perform, how to get suitable comparable?	Apart from company's website, taxpayers may identify comparable companies through other sources, such as audited financial statements or other reliable information available from reputable public databases.
7.	For related party agreements, is stamping mandatory? How about renewal memos or normal/standard trade contracts? Will IRB stress this during a TPD audit? How to handle old contracts not stamped?	Any type of document may be submitted during the audit, however, what matters most is how the written agreement is reflected in the actual conduct of the parties.
8.	Do we need to disclose recharged expenses (e.g., entertainment, insurance and etc) to related parties in the TPD?	Yes. All the related party transactions including entertainment, insurance and etc during the financial year need to be disclosed in the CTPD as per Transfer Pricing Rules 2023.

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9.	Is gain/loss of disposal of fixed asset or capital asset with related party are consider controlled transaction? What kind of disclosure required?	Yes, any gain/loss of disposal of fixed asset or capital assets with related party are consider controlled transactions. In Malaysia, disclosures related to fixed asset disposal are governed by Malaysian Financial Reporting Standards (MFRS) and the Income Tax Act 1967.
10.	For Malaysia service recipient company, does IRBM accepted the results met an arm's length, where the service provider results fall under the OECD ALR, but fall outside IRBM narrower ALR.	TP Rules 2023 has stipulated the arm's length range. Therefore, taxpayers must adhere to this domestic legislation.
11.	What is the minimum comparable that is required in a benchmarking study that will consider sufficient from IRB's point of view?	There is no specific number of comparable required as different industry may have different number of industry players. Taxpayers, based on their judgement, must determine the suitable number of comparable.
12.	If comparable search can be done every 3 years (if no change in business operations), does IRBM still require latest comparable data at the time of audit?	Taxpayers are allowed to conduct comparable searches in databases for the Benchmarking Analysis once in every three (3) years, as long as the operational conditions remain unchanged. However, the financial information and suitability of the chosen comparables should be reviewed on an annual basis.
13.	Do we need a formal service agreement between our Swiss parent and Malaysian subsidiary for intercompany services? If yes, is there a recommended template we can refer to.	A formal agreement is required to substantiate the transaction. Although there is no standard template, taxpayers must ensure that all relevant terms and conditions of the transaction are clearly documented and stipulated within the agreement.
14.	If a company is giving services to multiple company in the group, should we submit all document related to all the transactions in the YA or a sample is sufficed?	All relevant documents pertaining to the services will be specifically requested during the audit process.
15.	If company selected to be audited, is it compulsory to be audit 6 financial years or it can be lesser years to be audited (ie 2022 - 2023 only)?	It is not compulsory, but transfer pricing audit may cover up to six years of assessment.
16.	For minimum TPD, is there any specific method to follow? CUP, TNMM and etc? or we can prepare using cup method and a simple pricing policy assuming there is only one control transaction.	The selection of transfer pricing methods is guided by the Transfer Pricing Rules and the Malaysian Transfer Pricing Guidelines. Taxpayers are responsible for determining the most appropriate method to establish the arm's length price for their transactions with related parties.
17.	What if foreign holding company provides interest free funding? Need any letter/docs supporting?	Taxpayers are required to provide comparable companies that also offer interest-free funding. In addition, taxpayers may submit justifications to support the existence of such interest-free funding arrangements.
18.	As mentioned just now from the slide, apart of TP documentation, what other supporting required for the submission?	The list of specified documents will be provided in the official letter by the auditor during the audit.

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19.	If TPD is being prepared using APAC comparable companies, is it acceptable by IRBM?	<p>The use of local comparable is preferred due to the fact that they reflect the market and economic geographical condition of the tested party environment.</p> <p>However, if taxpayer have unique market condition and specialised industry, then they may use the appropriate foreign comparable that sufficient and verifiable information. At the same time, taxpayers need to give the reasonable justification, whereas in the event they fail to do so, the usage of these foreign comparable may be unacceptable.</p>
20.	The due date mentioned for the purpose of contemporaneous is the original due date as per ITA (i.e. 7 months from year end for s/b) or includes the grace period allowed in filing programme?	It includes the grace period allowed in filing programme.
21.	Need compute 'deemed interest' on RP outstanding? Arose from sales of FA/payment behalf < 6 months (no credit term). If yes, when to compute interest. Said the company didn't practice charge interest to non-related party, still need?	<p>If the outstanding amount arise from the sale of FA and the payment of that outstanding amount is within similar credit term with the non-related party, then it is acceptable for the company to not charge an interest on that outstanding amount. However, if the outstanding amount meets the characteristic of a loan, an arm's length interest rate should be charged.</p> <p>The fact that the company does not charge arm's length interest to unrelated parties does not automatically exempt it from charging an interest to related parties. Similar approach applicable to the payment on behalf.</p> <p>The deemed interest should be charged as follows:</p> <ul style="list-style-type: none"> • Outstanding of the sales of Fixed Assesst <ul style="list-style-type: none"> - From the day the payment becomes overdue (similar credit term with non-related party). • Payment on behalf <ul style="list-style-type: none"> - From the day the loan is given.
22.	If TPD is prepared and dated after due date, then TPD will never be contemporaneous, what will be the effect of 113B? Maximum penalty applies? How if TPD dated after due date but submit within 14 days?	Section 113B is an offence for not furnishing the CTPD within 14 days. A TPD will be non-contemporaneous in 2 situations – when prepared after the due date (this will relate to the completion date) and not complete (all information needed in subrule 4(2) are not provided including indexing or N/A indication). Therefore, even if you submit a TPD within 14 days of the written notice served, taxpayers are still exposed to offence of section 113B if TPD is not contemporaneous. The penalty will be based on the period until the TPD is contemporaneous.
23.	Is repaying of existing loan still consider control transaction? If there's no new loan, just repayment of the old one, do we still need to treat the entity as having carried out control transaction?	Transfer Pricing Rules 2023, para 12.2 financial assistance includes loan, interest bearing trade credit, advance or debt and the provision of any security or guarantee.

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		<p>Financial assistance i.e. loan transactions between related parties are considered control transactions if they meet the definition of related party transactions.</p> <ul style="list-style-type: none"> • The focus is on whether the loan is a related party transaction and whether the terms are arm's length. • The transfer pricing rules require documentation and compliance for such loan transactions, including interest rates, repayment terms, etc. <p>The repayment of an existing loan (without any new loan or new terms) is generally not treated as a new control transaction under the Transfer Pricing Rules.</p> <ul style="list-style-type: none"> • This is because repayment is the settlement of an existing control transaction, not a new transaction. • The loan transaction itself was already subject to transfer pricing scrutiny when the loan was originated or modified. <p>Repayment Might Trigger Additional Transfer Pricing Considerations:</p> <ul style="list-style-type: none"> • If repayment is accompanied by restructuring, such as a debt-to-equity swap, extension or modification of terms, or issuance of new financial instruments, then the transaction might be treated as a new control transaction. • Similarly, early repayment penalties or discounts could be considered separate transactions and require transfer pricing consideration. • But simple repayment of principal and interest as per original terms is not a new transaction for TP purposes.
24.	<p>In your experience, what are the most common deficiencies identified by IRB during a TPD audit, and how can accounting teams mitigate these risks early on? Can we have some issues e.g. for reference.</p>	<p>The most common deficiencies are incomplete TPD information. Therefore, taxpayers are advised to provide all information and documentations as stated in our TP Rules and TP Guidelines.</p>
25.	<p>What if there's no movement in the loan, no repayment or add loan, just a balance on the balance sheet, is that still considered a controlled transaction during the year? Still need to disclose in Form C?</p>	<p>Transfer Pricing Rules 2023, para 12.2 financial assistance includes loan, interest bearing trade credit, advance or debt and the provision of any security or guarantee.</p> <p>Financial assistance i.e. loan transactions between related parties are considered control transactions if they meet the definition of related party transactions.</p> <ul style="list-style-type: none"> • The focus is on whether the loan is a related party transaction and whether the terms are arm's length.

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26.	Company has existing loan with related party. consider as “carried out controlled transaction” and to be disclosed in form c? No fresh fund or repayment during the year.	<p>Transfer Pricing Rules 2023, para 12.2 financial assistance includes loan, interest bearing trade credit, advance or debt and the provision of any security or guarantee.</p> <p>Financial assistance i.e. loan transactions between related parties are considered control transactions if they meet the definition of related party transactions.</p> <ul style="list-style-type: none"> The focus is on whether the loan is a related party transaction and whether the terms are arm’s length. The transfer pricing rules require documentation and compliance for such loan transactions, including interest rates, repayment terms, etc. <p>The repayment of an existing loan (without any new loan or new terms) is generally not treated as a new control transaction under the Transfer Pricing Rules.</p> <ul style="list-style-type: none"> This is because repayment is the settlement of an existing control transaction, not a new transaction. The loan transaction itself was already subject to transfer pricing scrutiny when the loan was originated or modified.

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27.	If my company is purely a service recipient co, how extensive IRBM would audit in term of the control transactions entered by my company?	HASiL will review documents related to controlled transactions to ensure that such transactions are conducted at arm's length.
28.	Company purchase goods in bulk can enjoy at discounted price, company subsequently distribute/sell at cost price to related companies for sale to third parties, is this non-arm's length price?	A company must demonstrate that independent parties would have entered into similar transaction terms and conditions as those agreed upon between related parties.
29.	Eg Co A gives advances RM100k during the year to Co B for operational expenses. At the end of the year, this advance capitalised as additional share capital in Co B. Do both co need to prepare TP doc?	Since the amount of advances provided by Company A exceeds the RM50,000 threshold, both parties are required to prepare Transfer Pricing Documentation (TPD) to disclose the transaction.
30.	If parent company (PLC) provide fund to the related parties (non-PLC) and the related parties only issued board resolution to request fund. Can this document acceptable without any MoM and Bursa announce?	<p>In evaluating the acceptability of the document, IRBM would consider the following information:</p> <ol style="list-style-type: none"> 1. Sufficient commercial justification is included 2. Proper terms and conditions of the funding 3. Reliable supporting documents <p>A board resolution alone may not be sufficient to demonstrate that the transaction was conducted in a commercially sound manner. However, if that information is included in the board resolution, then it may be acceptable as the document to support the funding.</p>
31.	Related Co B bills Related Co A with no markup due to a transparent client arrangement. In this situation, how should we determine the pricing for this intercompany sales and purchase transaction?	<p>In accordance with Section 140A of the Income Tax Act 1967 & Transfer Pricing Rules 2023, all intercompany transactions must be priced on an arm's length basis, meaning prices should be consistent with those that would be agreed upon between independent parties under comparable circumstances.</p> <p>Even with no markup, the transaction should be documented properly for transfer pricing and tax compliance. The method of cost calculation should be</p>

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		<p>transparent, consistent, and defensible under local tax laws.</p> <p>The pricing should include all direct costs, and an appropriate allocation of indirect costs incurred by Related Co B in delivering the goods or services to Related Co A.</p> <p>Overhead allocations must be consistent with the company's usual accounting policies and must be reasonably allocated to the intercompany transaction.</p> <p>To comply with Transfer Pricing Rule's documentation requirements:</p> <ul style="list-style-type: none"> • Document the basis for cost calculation clearly, • Demonstrate the transparent client arrangement and rationale for no markup pricing, and <p>Provide evidence that the transaction is priced consistent with arm's length principles under this arrangement.</p>
32.	For CTPD purposes for service recipient only, is it suffices to disclose whatever has been discloses in RPT in AFS?	Pursuant to Schedule 2 of the Transfer Pricing Rules 2023, taxpayers are required to disclose their controlled transactions in the Contemporaneous Transfer Pricing Documentation (CTPD).
33.	For domestic transaction between holding co (taxed at 24%) and a dormant subsidiary, can considered as "taxed at same headlines tax rate"? Exempted from preparing CTPD?	<p>The headline tax rate for normal corporate tax is 24%. Therefore, if both companies are taxed at 24%, this meets the condition of being taxed at the same headline tax rate as stated under paragraph 1.5(d)(ii).</p> <p>Accordingly, if a person undertakes a domestic controlled financial transaction that meets all the conditions set forth in paragraph 1.5(d), they are not required to prepare CTPD for that particular controlled transaction.</p>
34.	If a TPD is prepared and dated after due date, then it will never be contemporaneous. What will be the effect for 113B? Max penalty? What happen if TPD dated after due date but submit within 14days?	Section 113B is an offence for not furnishing the CTPD within 14 days. A TPD will be non-contemporaneous is 2 situations – when prepared after the due date (this will relate to the completion date) and not complete (all information needed in subrule 4(2) are not provided including indexing or N/A indication). Therefore, even if you submit a TPD within 14 days of the written notice served, taxpayers are still exposed to offence of section 113B if TPD is not contemporaneous. The penalty will be based on the period until the TPD is contemporaneous.
35.	If fund provided to related parties disclosed as amount owing in audited report but the company detailed out in TPD as equity instrument. Is this fund consider as financial assistance?	Yes, however, the company is required to provide a further justification for classifying the financial assistance as an equity instrument, supported by the relevant documents.

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36.	Can explain in laymen about the requirement of "index to documents, including the indication of non-applicability of the information, data, or documents in the TPD".	The index to document serves as a table of contents to indicate the information and documents incorporated in the CTPD. If any item are not relevant or not included in the CTPD taxpayer are required to indicate that the item is "not applicable". This allows for clear organisation and easier reference by HASiL.
37.	Organization structure is compulsory in CTPD? If the Company without staff and the payroll of directors is under others entity.	Organizational structure is one of the requirements under Schedule 2 of the Transfer Pricing Rules 2023. In cases where a company has no employees or directors, it must provide further justification regarding the actual conduct of its business operations.
38.	Is controlled transfer of fixed assets with no balancing charge/allowance subject to transfer pricing rules also? No tax effect to both parties?	Based on this question, in a controlled transfer, no balancing charge or balancing allowance will arise to the acquiree, and the acquirer can continue to claim capital allowances on the transferred asset, the transferred are subject to the tax residual value of the asset.
39.	Is functional analysis required for TPD for those service recipient only?	<p>Functional analysis is required for both service recipient and provider.</p> <p>Functional analysis (FAR) is the key or the heart in transfer pricing. In determining whether any transactions entered by a party with its related party, definitely the FAR analysis is crucial as it will determine how the pricing should be decided. It is good if taxpayer provide information on all related parties' FAR regardless of whether the taxpayer has transactions with anyone of them or otherwise. However, for related parties which have transactions with our taxpayer, it is a requirement for the taxpayer to provide the FAR analysis of all the related parties. This will provide clarity on the distinction between FAR of the taxpayers as well as the FAR of the related parties.</p> <p>Based on TPR 2023, if taxpayers are subject to Schedule 1, then they need to provide an overview of FAR for all entities in the MNE group as per para (b)(vi).</p> <p>However, for those who are not subject to Schedule 1, then an overview of FAR is confined to associated persons that are transacted with taxpayers.</p>
40.	Since TPD purpose is to report related company transaction, can we prepare the TPD or minimum TPD as a group?	A transfer pricing documentation (TPD) is required to be prepared, as any transactions between related entities are considered controlled transactions and should comply with the arm's length principle. Taxpayers who do not meet the designated threshold are eligible to option for a minimum TPD instead of a full TPD.
41.	Is there any list of suggestion/guidelines on the transfer pricing method to corporate?	The selection of transfer pricing methods is outlined in our TP Rule & TPGL. Taxpayer must determine which method is the most appropriate method in determining the arm's length prices of its transactions with related parties.

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42.	For amount due to director, is it required for the director charge interest? The director is not running a business.	To determine whether the amount owing to a director constitutes a controlled transaction, reference should be made to Section 139 and subsection 140A(5A) of the Income Tax Act 1967. If the amount due to the director is regarded as controlled transaction, subsection 140A(2) requires the amount due to directors to be charged with an arm's length interest rate.
43.	Our company is doing town planning consultancy. We usually have sub-contractor under us for certain projects. Should we disclose on how we determined the sub-contractor fee in the TPD as our documentation?	Yes, if the sub-contractor is related to the company, the basis for the fees charged must be disclosed in the Transfer Pricing Documentation.
44.	Company purchase goods in bulk can enjoy at discounted price, company then sell at cost price to related companies for sales to third parties, is this non arm's length transaction?	A company must demonstrate that the terms and conditions of its related party transactions are consistent with those that would have been agreed upon by independent parties under comparable circumstances.
45.	Hi, do we have to listed down all details - payment on behalf related / intercompany (if let say 100 transactions) to disclose in CPTD?	Pursuant to Schedule 2 of the Transfer Pricing Rules 2023, taxpayers are required to disclose their controlled transactions in the Contemporaneous Transfer Pricing Documentation (CTPD).
46.	Our Company's turnover is 6 Mil annually. Holding Company based in UK. We recharge cost plus markup 6% to Holding Co., UK. We use minimum TPD, limited to that document only. Is that adequate?	<p>From the perspective of transfer pricing and the preparation of contemporaneous transfer pricing documentation (CTPD), the company is required to ensure that its related-party transaction complies with the arm's length principle. This means the 6% mark-up must be justifiable and reflect what independent parties would have agreed upon under similar conditions.</p> <p>The company must undertake a comparability analysis to demonstrate that the charge complies with the arm's length principle, and the transaction should be properly documented in the CTPD for the relevant year of assessment.</p> <p>To determine whether full or minimum CTPD is required, the company is advised to refer to the Transfer Pricing Documentation (TPD) Flowchart for the Year of Assessment 2023 onwards, which is available on the HASiL website [here]. This flowchart provides general guidance to help assess the documentation obligations based on the nature and amount of related-party transactions.</p>
47.	Can I have the slide for this morning	N/A
48.	If a TPD is prepared and dated after due date, then it will never be contemporaneous. What will be the effect for 113B? Maximum penalty?	Section 113B is an offence for not furnishing the CTPD within 14 days. A TPD will be non-contemporaneous in 2 situations – when prepared after the due date (this will relate to the completion date) and not complete (all

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	What happen if TPD dated after due date but submit within 14 days?	information needed in subrule 4(2) are not provided including indexing or N/A indication). Therefore, even if you submit a TPD within 14 days of the written notice served, taxpayers are still exposed to offence of section 113B if TPD is not contemporaneous. The penalty will be based on the period until the TPD is contemporaneous.
49.	Can there be further training on the preparation of the TPD, and review so that a company can do it themselves?	Currently, HASiL does not offer any training on the preparation of Transfer Pricing Documentation (TPD).
50.	If we are newly incorporated company with no revenue but we have inter-company loans with interest means we have control transactions, should we prepare TPD?. If yes, which method to use since we do not have sales yet?	<p>Schedule 1 is applicable when a company is required to prepare full Contemporaneous Transfer Pricing Documentation (CTPD). The requirement to prepare full or minimum CTPD is determined based on the thresholds outlined in the Malaysian Transfer Pricing Guidelines 2024 (MTPGL 2024).</p> <p>For ease of reference, please refer to the TPD Flowchart for Year of Assessment 2023 onwards here, which is available on the HASiL website. This flowchart provides a clear guide on the scope and conditions under which full or minimum TPD is required.</p> <p>Please refer to the MTPGL 2024 for a better understanding of this matter, which accessible via the HASiL website.</p>
51.	Cannot clearly hear panel speaking.	N/A
52.	For the funding of our Malaysia business by the HQ to cover costs such as salaries, taxes, and other expenses, would a billing or invoice breakdown be sufficient documentation for these?	Yes, the company should disclose any related party transactions involving payment-on-behalf arrangements in the appropriate documentation, including the basis for the charges and all relevant supporting documents.
53.	Hi cannot hear thru webinar.	N/A
54.	IRBM should provide a sample of full or minimum TPD for reference. One general industry and manufacturing for example.	<p>LHDNM has provided a template for Minimum Transfer Pricing Documentation (TPD). Taxpayers shall refer to LHDNM official website under <i>menu > International>Transfer Pricing>Minimum Transfer Pricing - Documentation Template (TPD [PIN 1/2023])</i>. This template is only for person who falls outside the scope of paragraph 1.3.1 of the Malaysian Transfer Pricing Guidelines.</p> <p>https://www.hasil.gov.my/en/international/transfer-pricing/</p>
55.	How can we get data for construction industry?	Any database or publicly available data relating to the industry i.e. Construction Industry Development Board (CIDB) etc.
56.	How many comparable companies consider sufficient?	There is no specific number of comparables required, as different industry may have different number of industry players. Taxpayers must exercise their

BIL.	QUESTION	ANSWER
		judgment in determining an appropriate number of comparables based on the specific facts and circumstances.
57.	As mentioned by Madam Ng, business interest is driven P&L. Is there a pricing structure guideline in place for company each stakeholder makes as a reference to identify each cost component?	HASiL will not dictate on how businesses should structure its pricing, as every business have its own policy and business model. What is important, for every transaction it dealt with, businesses must make sure the price transferred is at arm's length.
58.	May I have any format / Excel to filling transfer pricing document template at where website?	The disclosure should be based on the Minimum Transfer Pricing Template's explanatory notes, which can be accessed on the Hasil official portal.
59.	If we are newly incorporated company with no revenue but we have inter-company loans with interest means we have control transaction, should we prepare TPD, if yes, which method to use since we do not have sales yet?	<p>Schedule 1 is applicable when a company is required to prepare full Contemporaneous Transfer Pricing Documentation (CTPD). The requirement to prepare full or minimum CTPD is determined based on the thresholds outlined in the Malaysian Transfer Pricing Guidelines 2024 (MTPGL 2024).</p> <p>For ease of reference, please refer to the TPD Flowchart for Year of Assessment 2023 onwards here, which is available on the HASiL website. This flowchart provides a clear guide on the scope and conditions under which full or minimum TPD is required.</p> <p>Please refer to the MTPGL 2024 for a better understanding of this matter, which accessible via the HASiL website.</p>
60.	If the company intends to prepare its own Transfer Pricing documentation instead of outsourcing the service, do you have a standard checklist that we can follow?	The taxpayer is required to disclose the entire MNE Group's information as specified in the template. The disclosure should be based on the Minimum Transfer Pricing Template's explanatory notes, which can be accessed on the HASiL official portal.
61.	Please advise how to determine the benchmark if the related company act as an agent for the rental received.	<p>In this situation, the controlled transaction refers to the rental income received. In accordance with the arm's length principle, the price agreed upon in a transaction between related parties must be consistent with the price that would be agreed upon in a comparable transaction between independent parties.</p> <p>In the context of real estate, an arm's length transaction refers to a business arrangement where the parties involved act independently and have no prior relationship that could influence the terms of the agreement.</p> <p>To support the arm's length nature of the rental, the valuation or rental rate can be verified through the Jabatan Penilaian dan Perkhidmatan Harta (JPPH), an independent authority that provides property valuations based on prevailing market values.</p>
62.	If no adjustment made after TPD, and TPD shows that it's not arm's	TPD is considered contemporaneous if prepared within the due date (this will relate to the completion date) and

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	length, will the TPD become non-contemporaneous?	all information needed in subrule 4(2) are provided including indexing or N/A indication). But, during the audit if there are adjustment made on the transfer pricing, the surcharge under Sub section 140A(3C) will be imposed.
63.	Related Co B Bills Related Co A with no markup due to a transparent client arrangement. In this situation, how should we determine the pricing for this intercompany sales and purchase transaction?	<p>All transactions between related parties, including those involving transparent client arrangements must adhere to the arm's length principle. This principle requires that the terms and conditions of transactions between associated enterprises should not differ from the price that would have been determined if such transactions were made between independent entities under the same or similar economic circumstances.</p> <p>In cases where Co B bills Co A with no mark-up due to a transparent client arrangement, the transaction has not complied with arm's length principle. Therefore, an arm's length pricing should be calculated and apply those transaction.</p>