

EXPLANATORY NOTES MINIMUM TRANSFER PRICING DOCUMENTATION

With reference to the Income Tax (Transfer Pricing) Rules 2012 and Transfer Pricing Guidelines 2017 (amended), a person who enters into a controlled transaction shall prepare a contemporaneous transfer pricing documentation (TPD).

The TPD shall be prepared for the year in which a controlled transaction exists. Contemporaneous TPD means TPD which is brought into existence:-

- a) when a person is developing or implementing any controlled transaction; and
- b) where in a basis period for a year of assessment, the controlled transaction is reviewed and there are material changes, the documentation shall be updated prior to the due date for furnishing a return for that basis period for that year of assessment.

This template is prepared for the person who falls outside the scope of paragraph 1.3.1 of the Malaysian Transfer Pricing Guidelines 2017 (MTPGL).

Minimum TPD (MTPD) template is a template prepared by IRBM as a guidance for taxpayers who are required to prepare a minimum contemporaneous TPD. Taxpayer may opt to prepare their own Minimum TPD as long as it meets the requirements of MTPGL.

This template only serves as a guide for the preparation of Minimum Transfer Pricing Documents. If the taxpayer feels that there is a need to include more information to justify the related party transactions, they may do so by adding more relevant column or rows.

A. COMPANY INFORMATION		
Item	Subject	Explanation
1	Name of Company	Name of company as registered with the Companies Commission of Malaysia (CCM). If there is a change in name, and furnish the Notice of Registration of New Name to the IRBM office that handles the company's income tax file for update.
2	Company Registration No.	Number as registered with the CCM or other authorised registrar.
3	Tax Identification No.	Tax Identification Number (TIN) of the company. The implementation of TIN came into effect on 1 January 2022 in accordance with the new provision under section 66A of the ITA 1967. Any taxpayer who has been assigned an income tax number before or on 1 January 2022 is deemed to be a TIN for the taxpayer concerned. <i>Example: C 250236501</i>
4	Business Premise Address	Address where the business is carried on.
5	Financial Period	Opening and closing date of the company's financial period. <i>Example: 1/1/2022 – 31/12/2022</i>
6	Principal Business Activity	Select the main business activity performed by the company as per the selection. If there is more than one main business, enter the business code for the business with the highest turnover
7	Business Code Type of business activity	Enter the Business Code and type of business activity as per Form C. Business code for the relevant business is obtainable in Appendix G of Form C Guidebook. If there is more than one main business, please input the code and business activity of all the company's business.

B. GROUP INFORMATION		
Item	Subject	Explanation
1	Holding Company	If the company has a holding company, enter the required information in the column provided. Enter the Name of the Company, Country of which the company is resident, Company's Address as well as Tax Identification Number (TIN) of the company.
2	Ultimate Holding Company	A company will be known as an ultimate holding company if: i) that company has one or more subsidiary companies; and ii) that company is not a subsidiary of any other company.
3	Subsidiary Companies (Outside Malaysia)	Fill up the columns if the company has subsidiary companies outside of Malaysia. Enter the Name of the Company, Country of which the company is resident, Company's Address as well as Tax Identification Number (TIN) of the company (if available).
4	Subsidiary Companies (In Malaysia)	Fill up the columns if the company has subsidiary companies in Malaysia. Enter the Name of the Company, Country of which the company is resident, Company's Address as well as Tax Identification Number (TIN) of the company.
5	Associate Companies (Outside Malaysia)	Fill up the columns if the company has associate companies outside of Malaysia. Enter the Name of the Company, Country of which the company is resident, Company's Address as well as Tax Identification Number (TIN) of the company (if available). Two companies are associated companies with respect to each other if one of the companies participates directly or indirectly in the management, control or capital of the other company; or the same persons participate directly or indirectly in the management, control or capital of both companies.
6	Associate Companies (In Malaysia)	Fill up the columns if the company has associate companies in Malaysia. Enter the Name of the Company, Country of which the company is resident, Company's Address as well as Tax Identification Number (TIN) of the company. Two companies are associated companies with respect to each other if one of the companies participates directly or indirectly in the management, control or capital of the other company; or the same persons participate directly or indirectly in the management, control or capital of both companies.
7	Organisational Chart	
	Global Organisational Chart	Global chart should reflect the whole structure of the group including an organisation chart covering persons involved in a control transaction. It should include the ultimate holding company, all direct and indirect subsidiaries, associated companies and other related companies in the group.
	Company's Organisational Chart	Company's own organisational chart and it should contain information such as the head of departments (including whether they are expatriates or local) and number of employees in each department, as at the end of the basis period.
	Description of the Management	This should highlight the reporting lines between the management of the company's business and its associate persons. The description of the individuals to whom the management of the reports to and the place in which such individuals maintain their principal offices.

C. CONTROLLED TRANSACTIONS		
Item	Subject	Explanation
1	Particulars of Transaction With Related Companies / Related Parties Outside Malaysia	Related parties includes Director/s and Shareholder/s
2	Particulars of Transaction With Related Companies / Related Parties in Malaysia	Related parties includes Director/s and Shareholder/s
	Amount (RM)	Total amount of related party transaction for that type of transaction. For example, Total related party Sales with company A.
	Name of Related Company / Related Party	List of related company / related party whom the taxpayer transact with for that type of transaction.
	Country	Country of residence of the related company / related party.
	Main Business Activity	Main business activity of the related company / related party. <i>(If related party is individuals like Directors or Shareholders, may provide relevant information such as Titles or Designation in the company)</i>
	Relationship of Related Party with Taxpayer	Relationship of the related company / related party with taxpayer. For example: Holding Company/ Subsidiary/ Associate/ Other <i>(For example Directors or shareholders)</i>
	Any Valid Contract / Commercial Agreement	Contract with reference to the transaction (if any).
	% of Related Party Transactions / Total Transaction	Percentage of the total related party transaction (in Amount) as compared to the total transaction (including unrelated party transaction). For example: Related party Sales Company A / Total Sales

D. PRICING POLICY (FOR EACH TYPE OF CONTROLLED TRANSACTION)		
Item	Subject	Explanation
D	For each type of controlled transaction	The pricing policy must be prepared for each of the controlled transactions. For example, if the company have five (5) controlled transactions, there should be five (5) pricing policies.
1	What is the element of costs?	Refers to the cost that are taken into consideration or basis in determining the pricing.
2	What is the anticipated profit mark-up?	Refers to the profit margin anticipated during the determination of the pricing.
3	Who Determine the Pricing Policy	Refers to which level of management or person in the company who is responsible to determine the pricing or mark-up policy. For example, The Director, Sales Manager, Accounting Manager.
4	How often is the policy being revised	Refers to the frequency the pricing policy is being revised. For example: annually, semi-annually.
5	Sample of documents to support the pricing policy	Documents used to determine the basis of price. For example: Invoice of purchase
6	Comparability study	Refer to Malaysia Transfer Pricing Guidelines (MTPGL) for further elaboration.