



A hand holding three money bags with dollar signs, surrounded by a futuristic digital interface with hexagonal icons representing various financial concepts like currency, banking, and documents.

Conditions for exemption from preparing transfer pricing documentations amended

With effect from 10 June 2024, the Income Tax (Transfer Pricing Documentation) Rules 2018 had been amended and IRAS has issued Transfer Pricing Guidelines (Seventh Edition) on 14 June 2024.

The main conditions amended are as follows:

1. With regards to related party transactions which are undertaken in the basis period for the Year of Assessment (YA) 2026 (i.e. for financial year 2025) or a subsequent YA, where the taxpayer is making a declaration that it has prepared a qualifying past transfer pricing documentation, it must date the declaration.
2. For related party domestic loan agreements which are entered into on or after 1 January 2025, additional conditions have been imposed on taxpayers in order to qualify for exemption from preparing transfer pricing documentation. With the changes, both the lender and the borrower must not be in the business of borrowing and lending money and the parties must have agreed to apply the indicative loan interest margin for the year in which the loan is granted. These indicative loan interest margins are published on the IRAS website every year.
3. Currently, when the aggregate value of related party transactions that comes within a given category of transactions (eg provision of service, grant of a right to use movable property) in the basis period does not exceed \$1 million, the taxpayer is exempted from preparing transfer pricing documentation for these transactions. For transactions undertaken in the basis periods for YA 2026 and a subsequent YA, the above threshold of \$1 million has been increased to \$2 million. The respective thresholds for related party purchases and sales of goods and related party loan transactions remains at \$15 million for each basis period.

IRAS announced disbursement of CIT Rebate cash grant

The IRAS has announced on its website the disbursement of Corporate Income Tax (CIT) Rebate cash grant of \$2,000 to tax resident and non-tax resident companies by 25 August 2024. The CIT Rebate Cash Grant is also extended to registered business trusts and variable capital companies that meet the local employee condition.

Companies that have met the local employee condition for CIT Rebate Cash Grant through centralised hiring arrangements or secondment arrangements and do not receive the CIT Rebate Cash Grant by the third quarter of 2024 may email the IRAS via myTaxMail service by 30 November 2024 with the subject line 'Appeal for CIT Rebate Cash Grant'.

Contact Us

If you need assistance or advice on the above, we are here to assist you.



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