

# Preparing transfer pricing documentation for FY2023

Businesses must prepare transfer pricing documentation (TPD) if certain conditions are met.



## Who must prepare?

If your business has related party transactions and

- has a gross revenue of more than S\$10 million for FY2023, or
- was required to prepare TPD for FY2022,

You are required to prepare TPD for FY2023, unless exemption from TPD for specified transactions applies (see below).



## What to prepare?

- Overview of the activities of the group that are relevant to your business operations in Singapore
- Detailed information on your business and your transactions with related parties (including functional analysis and transfer pricing analysis).



## When to complete?

By the filing due date of the Income Tax Return – 30 November 2024.

## When to submit?

Within 30 days of a request by IRAS.



## How long to retain TPD?

At least 5 years from the end of the basis period in which the related party transaction took place.



## When to refresh TPD?

TPD is required to be reviewed and refreshed annually. However, under certain conditions, IRAS allows the use of “qualifying past TPD” to substantiate transfer prices in subsequent years, provided that all prescribed conditions are met. In such cases, as long as the details in the TPD remain accurate, you may refresh your TPD once every 3 years.

## Exemption from TPD requirements

The exemptions are prescribed in the Income Tax (Transfer Pricing Documentation) Rules 2018. The exemptions include:

- Related party domestic transactions subject to the same tax rate;
- Related party domestic loans between the taxpayer and a related party in Singapore, where the lender is not in the business of borrowing and lending money;
- Where the indicative margin for a related party loan not exceeding S\$15 million can be applied;
- Where a 5% cost mark-up for routine support services is available;
- Related party transactions covered by an agreement under an APA; and
- Related party transactions where the total value does not exceed the thresholds for each category as shown in the table.

IRAS retains the right to initiate transfer pricing adjustments on related party transactions even though exempt from TPD, so you must ensure these transactions adhere to arm’s length principles to withstand IRAS scrutiny.

Category of transactions	Total value (SGD)
Purchase of goods from related parties / Sales of goods to related parties	15 million
Loans from related parties / Loans to related parties	15 million
All other categories of related party transactions	1 million per category of transaction
Examples:	
<ul style="list-style-type: none"> <li>• Service income / payment</li> <li>• Royalty income / expense</li> <li>• Rental income / expense</li> <li>• Guarantee income / expense</li> </ul>	

## Penalty for non-compliance

A fine not exceeding SGD 10,000 per offence.

## TP surcharges

A 5% surcharge on any transfer pricing adjustments made, regardless of whether there is tax payable on the adjustments or not.

**If you would like support on TPD, please reach out to our specialists:**

### Winnie Foo

Associate Director – Transfer Pricing  
E Winnie.Foo@sg.gt.com

### Alex Yam

Associate Director – Transfer Pricing  
E Alex.Yam@sg.gt.com