



Transfer Pricing
Tax Alert
June 24, 2024

Amendments to Transfer Pricing Documentation Rules

The Ministry of Finance has based on the powers conferred under Section 7(1) of the Singapore Income Tax Act, 1947, issued the Income Tax (Transfer Pricing Documentation) (Amendment) Rules 2024 (“Rules”) on 6 June 2024 which has come into operation from 10 June 2024. Broadly the Rules implement changes to the threshold for exemption from preparation of transfer pricing documentation for certain related party transactions and amendments in case of domestic related party loans.

A summary of the key amendments is provided below

1. Increase in the threshold for exemption from TP documentation

The thresholds for sale/purchase of goods to/from a related party and the loan granted to/by a related party remain unchanged. However, as per the amendments released, exemption threshold for the following related party transactions with effect from the Year of Assessment 2026 has been raised to S\$2 million from the earlier threshold of S\$1 million:

- Provision of service to/by the taxpayer by/to a related party.
- Grant of a right to use moveable property to/by the taxpayer by/to a related party.
- Lease of any property to/by the taxpayer by/to a related party.
- Grant of a guarantee to/by the taxpayer by/to a related party.
- Any other transaction.

2. Transfer pricing documentation exemption rules for related party domestic loans

Taxpayers are exempted from preparing TP documentation for domestic loans if the following conditions are met –

- Loan agreement is entered on or after 1 January 2025.
- Lender and borrower are either incorporated or registered in Singapore or carry on a trade or business in Singapore.
- Neither the lender nor the borrower is in the business of borrowing or lending money.
- The indicative margin announced by IRAS for the relevant year for which the loan is granted is agreed to be applied by the related parties.

Dhruva Comments

The above amendments are aimed towards easing the compliance burden in relation to preparation of transfer pricing documentation by increasing the threshold of the quantum for exemption. While this is a welcome news, businesses who do not fall within the exemption threshold must continue to prepare and maintain transfer pricing documentation. Specifically for related party loans, interest free loan arrangements between related parties could now well be a thing of the past. As such, greater emphasis would need to be placed on inter group financing transactions to understand the nature, quantum and arms' length pricing of these transactions

At Dhruva, we provide advisory services to ensure that related party transactions adhere to the tax regulations of Singapore. We are also able to assist businesses on the requirements for preparation of a TP documentation, where required.



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