



The Transfer Pricing Team at KPMG in Malaysia is a member of KPMG's Global Transfer Pricing Services (GTPS) network, comprising over 60 countries. We are able to leverage on the vast knowledge and experience of transfer pricing practices and resources through this GTPS network. Our dedicated team of professionals is experienced in the Malaysian and OECD transfer pricing guidelines and associated requirements. We work closely with our clients to effectively and efficiently manage their transfer pricing policies to meet their business goals and local tax authorities' expectations.

To assist companies in addressing their transfer pricing concerns and meet the MIRB's expectations, there are various services offered by KPMG. These services are briefly explained herein.

#### **Preparation of Master File, Local File and Review of Country by Country ("CbC") Reporting Templates**

For large corporations whose group revenue exceeds the RM 3 billion threshold set by the MIRB, the Master File, Local File and CbC reports would need to be prepared.

We can assist to prepare the Master and Local Files based on the requirements set out by the MIRB. The preparation of these documents demonstrates the client's compliance with the MIRB's transfer pricing requirements, and provide the necessary justifications that the transactions with associated persons have been carried out on an arm's length basis. These reports primarily serve as a first line of defence for our clients in tax audit situations and will substantially reduce the amount of time and effort in responding to transfer pricing queries by the MIRB.

For clients who have the necessary resources to prepare its own CbC report, KPMG can provide guidance on how the CbC report should be prepared. Based on KPMG's observations, there may be challenges in gathering the required information for CbC reporting. We can conduct workshops to prepare the client's relevant personnel for the CbC reporting exercise.

For clients who do not have the resources to prepare its CbC report, utilising KPMG's proprietary data and analytics tool - Tax Intelligence Solution ("TIS"), we can assist to prepare the CbC report by extracting the relevant data from our client's databases.

Based on the CbC report prepared, we will compute key ratios to identify potential transfer pricing "red flags" for further analysis. We will then comment and highlight the potential Malaysian tax risks.

#### **Benchmarking Analysis**

We can undertake a stand alone search for comparable companies which will be used for benchmarking and/or price setting purposes. Searches are usually carried out for local companies and, if required, we are also able to perform searches for foreign companies.

## Diagnostic Review

A diagnostic review is to provide our clients with a risk assessment from a transfer pricing perspective. Essentially, we will carry out a high level review of a client's functional profile, its transactions with associated persons and their financial position. We then leverage on our knowledge of the Malaysian transfer pricing rules and regulations, the MIRB's approach and typical areas of focus to provide our clients with an outline of the areas of concerns and weaknesses, as well as providing suggestions for improvement.

## Advisory and Planning

KPMG works closely with clients at an early stage in assisting them to develop and implement commercially sensible, fiscally efficient transfer pricing policies, and modify existing policies to reflect changes in local law or business circumstances. We analyze proposed business transactions and their associated pricing methodologies to determine any potential transfer pricing risks. Where risks are identified, we work with our clients to develop strategies to deal with such risks.

## Advance Pricing Arrangement and Mutual Agreement Procedure

Transfer pricing audits can be extremely costly and time consuming. By negotiating an Advance Pricing Arrangement (APA), companies can agree on their transfer prices for future years with the tax authorities. We are able to assist our clients to assess their transfer pricing risk factors and pursue unilateral, bilateral or multilateral APAs with the MIRB.

Aside from APAs, we can also assist our clients in initiating the Mutual Agreement Procedure (MAP) to counter a situation when international business transactions give rise to double taxation by multiple tax authorities.

## Dispute Resolution

Transfer pricing audits can be costly and an unfavorable outcome can lead to significant tax adjustments and penalties. KPMG has considerable experience in responding to challenges by the MIRB. During a tax audit, KPMG can assist clients in preparing defences and help them respond effectively to queries raised. We provide a communication link for our clients by representing them in dealings with the MIRB. Where clients are not able to resolve transfer pricing audit disputes with the MIRB, KPMG can also assist clients to negotiate the disputes at the Dispute Resolution Department. In the event where the disputes proceed to the Special Commissioners of Income Tax, KPMG can act as an expert witness for our clients.

# Contact Us:

For more information on our core service offerings, please contact:

**Bob Kee**  
Executive Director

**Chang Mei Seen**  
Executive Director

**Ivan Goh**  
Executive Director

**Southern Region (Johor Bahru Office)**  
**Suraya Othman**  
Director

**Northern Region (Penang Office)**  
**Evelyn Lee**  
Executive Director

**Sarawak Region (Kuching Office)**  
**Regina Lau**  
Executive Director

**KPMG Tax Services Sdn Bhd**  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya, Selangor  
Phone: +60 (3) 7721 3388  
Fax: +60 (3) 7721 7288 / 7388  
Email: info@kpmg.com.my  
www.kpmg.com.my/Tax