



Thailand signs CbC MCAA

The following report may be of interest to:

Multi-national enterprises (MNEs) with consolidated revenue exceeding THB 28,000 million

Summary:

The Revenue Department confirmed that Thailand has signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbC MCAA). Under the agreement, Country-by-Country Reports (CbCR) collected by the country of residence of an MNE can be automatically exchanged with other jurisdictions in which the MNE operates that are also party to the MCAA once the exchange relationships have been activated. Thailand is now in the process of activating exchange relationships with 93 other CbC MCAA signatories (number as of 22 November 2022). The Revenue Department is confident that the exchange relationship with all these MCAA signatory members will be complete in time for the FY2021 CbCR onwards. This development will allow Thailand to automatically exchange the CbCR with other CbC MCAA signatories for FY2021 and beyond.

Constituent entities of foreign-headquartered MNEs in countries with an activated exchange relationship will be exempt from local filing of the group's CbCR. Meanwhile, constituent entities of Thai-headquartered MNEs operating in the jurisdictions of CbC MCAA signatories would also be rid of the local filing obligation in those jurisdictions. Once they are in effect, the list of jurisdictions that have an effective exchange relationship with Thailand will be available on the OECD website at <https://www.oecd.org/tax/beps/country-by-country-exchange-relationships.htm> (which is updated from time to time).

However, local filing of FY2021 CbCR would still be required for constituent entities of foreign-headquartered MNEs of countries that have not entered, or those not intending to enter, into the CbC MCAA (the U.S. included), unless those MNEs have nominated a surrogate parent entity to file the CbCR in countries within the effective CbC MCAA circle. Thailand will have to initiate bilateral discussions with countries that do not intend to enter into CbC MCAA at a later date.

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Thailand also has a CbCR notification requirement via the CbCR portal regardless of where the CbCR is filed. This is in addition to the response to the CbCR submission given in the transfer pricing disclosure form. The deadline for the CbCR notification via the portal is 12 months after the financial year end. The notification process under the portal requires a Thai representative entity of an MNE with a CbCR obligation to state the group's ultimate parent entity, where the CbCR will be filed, and indicate any other constituent entities in Thailand. Details of the CbCR notification can be found on https://cbcr.rd.go.th/aeoi/assets/Doc/cbcr_local_guidance.pdf. As yet, there is no penalty for failure to notify the group's CbCR via the CbCR portal.



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