Thesis Title : The Determination on Transfer Price based on the Market price according to the Departmental Instruction No.Paw 113/2545

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ABSTRACT

At the present, an international goods and service transaction has been increased dramatically which led to the formation of a group of multinational enterprise. The multinational enterprise is normally comprised of branches and subsidiaries in many countries, therefore, the transfer pricing policy was introduced within the associated companies for reducing taxable profits. According to the Thai revenue code, there is no specific provision regarding transfer pricing, thus, the provisions of section 65 Bis (4) and section 65 Ter (15) of the revenue code will be used by the assessment official in order to assess and adjust revenue and expenses in the case where no compensation or receives at the amount less than market price without justifiable reasons. The practical problem is what the appropriate market price really is. The purpose of this thesis is to study the problem regarding The Determination on Transfer Price based on the Market Price according to the Departmental Instruction No. Paw 113/2545.

According to the study of the revenue code, there is no definition of Market Price. But the Departmental Instruction No. Paw 113/2545, -subject: Corporate income tax- the determination of transfer price based on market price, May16, 2545 set the explanation and the calculating methods of the market price thereof. This instruction was set to comply with the basis of the arm's length principal of the OECD guidelines. Moreover, considering the precedent of the decisions of the supreme court, the court normally accepted the methodologies in determining the market price according to the departmental instruction no. paw 113/2545.

However, there is still no clarification and case study regarding the method of calculation based on the market price in the area of service rendering and service receiving. Thus, author would like to propose to amend the Departmental Instruction No. Paw 113/2545 by increasing the calculating methods of the market price for better clarification in the area of service rendering and service receiving.

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