



## Reporting of Related Party Transactions

### 1 Introduction

- 1.1 Taxpayers are required to adopt arm's length pricing for their related party transactions. IRAS audits taxpayers' compliance with transfer pricing documentation and arm's length pricing requirements as part of its compliance programme.
- 1.2 For IRAS to better assess companies' transfer pricing risks and to improve on the enforcement of the arm's length pricing requirement, companies are required to submit the Form for Reporting of Related Party Transactions ("RPT Form").
- 1.3 IRAS is mindful to minimise additional compliance costs arising from this reporting requirement. Following feedback sought from the Singapore Chartered Tax Professionals ("SCTP") representatives and transfer pricing practitioners on the RPT reporting requirement, IRAS requires companies to complete the RPT Form only if the value of RPT exceeds S\$15 million. The information necessary to complete the RPT Form can be obtained readily from the companies' financial statements and accounting systems.

### 2 RPT reporting requirement

- 2.1 Under the RPT reporting requirement, a company must state in the Form C whether the value of RPT as disclosed in the financial statements exceeds S\$15 million for the relevant Year of Assessment. If the value of RPT exceeds S\$15 million, the company has to complete the RPT Form, which is available as part of the Corporate Income Tax Return (Form C).
- 2.2 All amounts in the RPT Form are to be **declared in S\$** even if the company's functional currency in the financial statements is non-S\$. The rate used to translate non-S\$ to S\$ would follow the same rate as that used to complete the Form C.

#### How to submit revised RPT Form

- 2.3 Revisions to the RPT Form should be made via the Revise/ Object to Assessment digital service.

### 3 Determining whether the value of RPT exceeds S\$15 million

- 3.1 The value of RPT as disclosed in the financial statements is the aggregate of:
  - a. All amounts received/ receivable from related parties and all amounts paid/ payable to related parties as reported in the Income Statement but excluding compensation paid to key management personnel and dividends; and
  - b. Year-end balances of loans and non-trade amounts due from/ to all related parties.

#### 4 Details of RPT

4.1 The values of the following categories of RPT are to be reported in the RPT Form:

- ✓ Sales and purchases of goods
- ✓ Services income and expense
- ✓ Royalty and licence fee income and expense
- ✓ Interest income and expense
- ✓ Other income and expense
- ✓ Year-end balances of loans and non-trade amounts

4.2 In the case of a company with cross-border related party sales or purchases of goods and services, it has to list the top 5 foreign related parties that it transacts with (by value of sales or purchases respectively) and provide their entity details including entity names, countries/ territories, relationship and amounts transacted.

#### 5 Frequently asked questions

The RPT Form is available as part of Form C. The screenshots below show the RPT Form in the Form C e-filing template.

# File Form C-S/ C

1. Main Form

2. Confirmation

3. Submit Document

4. Acknowledgement

## Form C

Click on the tabs to access the relevant pages in the Main Form.

General Info	Assessment 1	Assessment 2
Additional Info	Group Relief	<b>Related Party Transactions</b>

## Form For Reporting Related Party Transactions

Related Party Transactions - Year of Assessment XXXX

Total Value of Related Party Transactions (S\$) ⓘ	0
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**Part 1 Ultimate Holding Company**

1a. Is the company the ultimate holding company of its group as at the end of the financial period?\*

Yes  No

1b. Name of Ultimate Holding Company\* Country/ Territory\*

### Part 2 Details of Related Party Transactions

	Income/ Receipt S\$	Expense/ Payment S\$
2a. Sale of goods to or purchase of goods from all related parties	0	0
2b. Services rendered to or received from all related parties	0	0
2c. Royalties, license fees and other receipts/ payments for intellectual property rights from/ to all related parties <a href="#">i</a>	0	0
2d. Interest from or to all related parties	0	0
2e. Other transactions with all related parties not falling under Items 2a to 2d	0	0
<b>2f. Total Related Party Transactions</b>	<b>0</b>	<b>0</b>

### Part 3 Information on Sale of Goods and Provision of Services

3a. Do the sale of goods and provision of services to related parties include transactions with related parties outside Singapore?  Yes  No


3b. Sale of goods and provision of services to the top 5 (based on total value) related parties outside Singapore

	Name of Related Party*	Country/ Territory*	Relationship Type* <a href="#">i</a>	Amount (S\$)*
i.	<input type="text"/>	Specify ▼	Specify ▼	0
ii.	<input type="text"/>	Specify ▼	Specify ▼	0
iii.	<input type="text"/>	Specify ▼	Specify ▼	0
iv.	<input type="text"/>	Specify ▲	Specify ▼	0
v.	<input type="text"/>	Specify ▲	Specify ▼	0

**Part 4 Information on Purchase of Goods and Services**

4a. Do the purchase of goods and provision of services from related parties include transactions with related parties outside Singapore?  Yes  No

4b. Purchase of goods and provision of services from the top 5 (based on total value) related parties outside Singapore

Name of Related Party*	Country/ Territory*	Relationship Type* 	Amount (S\$)*
i. <input type="text"/>	<input type="text" value="Specify"/> ▼	<input type="text" value="Specify"/> ▼	<input type="text" value="0"/>
ii. <input type="text"/>	<input type="text" value="Specify"/> ▼	<input type="text" value="Specify"/> ▼	<input type="text" value="0"/>
iii. <input type="text"/>	<input type="text" value="Specify"/> ▼	<input type="text" value="Specify"/> ▼	<input type="text" value="0"/>
iv. <input type="text"/>	<input type="text" value="Specify"/> ▲	<input type="text" value="Specify"/> ▼	<input type="text" value="0"/>
v. <input type="text"/>	<input type="text" value="Specify"/> ▲	<input type="text" value="Specify"/> ▼	<input type="text" value="0"/>

**Part 5 Information on Loans and Non-Trade Amounts**

	Opening Balance S\$	Closing Balance S\$
5a. Loans and non-trade amounts due from all related parties	<input type="text" value="0"/>	<input type="text" value="0"/>
5b. Loans and non-trade amounts due to all related parties	<input type="text" value="0"/>	<input type="text" value="0"/>

**Next Step**

Save and proceed to selected page.

▼

**GO TO SELECTED PAGE**

OR

Save and proceed to Confirmation Page to verify filing details.

**CONFIRMATION PAGE**

**SAVE DRAFT**

## **Rationale for RPT Form**

**Qn (1): Since most of the information required in the RPT Form could be obtained from the financial statements, why do companies need to complete the RPT Form?**

**Ans (1):** IRAS will use the information disclosed in the RPT Form to perform transfer pricing risk assessment. Although there is disclosure of RPT information in the notes to the financial statements, the RPT Form requires details of cross-border RPT for Parts 3 and 4 of the RPT Form which are not currently disclosed in the financial statements, but which are collated by companies in the process of preparing their accounts.

## **Submission of Form C-S or Waiver of Corporate Income Tax Return**

**Qn (2): If my company submits Form C-S or has been granted waiver from filing the Form C, must the RPT Form be completed?**

**Ans (2):** No, the company is not required to complete the RPT Form as the RPT Form is to be submitted together with Form C. However, IRAS may separately request for details of the RPT from the company, where necessary.

## **Consolidated financial statements**

**Qn (3): The RPT information disclosed in the financial statements are at the consolidated level. Do I determine whether the value of RPT exceeds S\$15 million and complete the RPT Form using the consolidated financial data?**

**Ans (3):** As the RPT Form is to enable IRAS to assess the company's transfer pricing risks, please use the company's financial data and not the consolidated financial data to determine whether the value of RPT exceeds S\$15 million. Likewise, company-level financial data should be used in completing the RPT Form.

Please see Qn (7) below on how to determine the value of RPT for a company with foreign branches.

## **Definition of "related party"**

**Qn (4): Since the RPT Form is used for transfer pricing risk assessment, is the definition of "related party" the same as that for section 34D of the Income Tax Act 1947?**

**Ans (4):** To minimise compliance costs, the data to be completed in the RPT Form will be consistent with the RPT disclosed in the companies' financial statements prepared according to the applicable accounting standards. In completing the RPT Form, there is no need for companies to determine whether a particular related party falls within the definition of section 34D.

## **Local and cross-border RPT**

**Qn (5): If my company's RPT are all transactions with local companies in Singapore, must the RPT Form be completed?**

**Ans (5):** Yes, so long as the total value of RPT (local and cross-border) disclosed in the financial statements exceeds S\$15 million, companies are required to complete the RPT Form.

## **Threshold set at S\$15 million**

**Qn (6): In IRAS Transfer Pricing Guidelines, the threshold for transfer pricing documentation requirement is S\$1 million for some types of RPT and S\$15 million for others. Why is the threshold for RPT Form set at S\$15 million?**

**Ans (6):** The threshold for RPT Form applies to the sum of all amounts of RPT while the threshold for transfer pricing documentation requirement applies to each type of RPT. IRAS has set the threshold at a reasonably high value of S\$15 million for RPT Form to reduce companies' compliance costs. Smaller companies whose RPT is below the threshold will not need to complete the RPT Form.

## **Determining whether the total value of RPT exceeds S\$15 million**

**Qn (7): My company has branches outside Singapore and my company's financial statements include the financials of the foreign branches. In determining whether the value of RPT exceeds S\$15 million, does the company have to include the foreign branches' RPT?**

**Ans (7):** The company's RPT would include the RPT between its foreign branches and its other Singapore/ foreign related parties. However, the company's RPT should not include transactions between the company (i.e. Singapore head office) and its foreign branches.

**Qn (8): If the company meets the threshold value of RPT and has to complete the RPT Form, does it have to report compensation paid to key management personnel and dividends in the RPT Form?**

**Ans (8):** No, the amounts of compensation paid to key management personnel and dividends are not required in the RPT Form.

Qn (9): **In determining the value of the RPT, should the purchases from related parties be netted off against sales to related parties?**

Ans (9): No, the value of purchases from related parties and the value of sales to related parties should be aggregated in determining the value of the RPT. This is regardless of whether the sales and purchases were carried out with the same related party.

Qn (10): **Non-trade amounts due to/ from all related parties are to be included to determine the total value of RPT. What are some examples of non-trade amounts due to/ from all related parties? Should the amounts be gross or net of impairment losses?**

Ans (10): Examples of non-trade amounts due to/ from all related parties are “other receivables” and “other payables” from related parties. Where the amounts shown in the balance sheet are net of impairment losses, such net amounts may be used to determine the total value of RPT.

Qn (11): **The RPT disclosure in the financial statements shows “purchase of tangible and intangible assets”. Does the cost have to be included in determining the total value of RPT?**

Ans (11): No, purchase of tangible and intangible assets does not have to be included in determining the total value of RPT. It is also not necessary to report these in Part 2e of the RPT Form.

Qn (12): **The RPT disclosure in the financial statements shows “sale/ disposal of tangible and intangible assets”. Does the gain or loss on sale/ disposal of assets have to be included in determining the total value of RPT?**

Ans (12): The gain or loss on sale/ disposal of assets has to be included in determining the total value of RPT and reported in Part 2e of the RPT Form.

Qn (13): **To determine year-end balances of loans, does the company have to distinguish between loans of revenue and capital nature?**

Ans (13): For the purpose of completing the RPT Form, all loans are to be included, whether they are revenue or capital in nature.



## Financial statements with period more than 12 months

Qn (14): **Should I apportion the amounts disclosed in the financial statements with period more than 12 months when there is a change in financial period?**

Ans (14): For Parts 2, 3 and 4 of the RPT Form, companies with financial statements that cover more than 12 months may apportion the income and expenses as per the apportionment basis in the Form C. If companies want to identify the actual transactions in the respective basis periods, they may do so.

For Part 5 of the RPT Form, companies should use the balances as at the end of the relevant basis periods to determine the amount of related party transactions for the respective YAs.

### Example 1: Change in financial year-end (FYE) affecting two YAs

The FYE of the company is changed from Dec 20X1 to Jun 20X2. Financial statements are prepared for financial period from 1 Jan 20X1 to 30 Jun 20X2.

Apportionment required for filing of the Corporate Income Tax Return:

YA	Basis Period
20X2	1 Jan 20X1 to 31 Dec 20X1
20X3	1 Jan 20X2 to 30 Jun 20X2

To complete Part 5 of the RPT Form, the company will need to take the loan and non-trade balances due from/ to all related parties as at the end of the respective basis period, i.e. Company will be required to determine these amounts based on **actual ledger balance** as at 31 Dec 20X1 for YA 20X2 and 30 Jun 20X2 for YA 20X3.

### Example 2: Change in FYE affecting one YA

The FYE of the company is changed from Jun 20X1 to Dec 20X1. Financial statements are prepared for financial period from 1 Jul 20X0 to 31 Dec 20X1.

No apportionment required for filing of the Corporate Income Tax Return:

YA	Basis Period
20X2	1 Jul 20X0 to 31 Dec 20X1

To complete Part 5 of the RPT Form, the company will need to take the loan and non-trade balances due from/ to all related parties as at the end of the basis period, i.e. Company will use the amount stated in the **financial statements**.

## Part 1 of the RPT Form - Ultimate holding company

Qn (15): **How do I determine which entity is the ultimate holding company (UHC) in the case where the company is a joint venture or all its shareholders are individuals?**

Ans (15): The UHC of a company is usually stated in the financial statements. Where all the shareholders of a company are individuals, or where the company is a joint venture and no joint venture partner is stated as the UHC, the company is the UHC of its group. Please select “Yes” in Part 1a.

## Part 2 of the RPT Form

Qn (16): What are some examples for Part 2e “other transactions with all related parties not falling under Boxes 2a to 2d”?

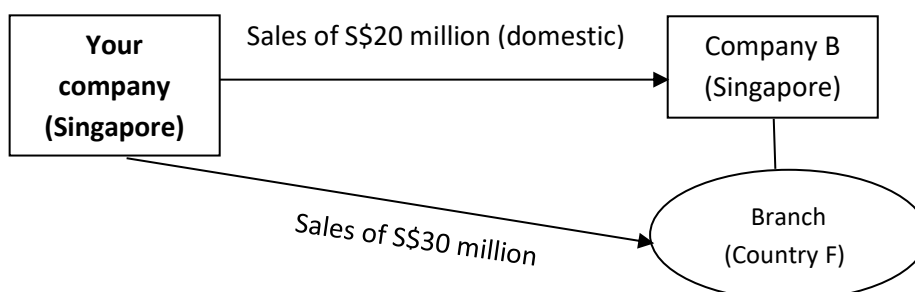
Ans (16): If any of the items in the RPT disclosed in the financial statements does not fit any of the descriptions under Boxes 2a to 2d, it should be completed in Part 2e. Some examples are gain or loss on disposal of tangible and intangible assets and reimbursement from/ to related parties.

## Parts 3 and 4 of the RPT Form

Qn (17): Does the “country/ territory” of the related party outside Singapore in Parts 3 and 4 refer to the country/ territory where the related party operates its business or the country/ territory of incorporation of the related party?

Ans (17): It refers to the country/ territory where the related party operates in.

Example 1: Your company in Singapore has a Singapore subsidiary, Company B. Company B has a branch in a foreign country F which manufactures product X for sale. Your company sells raw materials of S\$30 million to Company B’s branch in Country F. Your company also sells S\$20 million of another product Y to Company B.



In your company’s RPT Form, the total amount of S\$50 million is to be included in Part 2a (income/ receipt) as sale of goods to all related parties.

Part 3 is not applicable for the domestic sale of product Y to Company B. The sale of raw materials to Company B’s branch in Country F is a sale of goods to a related party outside Singapore. Please select “Yes” in Part 3a. If the value of S\$30 million

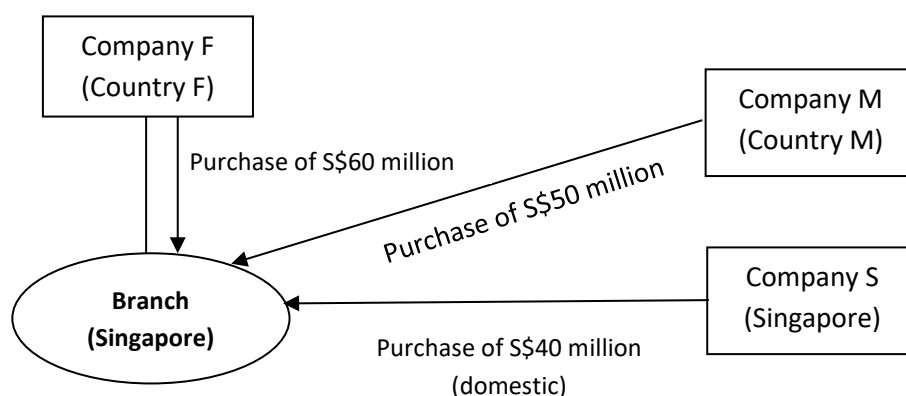
ranks in the top 5 cross border “sale of goods and provision of services”, please complete Part 3b as follows:

Name of related party	Country/ Territory	Relationship type	Amount S\$
Company B (Country F Branch)	Country F	Subsidiary #	30,000,000

# Relationship type should be the relationship between your company and Company B.

Example 2: The Singapore branch of a foreign incorporated Company F has the following RPT:

- (i) Purchases goods of S\$40 million from a Singapore subsidiary of Company F, Company S;
- (ii) Purchases goods of S\$50 million from a related party outside Singapore, Company M in Country M. Company M is a subsidiary of Company F; and
- (iii) Purchases goods of S\$60 million from its foreign head office, which is Company F in Country F.



In the Singapore branch’s RPT Form, the total amount of S\$150 million is to be included in Part 2a (expense/ payment) as purchase of goods from all related parties. Although both Company F and its Singapore branch are a single legal entity, transactions with Company F (i.e. head office) would be shown in the financial statements of the Singapore branch.

Part 4 is not applicable for the domestic purchase of goods from Company S.

The purchase of goods from Company M and Company F are regarded as purchase of goods from related parties outside Singapore. Please select “Yes” in Part 4a. If the respective purchase value of S\$50 million and \$60 million ranks in the top 5 cross border “purchase of goods and services”, please complete Part 4b as follows:

Name of related party	Country/ Territory	Relationship type	Amount S\$
Company M	Country M	Subsidiary #	50,000,000
Company F	Country F	Other related party @	60,000,000

# Relationship type should be the relationship between Company F and Company M.

@ Company F is the head office of the Singapore branch. To indicate head office as “other related party” under Relationship type.

## **Compliance cost**

Qn (18): **Would the RPT reporting requirement increase compliance cost for companies?**

Ans (18): IRAS has set the RPT threshold at a reasonably high value of S\$15 million to reduce companies' compliance costs and most companies do not have RPT exceeding this threshold. IRAS also minimised the data required in the RPT Form. The required RPT data can be readily collated by companies in the process of preparing their accounts. IRAS has consulted SCTP representatives and transfer pricing practitioners who have assessed that companies would have little difficulties in meeting this RPT reporting requirement.

## **Penalty for non-compliance**

Qn (19): **Will penalty be imposed if companies do not submit the RPT Form?**

Ans (19): The RPT Form is part of the Form C. Penalty may be imposed for non-filing or incorrect filing of Form C.

## **TP documentation**

Qn (20): **Do companies need to submit their transfer pricing documentation together with the RPT Form?**

Ans (20): Companies are not required to submit their transfer pricing documentation together with the RPT Form or Corporate Income Tax Return. As stated in Section 6 of our Transfer Pricing Guidelines, they should prepare and keep contemporaneous documentation to support the pricing of their RPT; and submit it to IRAS within 30 days upon request.

## **6 Clarification**

If you have any enquiries or need clarification, please email [ct\\_transfer\\_pricing@iras.gov.sg](mailto:ct_transfer_pricing@iras.gov.sg).

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