

Malaysia

Summary of CbC Reporting and Transfer Pricing Documentation Rules

Country-by-Country Report

- Effective Date: Fiscal years beginning on or after January 1, 2017.
- Filing Threshold: Malaysian MNEs with annual consolidated group revenue of at least RM 3 billion in the previous year.
- Local Filing: A Malaysian constituent entity is required to file a CbC report if certain conditions are met.
- Information Reported: Generally consistent with the OECD guidance.
- Language: English.
- Forms/Filing Instructions (see Bloomberg Tax International Tax Forms database):
 - Notification of Reporting Entity: Sample notification letter provided on tax authority website. Submitted via email (original copy submitted on paper).
 - CbC Report: filed electronically via the tax authority website.
- Deadline for Filing Notification of Reporting Entity: By the last day of the reporting fiscal year.
- Deadline for Filing CbC Report: Within 12 months after the last day of the reporting fiscal year. According to FAQs published in September 2021, an extension may be requested if the financial year-end falls within the National Recovery Plan period (defined by the National Security Council) by submitting a written application with the Department of International Taxation.
- Penalties: Penalties for non-compliance may apply.
- Exchange of Information:
 - MCAA CbC: signed.

For a schedule of CbC report and CbC notification deadlines (by country), please see [CbC Reporting Deadlines](#).

Master File

- Effective Date: Rules effective from July 15, 2017.
- Filing Threshold: MNEs with annual consolidated group revenue of at least RM 3 billion in the previous year.
- Information Reported: Generally consistent with OECD guidance.
- Language: English or Bahasa Malaysia.
- Deadline for Submission: Submitted within 14 day of a request by the tax authority (for transfer pricing audit cases beginning on or after January 1, 2021).
- Penalties: Penalties for non-compliance may apply.

Local File

There are no OECD Local File requirements in Malaysia.

Transfer Pricing Documentation

Bloomberg Tax

Taxpayers that enter into transactions with associated parties must prepare contemporaneous transfer pricing documentation in English or Bahasa Malaysia language. The documentation must be submitted to the tax authority within 14 days of a request (for transfer pricing audit cases beginning on or after January 1, 2021). Failure to furnish contemporaneous transfer pricing documentation upon request in accordance with transfer pricing rules may result in penalties ranging from RM 20,000 to RM 100,000 and/or imprisonment for a term not exceeding six months (effective from January 1, 2021).

Taxpayers may opt for limited transfer pricing documentation if, in general, gross income is less than RM 25 million and total related party transactions are less than RM 15 million.

For more detailed guidance, please see the Country Portfolio: [Malaysia, Intercompany Pricing, Other Transfer Pricing Provisions, Transfer Pricing Documentation](#).

Transfer Pricing Disclosures

Taxpayers are required to disclose in the corporate tax return if transfer pricing documentation has been prepared for the relevant year. Taxpayers must also disclose certain details of their related-party transactions in the corporate tax return.

Certain taxpayers must complete Form MNE – Information on Cross Border Transactions, which includes information relating to their group structure and cross-border related-party transactions, as well as details on transactions with countries having lower tax rates than Malaysia and confirmation of whether the taxpayer has prepared transfer pricing documentation for the relevant year. The form is sent to selected taxpayers, who are given 30 days to complete and return to the tax authorities. The purpose of the form is to assess the taxpayers risk profile as well as their level of compliance.

For more detailed guidance, please see the Country Portfolio: [Malaysia, Intercompany Pricing, Other Transfer Pricing Provisions, Transfer Pricing Documentation](#).