

# VSTN CONSULTANCY

## Key Transfer Pricing Compliance Considerations for KSA Taxpayers

**[ITR]** WORLD TAX

**RECOMMENDED  
FIRM**

**[ITR]** WORLD TAX

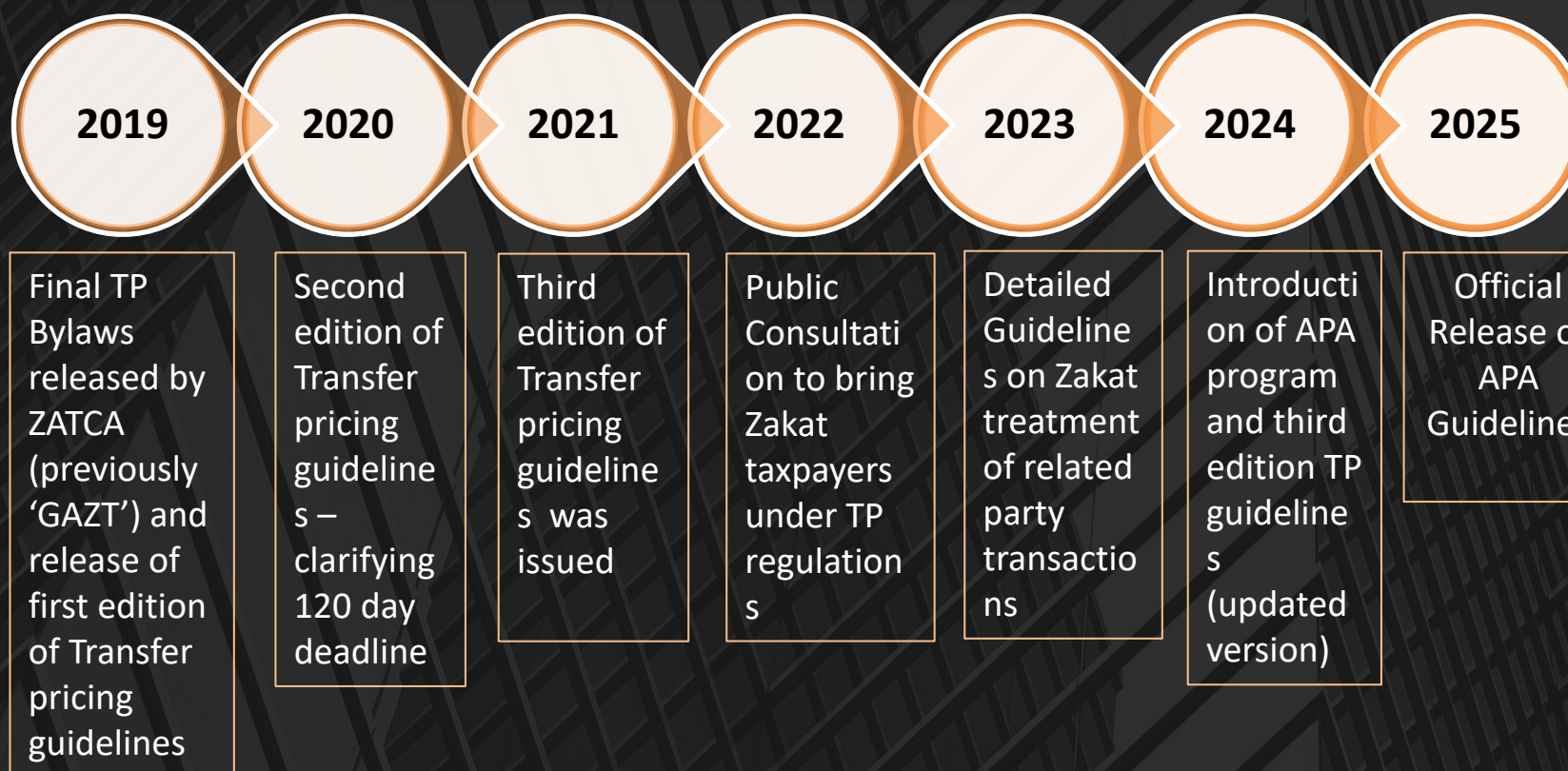
**APAC  
&  
MIDDLE EAST  
WINNER**

**[ITR]** WORLD TAX

**HIGHLY  
REGARDED  
PRACTITIONER**

# Transfer Pricing Regulations

## Key TP Milestones in KSA



## Covered Persons

- ✓ Taxpayers subject to 100% Income Tax
- ✓ Mixed companies subject to tax in KSA
- ✓ 100% Zakat Taxpayers
- ✓ Small enterprises, investment funds & government companies exempt from Zakat collection

## Documentation Requirements as per KSA transfer pricing guidelines

Disclosure Form for Controlled Transactions (DFCT)

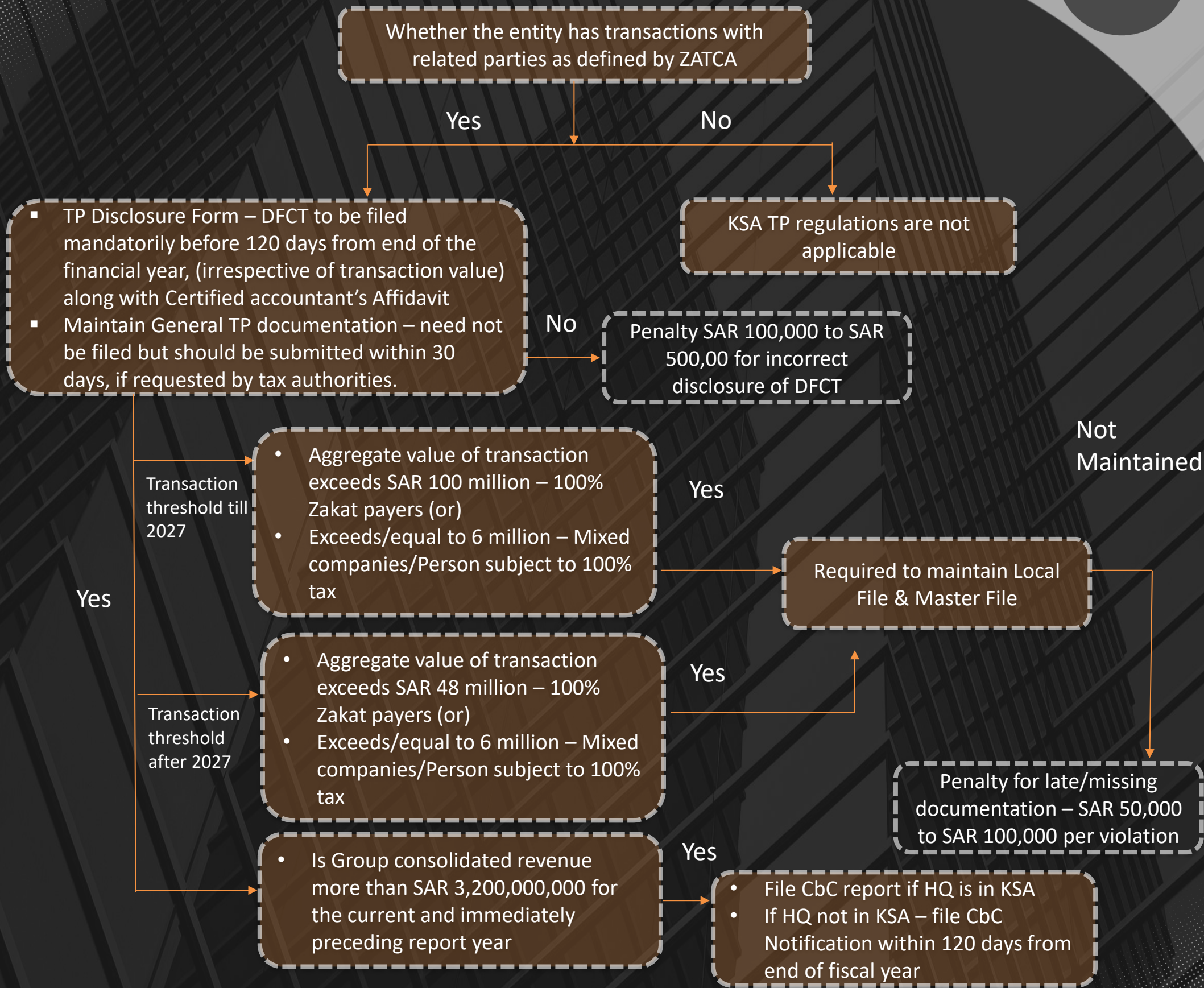
General Documentation

Local File

Master File

Country-by-country Reporting

# Transfer Pricing Applicability



# Beyond Thresholds: Rethinking Transfer Pricing Compliance in KSA

General TP documentation is applicable for all taxpayers with covered transactions. However, there is a common misconception that TP documentation needs to be prepared only when sought by the tax authorities or when the company exceeds the specified thresholds.

Since DFCT is used by the tax authorities to conduct high level transfer pricing assessment, it would be prudent for the taxpayers to prepare and maintain appropriate documentation to substantiate the arm's length pricing of related party transactions which can act as a critical back-up for filing DFCT.

The General TP documentation can also help companies to determine whether any transfer pricing adjustment is needed before filing tax return

Taxpayers should evaluate the applicability of Master File and Country-by-Country reporting requirements based on group structure and thresholds.

When an entity is designated as a Regional Headquarters (RHQ), it is mandatory to comply with the TP Bylaws of KSA and ensure that all related party transactions are undertaken at arm's length price.

A detailed functional analysis is essential to demonstrate that the RHQ is undertaking only the licensed and permitted activities in line with regulatory requirements.

Given that tax authorities may call for information at any time, the maintenance of contemporaneous TP documentation is key to mitigating audit risks and potential litigation.

In light of the introduction of the Advance Pricing Agreement (APA) programme and the issuance of related guidelines, companies may evaluate APA as an effective tool to enhance transfer pricing certainty.

# How VSTN can help

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A tailored approach considering the industry and operations of the taxpayers of the KSA



Timely analysis on applicability of the Bylaws including amendments and updates



Evaluation of existing transfer pricing policies and intercompany agreement to identify the risks and frame mitigation strategies



Periodic monitoring and evaluation of the controlled transactions to advise on the arm's length requirements



End to end assistance in Annual TP Compliance



Upfront advise on future transactions including evaluation of Advance Pricing Agreement (APA) and Rulings as an option



Specific Support to RHQ like, Detailed documentation with FAR analysis, Analysis of Cost-Plus Vs Profit Split, Framing the risk mitigation strategies for RHQ in addition to the annual compliance



Evaluation of Pillar 2 implications in case RHQs and Special Economic Zones for inbound MNCs which have IIR implemented

# ABOUT US

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- » VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of international taxation and transfer pricing having its offices in India, Singapore, UAE, USA and the KSA. VSTN Consultancy has been awarded by **International Tax Review (ITR)** as **Best Newcomer in Asia Pacific – 2024 | Middle East Transfer Pricing Practice Leader of the Year 2025 | Middle East Best Newcomer of the year - 2025** and is ranked as one of the recommended transfer pricing firms. VSTN Consultancy has been shortlisted in other awards as finalist by ITR for Tax Innovator, Tax Compliance and Reporting Firm, Transfer Pricing Leader , Transfer Pricing Rising Star in Asia Pacific – 2025 | Best Newcomer, Tax Innovator and Transfer Pricing Leader in EMEA – 2025. VSTNs senior partners have been ranked in ITR in the list of recognized Practitioners.
- » Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy, drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, Global Transfer Pricing Documentation, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbor filing, audit defense before all forums and dispute prevention mechanisms such as Advance Pricing agreement.
- » We are structured as an inverse pyramid where leadership get involved in all client matters, enabling clients to receive the highest quality of service.
- » Being a specialized firm, we offer advice that is independent of an audit practice and deliver it with an uncompromising integrity.
- » Our expert team brings in cumulative experience of over several decades in the transfer pricing space having worked with multiple Multinational Companies across sectors/industries and have cutting edge knowledge and capabilities in handling complex TP engagements.





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