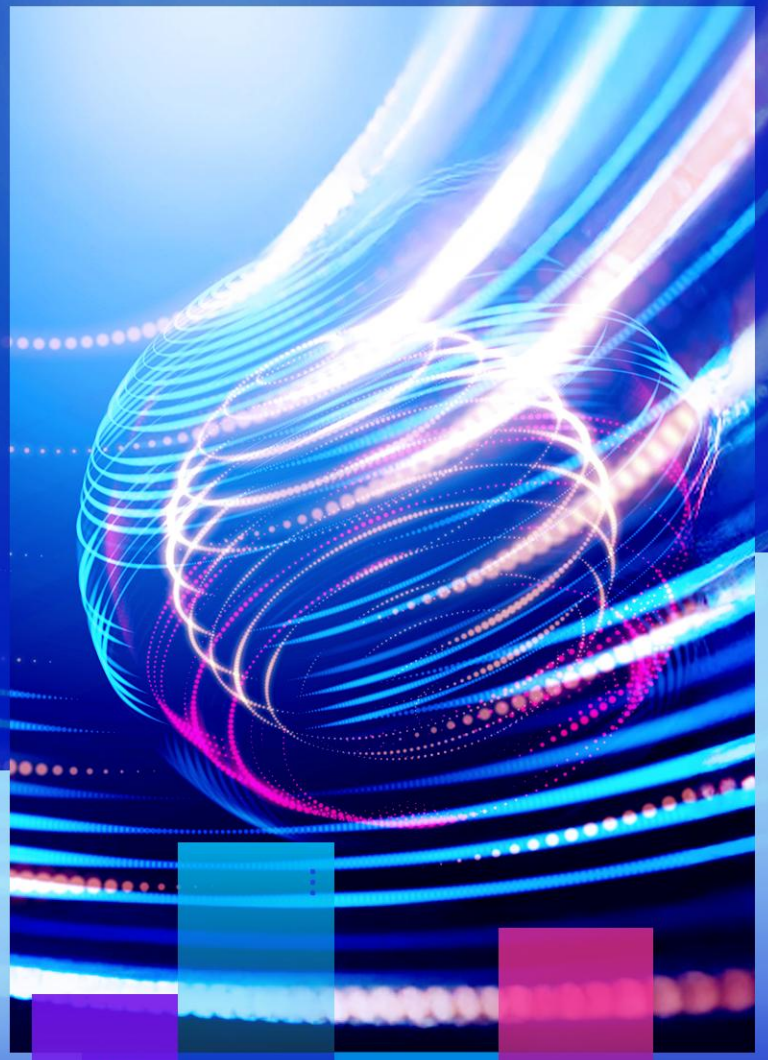
The way forward for intercompany financing transactions in Malaysia



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Intercompany financing

Provides financing

Parent Co Berhad ("Parent Co") → **Sub Co Sdn Bhd ("Sub Co")**

- Parent Co is the holding company of Sub Co.
- Parent Co provides financing to Sub Co in August 2026.

What are the arm's length considerations?

- An agreement should be in place.
- What is the arm's length interest rate?
- Is that all?



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Key developments

01

Increased focus on debt vs. equity analysis

02

Determining arm's length interest rate

03

Stronger documentation expectations

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Key Takeaways



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Key takeaways for the way forward

Transfer Pricing is forward-looking, not a year-end outcome

- **Plan**: Establish an appropriate transfer pricing policy to accurately delineate the intra-group loan and determine the arm's length interest rate at the time of entering into the transaction
- **Implement**: Consistently apply the transfer pricing policy
- **Document**: Prepare and maintain relevant supporting documentation and analyses
- **Review**: Test outcomes against the policy and make adjustments where appropriate



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Q&A

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