

CHAPTER 2 TAXATION IN THAILAND

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The principal tax law in Thailand is the Revenue Code, which governs three main categories of taxation: corporate income tax, value added tax (or specific business tax), and personal income tax.

1. Corporate Income Tax *(Source: www.rd.go.th, July 2013, except as noted)*

Corporate Income Tax (CIT) is a direct tax levied on a juristic company or partnership carrying on business in Thailand or not carrying on business in Thailand but deriving certain types of income from Thailand.

1.1 Taxable Persons

- 1.1.1 A company or a juristic partnership incorporated under Thai law.
 - Limited company
 - Public company limited
 - Limited partnership
 - Registered partnership
- 1.1.2 A company or a juristic partnership incorporated under foreign law
 - 1.1.2.1 A company or juristic partnership incorporated under foreign laws and carrying on business in Thailand.
 - 1.1.2.2 A company or juristic partnership incorporated under foreign laws and carrying on business in other places including Thailand.
 - 1.1.2.3 A company or juristic partnership incorporated under foreign laws and carrying on business in other places including Thailand , in case of carriage of goods or carriage of passengers
 - 1.1.2.4 A company or juristic partnership incorporated under foreign laws which has an employee, an agent or a go-between for carrying on business in Thailand and as a result receives income or profits in Thailand.
 - 1.1.2.5 A company or juristic partnership incorporated under foreign laws and not carrying on business in Thailand but receiving assessable income under Section 40 (2)(3)(4)(5) or (6) which is paid from or in Thailand.
- 1.1.3 A business operating in a commercial or profitable manner by a foreign government, organization of a foreign government or any other juristic person established under a foreign law.
- 1.1.4 Joint venture
- 1.1.5 A foundation or association carrying on revenue generating business, but does not include the foundation or association as prescribed by the Minister in accordance with Section 47 (7) (b) under Revenue Code

1.2 File a Tax Return and Payment

Thai and foreign companies carrying on business in Thailand are required to file their tax returns (Form CIT 50) within one hundred and fifty (150) days from the closing date of their accounting periods. Tax payment must be submitted together with the tax returns. Any company disposing funds representing profits out of Thailand is also required to pay tax on the sum so disposed within seven days from the disposal date (Form CIT 54).

In addition to the annual tax payment, any company subject to CIT on net profits is also required to make tax prepayment (Form CIT 51). A company is obliged to estimate its annual net profit as well as its tax liability and pay half of the estimated tax amount within two months after the end of the first six months of its accounting period. The prepaid tax is creditable against its annual tax liability.

As regards to income paid to foreign company not carrying on business in Thailand, the foreign company is subject to tax at a flat rate in which the payer shall withhold tax at source at the time of payment. The payer must file the return (Form CIT 54) and make the payment to the Revenue Department within seven days of the following month in which the payment is made.

1.3 Accounting Period

An accounting period shall be twelve months except in the following cases where it may be less than twelve months:

- (1) A newly incorporated company or juristic partnership may elect to use the period from its incorporation date to any one date as the first accounting period.
- (2) A company or juristic partnership may file a request to the Director-General to change the last day of an accounting period. In such a case, the Director-General shall have the power to grant approval as he deems appropriate. Such an order shall be notified to the company or juristic partnership who files the request within a reasonable period of time and in the case where the Director-General grants the permission, the company or juristic partnership shall comply to the accounting period as prescribed by the Director-General.

1.4 Tax Calculation

In the calculation of CIT of a company carrying on business in Thailand, it is calculated from the company's net profit on the accrual basis. A company shall take into account all revenue arising from or in consequence of the business carried on in an accounting period and deducting therefrom all expenses in accordance with the condition prescribed by the Revenue Code. As for dividend income, one-half of the dividends received by Thai companies from any other Thai companies may be excluded from the taxable income. However, the full amount may be excluded from taxable income if the recipient is a company listed in the Stock Exchange of Thailand or the recipient owns at least 25% of the distributing company's capital interest, provided that the distributing company does not own a direct or indirect capital interest in the recipient company. The exclusion of dividends is applied only if the shares are acquired not less than 3 months before receiving the dividends and are not disposed of within 3 months after receiving the dividends.

In calculating CIT, deductible expenses are as follows.

- (1) Ordinary and necessary expenses. However, the deductible amount of the following expenses is allowed at a special rate:
 - 200% deduction of Research and Development expense,
 - 200% deduction of job training expense,
 - 200% deduction of expenditure on the provision of equipment for the disabled;
- (2) Interest, except interest on capital reserves or funds of the company;
- (3) Taxes, except for CIT and Value Added Tax paid to the Thai government;
- (4) Net losses carried forward from the last five accounting periods;
- (5) Bad debts;
- (6) Wear and tear;
- (7) Donations of up to 2% of net profits;
- (8) Provident fund contributions;
- (9) Entertainment expenses up to 0.3% of gross receipts but not exceeding 10 million baht;
- (10) Further tax deduction for donations made to public education institutions, and also for any expenses used for the maintenance of public parks, public playgrounds, and/or sports grounds;
- (11) Depreciation: Provided that in no case shall the deduction exceed the following percentage of cost as shown below. However, if a company adopts an accounting method, which the depreciation rates vary from year to year, the company is allowed to do so provided that the number of years over which an asset depreciated shall not be less than 100 divided by the percentage prescribed below.

Types of Assets	Depreciation Rates
1. Building 1.1 Durable building 1.2 Temporary building	5% 100%
2. Cost of acquisition of depleted natural resources	5%
3. Cost of acquisition of lease rights 3.1 No written lease agreement 3.2 Written lease agreement containing no renewal clause or containing renewal clause but with a definite duration of renewal periods	10% 100% divided by the original and renewable lease periods
4. Cost of acquisition of the right in a process, formula, goodwill, trademark, business license, patent, copyright or any other rights: 4.1 Unlimited period of use 4.2 Limited period of use	10% 100% divided by number of years used
5. Other depreciation assets not mentioned in 1.-4. used in SME, which have value altogether not exceeding 500,000 baht, and are acquired before December 31, 2010 5.1 Machinery used in R&D 5.2 Machinery acquired before December 31, 2010 5.3 Cash registering machine 5.4 Passenger car or bus with no more than 10 passengers capacity	100 % Initial allowance of 40% on the date of acquisition and the residual can be depreciated at the rate in 5 Initial allowance of 40% on the date of acquisition and the residual can be depreciated at the rate in 5 Initial allowance of 40% on the date of acquisition and the residual can be depreciated at the rate in 5 Depreciated at the rate in 5 but the depreciable value is limited to one million baht
6. Computer and accessories 6.1 SMEs* 6.2 Other business	Initial allowance of 40% on the date of acquisition and the residual can be depreciated over 3 years Depreciated over 3 years
7. Computer programs 7.1 SMEs* 7.2 Other business	Initial allowance of 40% on the date of acquisition and the residual can be depreciated over 3 years Depreciated over 3 years

* SMEs refer to any Thai companies with fixed assets less than 200 million baht and number of employee not exceeding 200 people.

- (12) The following items shall not be allowed as expenses in the calculation of net profits:
- 1) Reserves except:
 - 2) Fund except provident fund under the rules, procedures and conditions prescribed by a Ministerial regulations.
 - 3) Expense for personal, gift, or charitable purpose except expense for public charity, or for public benefit
 - 4) Entertainment or service fees
 - 5) Capital expense or expense for the addition, change, expansion or improvement of an asset but not for repair in order to maintain its present condition.
 - 6) Fine and/or surcharge, criminal fine, income tax of a company or juristic partnership.
 - 7) The withdrawal of money without remuneration of a partner in a juristic partnership
 - 8) The part of salary of a shareholder or partner which is paid in excess of appropriate amount.
 - 9) Expense which is not actually incurred or expense which should have been paid in another accounting period except in the case where it cannot be entered in any accounting period, then it may be entered in the following accounting period.
 - 10) Remuneration for assets which a company or juristic partnership owns and uses.
 - 11) Interest paid to equity, reserves or funds of the company or juristic partnership itself.
 - 12) Damages claimable from an insurance or other protection contracts or loss from previous accounting periods except net loss carried forward for five years up to the present accounting period.
 - 13) Expense which is not for the purpose of making profits or for the business.
 - 14) Expense which is not for the purpose of business in Thailand.
 - 15) Cost of purchase of asset and expense related to the purchase or sale of asset, but only the amount in excess of normal cost and expense without reasonable cause.
 - 16) Value of lost or depleted natural resources due to the carrying on of business.
 - 17) Value of assets apart from devalued assets subject to Section 65 Bis.
 - 18) Expense which a payer cannot identify the recipient.
 - 19) Any expense payable from profits received after the end of an accounting period.
 - 20) Expense similar to those specified in (1) to (19) as will be prescribed by a Royal Decree.

1.5 Tax Rates

The corporate income tax rate in Thailand was 23 % on net profit for the accounting period 2012, and has been lowered to 20% for the accounting periods of 2013 and 2014 . However, the rates vary depending on types of taxpayers.

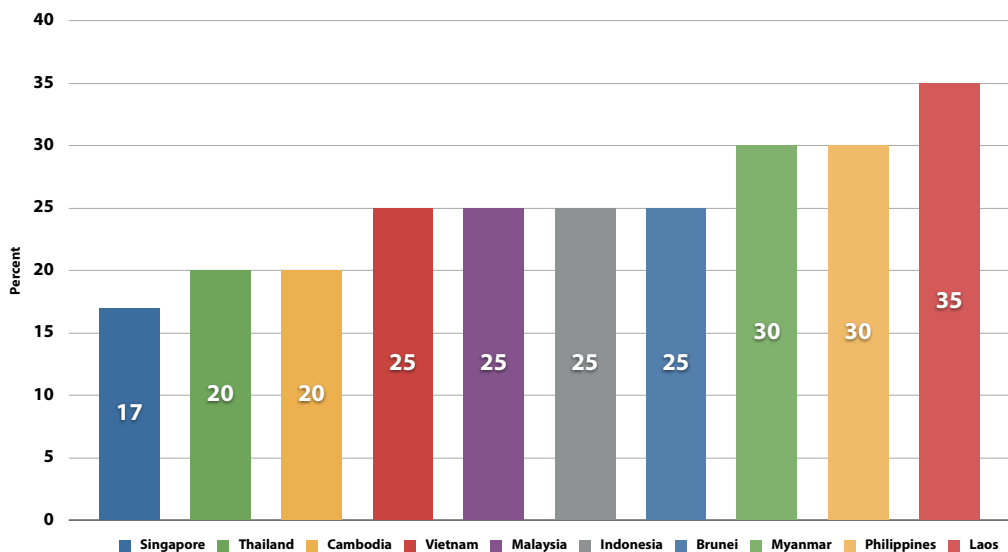
Taxpayer	Tax Base	Rate (%)
1. Small company ¹	- Net profit not exceeding 1 million baht - Net profit over 1 million baht	15% 23% for 2012 accounting period 20% for 2013 and 2014 accounting periods
2. Companies listed in Stock Exchange of Thailand (SET)	- Net profit for first 300 million baht - Net profit for the amount exceeding 300 million baht	25% ² 30%
3. Companies newly listed in Stock Exchange of Thailand (SET)	Net Profit	25% ³
4. Company newly listed in Market for Alternative Investment (MAI)	- Net Profit for the amount not exceeding 50 million baht	25%*

Taxpayer	Tax Base	Rate (%)
5. Bank deriving profits from International Banking Facilities (IBF)	Net Profit	10%
6. Foreign company engaging in international transportation	Gross receipts	3%
7. Foreign company not carrying on business in Thailand receiving dividends from Thailand	Gross receipts	10%
8. Foreign company not carrying on business in Thailand receiving other types of income apart from dividend from Thailand	Gross receipts	15%
9. Foreign company disposing profit out of Thailand.	Amount disposed.	10%
10. Profitable association and foundation.	Gross receipts	2% or 10%

Notes:

- * The reduced rate applies for currently listed companies for 3 accounting periods from 2008-2010.
- ^{1.} A small company refers to any company with paid-up capital less than 5 million baht at the end of each accounting period.
- ^{2.} The reduced rate applies for currently listed companies for 3 accounting periods from 2008-2010.
- ^{3.} The reduced rate applies for newly listed companies for 3 accounting periods from 2008-2010
- ^{4.} These incomes are
 - income by virtue of jobs, positions or services rendered;
 - part of value received from the amalgamation, acquisition or dissolution of juristic companies or partnerships which exceeds the cost of investment;
 - part of the proceeds derived from transfer of partnership holdings, shares, debentures, bonds, or bills or debt instruments issued by a juristic company or partnership or by any other juristic person, which exceeds the cost of investment; and
 - income specified in c and d in Table 1.1.

Corporate Income Tax Rates in 2013-2014



Source: Phatra Securities

1.6 Withholding Tax

Certain types of income paid to companies are subject to withholding tax at source. The withholding tax rates depend on the types of income and the tax status of the recipient. The payer of income is required to file the return (Form CIT 53) and submit the amount of tax withheld to the District Revenue Offices within seven days of the following month in which the payment is made. The tax withheld will be credited against final tax liability of the taxpayer. The following are the withholding tax rates on some important types of income.

Types of income	Withholding tax rate
1. Dividends	10%
2. Interest¹	1%
3. Royalties²	3%
4. Advertising Fees	2%
5. Service and professional fees	3% if paid to Thai company or foreign company having permanent branch in Thailand; 5% if paid to foreign company not having permanent branch in Thailand
6. Prizes	5%

Notes:

1. Tax will be withheld on interest paid to associations or foundations at the rate of 10%.
2. Royalties paid to associations or foundations are subject to 10% withholding tax rate.
3. Government agencies are required to withhold tax at the rate of 1% on all types of income paid to companies.

1.7 Losses

Each company is taxed as a separate legal entity. Losses incurred by one affiliate may not be offset against profits made by another affiliate. Losses can only be carried forward for a maximum of five years.

Source: *Doing Business in Thailand 2013, Mazars*

1.8 Tax Credits

For income derived from countries that do not have a Double Taxation Agreement (DTA) with Thailand, foreign tax credits are allowed. These foreign tax credits are subject to certain criteria and conditions, up to the amount of Thailand tax that would have been payable had the income been derived in Thailand. The same rules apply with regard to foreign tax relief for DTA countries.

Source: *Doing Business in Thailand 2013, Mazars*

1.9 Remittance Tax

There are two types of final withholding tax imposed on the remittance of income or profits to foreign companies:

- Remittance of income in the form of:
 - » Brokerage, fees for services 15%
 - » Royalties 15%
 - » Interest 15%
 - » Dividends 10%
 - » Capital gains 15%
 - » Rental of property 15%
 - » Liberal professionals 15%
- Remittance of profits after corporate income tax, a sum representing profits, or a sum set aside out of profits or regarded as profits is subject to 10% withholding tax.

1.10 Double Taxation Treaties

Double Taxation Agreements Exist With the Following Countries:

Armenia, Australia, Austria, Bahrain, Bangladesh, Belgium, Bulgaria, Canada, China, Cyprus, Czech Republic, Chile, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Korea, Kuwait, Laos, Luxembourg, Malaysia, Mauritius, Nepal, The Netherlands, New Zealand, Norway, Oman, Pakistan, The Philippines, Poland, Romania, Russia, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States, Uzbekistan, Vietnam, Myanmar, and Chinese Taipei

Source: Revenue Department, as of May 28, 2013

Website: www.rd.go.th

1.11 Transfer Pricing Rules

Although there is no separate transfer pricing legislation in Thailand, guidelines have been issued to counteract aggressive inter-company pricing practices and to ensure such payments reflect the true market value. These guidelines are intended to prevent the manipulation of profits and losses within a group of related companies and ensure that goods and services traded between the related companies are priced at an arm's length value. The Revenue Department also has the power to assess income resulting from transfers which it deems is below market value

Source: *Doing Business in Thailand 2013*, Mazars

2. Value Added Tax (Source: www.rd.go.th, July 2013)

Value Added Tax (VAT) has been implemented in Thailand since 1992 replacing Business Tax (BT). VAT is an indirect tax imposed on the value added of each stage of production and distribution.

2.1 Taxable Persons

Any person or entity who regularly supplies goods or provides services in Thailand and has an annual turnover exceeding 1.8 million baht is subject to VAT in Thailand. Service is deemed to be provided in Thailand if the service is performed in Thailand regardless where it is utilized or if it is performed elsewhere and utilized in Thailand.

An importer is also subject to VAT in Thailand no matter whether one is a registered person or not. VAT will be collected by the Customs Department at the time goods are imported. Certain businesses are excluded from VAT and will instead be subjected to Specific Business Tax (SBT). Under VAT, taxable goods mean all types of property, tangible or intangible, whether they are available for sales, for own use, or for any other purposes. It also includes any types of articles imported into Thailand. Services refer to any activities conducted for the benefits of a person or an entity, which are not the supply in terms of goods. Under VAT, taxable goods denote all types of property, tangible or intangible, whether they are available for sale, for personal use, or for any other purpose. It also includes any type of article imported into Thailand. Services refer to any activity conducted for the benefit of a person or an entity.

2.2 Exemptions from VAT

Certain activities are exempted from VAT. Those activities are:

- (1) Small entrepreneur whose annual turnover is less than 1.8 million baht;
- (2) Sales and import of unprocessed agricultural products and related goods such as fertilizers, animal feeds, pesticides, etc.;
- (3) Sales and import of newspapers, magazines, and textbooks;

- (4) Certain basic services such as:
 - transportation : domestic and international transportation by way of land;
 - healthcare services provided by government and private hospitals as well as clinics;
 - educational services provided by government and private schools and other recognized educational institutions;
- (5) Professional services: Medical and auditing services, lawyer services in court and other similar professional services that have laws regulating such professions;
- (6) Income from business, commerce, agriculture, industry, transport or any other activity not specified earlier.
- (7) Cultural services such as amateur sports, services of libraries, museums, zoos;
- (8) Services in the nature of employment of labor, research and technical services and services of public entertainers;
- (9) Goods exempted from import duties under the Industrial Estate law imported into an Export Processing Zones (EPZs) and under Chapter 4 of the Customs Tariff Act;
- (10) Imported goods that are kept under the supervision of the Customs Department which will be re-exported and be entitled to a refund for import duties; and
- (11) Other services such as religious and charitable services, services of government agencies and local authorities.

2.3 Tax Base

2.3.1 General Goods and Services

Tax base of VAT is the total value received or receivable from the supply of goods or services. Value means money, property, consideration, service fees, or any other benefits which is ascertainable in terms of money. Tax base will also include any Excise tax arises in connection with such supply. However, tax base is exclusive of the value added tax itself and does not include any discounts or allowances, but only if discounts or allowances are clearly shown in the tax invoices.

2.3.2 Imported Goods

$$\text{Tax base} = \text{C.I.F. price} + \text{Import duty} + \text{Excise tax (if any)} + \text{other taxes and fees (if any)}$$

2.3.3 Exported Goods

$$\text{Tax base} = \text{F.O.B. price} + \text{Excise tax (if any)} + \text{other taxes and fees (if any)}$$

2.4 Tax Rates

The current VAT rate is 7%.

A zero percent rate is applied to the following items:

- Export of goods;
- Services rendered in Thailand and utilized outside Thailand in accordance with rule, procedure and condition prescribed by the Director-General;
- Aircraft or sea-vessels engaging in international transportation;
- Supply of goods and services to government agencies or state-owned enterprises under foreign-aid program;
- Supply of goods and services to the United Nations and its agencies as well as embassies, consulate-general and consulates;
- Supply of goods and services between bonded warehouses or between enterprises located in EPZs.

2.5 Time of Supply

The time of supply of goods or services is important because it determines when a registered person should account for VAT. The time of supply will be determined as follows:

2.5.1 Goods

- 2.5.1.1 General goods, the earliest of:
 - o the time of delivery; or
 - o when ownership of goods is transferred; or
 - o a payment is made; or
 - o a tax invoice is issued.
- 2.5.1.2 Hire purchase or installment sale, the earliest of:
 - o the time each payment is due; or
 - o a payment is made; or
 - o a tax invoice is issued.
- 2.5.1.3 Supply of goods on consignment, the earliest of:
 - o the time the consignee makes delivery or transfers; or
 - o >ownership of the goods to buyer; or
 - o a payment is made; or
 - o a tax invoice is issued.
- 2.5.1.4 Imports, the earliest of:
 - o the time import duty is paid; or
 - o a guarantee is put up; or
 - o a guarantor is arranged for; or
 - o a bill of lading is issued.
- 2.5.1.5 Exports, the earliest of:
 - o the time export duty is paid; or
 - o a guarantee is put up; or
 - o a guarantor is arranged for; or
 - o a bill of lading is issued; or
 - o goods are sent from Thailand to an EPZ; or
 - o goods are exported from a bonded warehouse.

2.5.2 Services

- 2.5.2.1 In general, the earliest of:
 - o the time a payment is made; or
 - o tax invoice is issued; or
 - o service is utilized.
- 2.5.2.2 Service contract where payment is made according to the service performed, the earliest of:
 - o the time a payment is made; or
 - o tax invoice is issued; or
 - o service is utilized.
- 2.5.2.3 Imports
 - o the time the payment is made.

2.6 Tax Invoice

VAT registered person or entity is required to issue tax invoices every time the transactions are made showing details of nature and value of goods sold or services provided and also amount of VAT due. Tax invoice is used as evidence for claiming input tax credit. Tax invoice must contain at least the following elements;

- The word "Tax invoice" in a prominent place,
- Name, address and tax identification number of the issuer,
- Name and address of the purchaser or customers,
- Serial numbers of tax invoice and tax invoice books (if applicable),
- Description, value and quantity of goods or services;
- Amount of VAT chargeable, and
- Date of issuance.

2.7 VAT Calculation

VAT liability = Output Tax - Input Tax

"Output Tax" is a tax collected or collectible by VAT registered person from his customers when goods or services are supplied.

"Input Tax" is a tax charged by another registered person on any purchase of goods or provision of services. The term also includes any tax charged on imported goods.

2.8 Refund

In each month, if input tax exceeds output tax, taxpayer can claim for the refund, either in form of cash or tax credit to be used in the following months. Therefore, in case of zero-rated, taxpayer will always be entitled to VAT refund. As for unused input tax, it may be creditable against output tax within the next 6 months. However, the refund can only be claimed within 3 years from the last day of filing date.

Certain input taxes, such as tax in relation to entertaining expenses, are not creditable under VAT. However, those non-creditable input taxes can instead be used as deductible expenses under Corporate Income Tax (CIT).

2.9 VAT Registration

Any person or entity who is liable to VAT in Thailand must register to be VAT registered person or entity (Form VAT 01) before the operation of business or within 30 days after its income reaches the threshold. The registration application must be submitted to Area Revenue Offices if the business is situated in Bangkok or to the Area Revenue Branch Offices if it is situated elsewhere. Should a taxpayer have several branches, the registration application must be submitted to the Revenue Office where the headquarter is situated.

2.10 Tax Return and Payment

The VAT taxable period is a calendar month. VAT returns, therefore, must be filed on a monthly basis. VAT returns (Form VAT 30), together with tax payments, if any, must be submitted to the Area Revenue Branch Office within 15 days of the following month. If taxpayer has more than one place of business, each place of business must file the return and make a payment separately unless there is an approval from the Director-General of the Revenue Department. Services utilized in Thailand supplied by service providers in other countries are also subject to VAT in Thailand. In such a case, the service recipient in Thailand is obliged to file a VAT return (Form VAT 36) and pay tax, if any, on behalf of the service providers.

In the case where supply of goods or services is also subject to Excise tax, VAT return and tax payment, if any, must be submitted to the Excise Department together with Excise tax return and tax payment within 15 days of the following month. In case of imported goods, VAT return and tax payment must be submitted to the Customs Department at the point of import.

3. Personal Income Tax (Source: *www.rd.go.th*, July 2013)

Personal Income Tax (PIT) is a direct tax levied on income of a person. A person means an individual, an ordinary partnership, a non-juristic body of person and an undivided estate. In general, a person liable to PIT has to compute his tax liability, file tax return and pay tax, if any, accordingly on a calendar year basis.

3.1 Taxable Persons

Taxpayers are classified into "resident" and "non-resident". "Resident" means any person residing in Thailand for a period or periods aggregating more than 180 days in any tax (calendar) year. A resident of Thailand is liable to pay tax on income from sources in Thailand as well as on the portion of income from foreign sources that is brought into Thailand. A non-resident is, however, subject to tax only on income from sources in Thailand.

3.2 Assessable Income

Income chargeable to the PIT is called "assessable income". The term covers income both in cash and in kind. Therefore, any benefits provided by an employer or other persons, such as a rent-free house or the amount of tax paid by the employer on behalf of the employee, are also treated as assessable income of the employee for the purpose of PIT.

Assessable income is divided into eight categories:

- (1) income from personal services rendered to employers;
- (2) income by virtue of jobs, positions or services rendered;
- (3) income from goodwill, copyright, franchise, other rights, annuity or income in the nature of yearly payments derived from a will or any other juristic Act or judgment of the Court;
- (4) income in the nature of dividends, interest on deposits with banks in Thailand, shares of profits or other benefits from a juristic company, juristic partnership, or mutual fund, payments received as a result of the reduction of capital, a bonus, an increased capital holdings, gains from amalgamation, acquisition or dissolution of juristic companies or partnerships, and gains from transferring of shares or partnership holdings;
- (5) income from letting of property and from breaches of contracts, installment sales or hire-purchase contracts;
- (6) income from liberal professions;
- (7) income from construction and other contracts of work;
- (8) income from business, commerce, agriculture, industry, transport or any other activity not specified earlier.

3.3 Deductions and Allowances

Certain deductions and allowances are allowed in the calculation of the taxable income. Taxpayer shall make deductions from assessable income before the allowances are granted. Therefore, taxable income is calculated by:

TAXABLE INCOME = Assessable Income - deductions - allowances

Deductions allowed for the calculation of PIT

Type of Income	Deduction
a. Income from employment	40% but not exceeding 60,000 baht
b. Income received from copyright	40% but not exceeding 60,000 baht
c. Income from letting out of property on hire	
1) Building and wharves	30%
2) Agricultural land	20%
3) All other types of land	15%
4) Vehicles	30%
5) Any other type of property	10%
d. Income from liberal professions	30% except for the medical profession where 60% is allowed
e. Income derived from contract of work whereby the contractor provides essential materials besides tools	actual expense or 70%
f. Income derived from business, commerce, agriculture, industry, transport, or any other activities not specified in a. to e.	actual expense or 65% - 85% depending on the types of income

Allowances (Exemptions) allowed for the calculation of PIT

Types of Allowances	Amount
Personal allowance	
Single taxpayer	30,000 baht for the taxpayer
Undivided estate	30,000 baht for the taxpayer's spouse
Non-juristic partnership or body of persons	30,000 baht for each partner but not exceeding 60,000 baht in total
Spouse allowance	30,000 baht
Child allowance (child under 25 years of age and studying at educational institution, or a minor, or an adjusted incompetent or quasi-incompetent person)	15,000 baht each (limited to three children)
Education (additional allowance for child studying in educational institution in Thailand)	2,000 baht each child
Parents allowance	30,000 baht for each of taxpayer's and spouse's parents if such parent is above 60 years old and earns less than 30,000 baht
Life insurance premium paid by taxpayer or spouse	Amount actually paid but not exceeding 100,000 baht each
Approved provident fund contributions paid by taxpayer or spouse	Amount actually paid at the rate not more than 15% of wage, but not exceeding 500,000 baht
Long term equity fund	Amount actually paid at the rate not more than 15% of wage, but not exceeding 500,000 baht
Home mortgage interest	Amount actually paid but not exceeding 100,000 baht
Social insurance contributions paid by taxpayer or spouse	Amount actually paid each
Charitable contributions	Amount actually donated but not exceeding 10% of the income after standard deductions and the above allowances

3.4 Tax Credit for dividends

Any taxpayer who domiciles in Thailand and receives dividends from a juristic company or partnership incorporated in Thailand is entitled to a tax credit of 3/7 of the amount of dividends received. In computing assessable income, taxpayer shall gross up his dividends by the amount of the tax credit received. The amount of tax credit is creditable against his tax liability.

$$\text{Tax Credit} = \text{Dividend} \times \text{Corporate Tax Rate} / (100 - \text{Corporate Tax Rate})$$

3.5 Progressive Tax Rates

Personal income tax rates applicable to taxable income are as follows.

Personal Income Tax	
Level of taxable income (baht)	Marginal Tax Rate
1 - 100,000	5%
100,001 - 500,000	10%
500,001 - 1,000,000	20%
1,000,001 - 4,000,000	30%
Over 4,000,000	37%

Notes: - Net income of 150,000 baht is exempted

- Expatriates working for ROH can elect to be taxed at the rate of 15% for 4 years instead of normal progressive tax rates

Source: Revenue Department, as of July 11, 2012

Website: www.rd.go.th

On 18 December 2012, the Thai Cabinet approved a new personal income tax structure that reduces the existing maximum rate of 37% to 35% and increases the number of tax brackets from five to seven, effective with the 2013 tax year.

Yearly net income (Baht)	Existing rate	New rate
0-150,000	Exempt	Exempt
150,001-300,000	10%	5%
300,001-500,000	10%	10%
500,001-750,000	20%	15%
750,001-1,000,000	20%	20%
1,000,001-2,000,000	30%	25%
2,000,001-4,000,000	30%	30%
4,000,001 upward	37%	35%

Note: As of July 2013, the required legislation was under consideration by the Council of State. Until the new tax rates are announced by the Thai Revenue Department, the existing personal income tax rates will apply.

In the case where assessable income categories (2)-(8) is more than 60,000 Baht per annum, the taxpayer has to calculate the amount of tax by multiplying 0.5% to the assessable income and compare with the amount of tax calculated by progressive tax rates. Taxpayer is liable to pay tax at the amount whichever is greater.

3.6 Separate Taxation

There are several types of income that the taxpayer shall not include or may not choose to include such income to the assessable income in calculating the tax liability.

Income from sale of immovable property

Taxpayer shall not include income from sales of immovable property acquired by bequest or by way of gift to the assessable income when calculating PIT. However, if the sale is made for a commercial purpose, it is essential that such income must be included as the assessable income and be subject to PIT.

Interest

The following forms of interest income may, at the taxpayer's selection, be excluded from the computation of PIT provided that a tax of 15 per cent is withheld at source:

- interest on bonds or debentures issued by a government organization;
- interest on saving deposits in commercial banks if the aggregate amount of interest received is not more than 20,000 baht during a taxable year;
- interest on loans paid by a finance company;
- interest received from any financial institution organized by a specific law of Thailand for the purpose of lending money to promote agriculture, commerce or industry.

Dividends

Taxpayer who resides in Thailand and receives dividends or shares of profits from a registered company or a mutual fund which tax has been withheld at source at the rate of 10 per cent, may opt to exclude such dividend from the assessable income when calculating PIT. However, in doing so, taxpayer will be unable to claim any refund or credit.

3.7 Withholding Tax for Personal Income Tax

For certain categories of income, the payer of income has to withhold tax at source, file tax return (Form PIT 1, 2 or 3 as the case may be) and submit the amount of tax withheld to the District Revenue Office. The tax withheld shall then be credited against tax liability of a taxpayer at the time of filing PIT return. The following are the withholding tax rates on some categories of income.

Types of Income	Withholding Tax Rate
1. Employment income	5-37%
2. Rents and prizes	5%
3. Ship rental charges	1%
4. Service and professional fees	3%
5. Public entertainer remuneration	
- Thai resident	5%
- non-resident	5-37%
6. Advertising fees	2%

3.8 Tax Payment

The tax year is the calendar year. All persons liable to taxation are required to file a return no later than 31 March of the following year.

In addition, those taxpayers who derive income in relation to the lease of property, liberal professions (medicine, law, engineering, architecture, accountancy and fine arts), contractual work and other businesses, commerce or industries must file a mid-year tax return by 30 September in respect of income derived during the first half of the tax year to 30 June. Tax paid at the time of the mid-year filing is creditable against the annual tax liability.

4. Other Taxes

4.1 Specific Business Tax (SBT)

Specific Business Tax (SBT) is another kind of indirect tax introduced in 1992 to replace Business Tax. Certain businesses that are excluded from VAT will instead be subject to SBT.

Person liable to SBT

Any person or entity who engages in certain businesses in Thailand is subject to SBT instead of VAT. Businesses that are subject to SBT include:

- (1) banking under the law governing commercial banking or any other specific law
- (2) business of finance, securities and credit foncier under the law governing operation of the business of finance, securities and credit foncier
- (3) life insurance under the law governing life insurance
- (4) pawn broking under the law governing pawnshops
- (5) business with regular transactions similar to commercial banks, such as provision of loans, provision of guarantees, exchange of currencies, issuance, purchase or sale of bills or transfer of money abroad by different means;
- (6) sale of an immovable property in a commercial or profitable manner, irrespective of the manner in which such property is acquired, only in accordance with the rules, procedures and conditions prescribed by a royal decree
- (7) sale of securities in a securities market under the law governing securities exchange of Thailand
- (8) any other business as prescribed by a royal decree.

Exemptions

Activities of certain entities are exempted from SBT such as:

- (1) business of the Bank of Thailand, the Government Savings Bank, the Government Housing Bank, and the Bank for Agriculture and Agricultural Cooperatives
- (2) business of the Industrial Financial Corporation of Thailand
- (3) business of a savings cooperative, only in respect of loans provided to its members or to another savings cooperative
- (4) business of a provident fund under the law governing provident funds
- (5) business of the National Housing Authority, only in respect of sale or hire-purchase of an immovable property
- (6) pawn broking business of a ministry, sub-ministry, department and a local government authority
- (7) any other business under section 91/2 as prescribed by a royal decree

Tax base and tax rates

The tax base for a business in accordance with the provisions of this Chapter shall be the following gross receipts received or receivable from the business carried on by a person liable to tax

Business	Tax Base	Tax Rate (%)
1. Banking, Finance and similar business	Interest, discounts, service fees, other fees, profits from foreign exchange	3.0
2. business of finance, securities and credit foncier	Interest, discounts, service fees, other fees, profits from foreign exchange	3.0
3. Life Insurance	Interest, service fees and other fees	2.5
4. Pawn Brokerage	Interest, fees, remuneration from selling overdue property	2.5
5. business with regular transactions similar to commercial banks	Interest, discounts, service fees, other fees, profits from foreign exchange	3.0
6. Real estate	Gross receipts	0.1
7. sale of securities in a securities market	Gross receipts	0.1 (exempted)

Remark: Local tax at the rate of 10 % is imposed on top of SBT.

SBT registration

Any entity or person who is subject to SBT must register to be SBT registered person or entity (Form ภพ. 01) within 30 days of its first day of operation at the Area Revenue Office if it is situated in Bangkok or at District Revenue Office if it is situated elsewhere. Should taxpayer have several branches or offices, registration application must be submitted to Area or District Revenue Office where the headquarters is situated.

In the case of an operator who is a foreign resident, a person who is an agent of such operator shall be responsible in undertaking specific business tax registration for the operator who is a foreign resident.

File a tax return and payment

SBT taxable period is a calendar month. SBT return (Form ภพ. 40) must be filed on a monthly basis regardless whether or not the business has income. SBT return and payment must be submitted to the District Revenue Office within 15 days of the following month. If taxpayer has more than one place of business, each place of business must file its return and make the payment separately unless there is an approval from the Director-General.

Source: www.rd.go.th, July 2013

4.2 Stamp Duty

4.2.1 Persons liable to stamp duty

4.2.1.1 Only instruments listed in the stamp duty schedule are subject to the stamp duty and the persons liable to pay stamp duty are those listed in column 3 of the schedule. They are, for example, the persons executing the instrument, the holders of the instrument or the beneficiary.

4.2.1.2 If an instrument liable to duty is executed outside of Thailand, the first holder of the instrument in Thailand shall pay the duty by stamping at the full amount and canceling within 30 days from the date of receiving the instrument. If he does not comply as such, the instrument shall not be deemed duty stamped.

If he does not comply with the provisions of Paragraph 1, any holder of the instrument shall pay the duty by stamping at the full amount and canceling, and then he shall be able to submit the instrument for collection, endorsement, transfer or claiming of benefit.

Any holder who acquires possession of the instrument in accordance with this Section before the expiration of the time limit specified in Paragraph 1 may pay the duty by stamping at the full amount and canceling, and he has the right of recourse against the previous holders.

4.2.1.3 If a bill submitted for payment is not duty stamped, the recipient of the bill may pay the duty by stamping at the full amount and canceling, and may either have the right of recourse against the person liable to duty or deduct the amount of duty from the payment due.

4.2.2 *Instruments liable to stamp duty*

The instruments liable to stamp duty include, inter alia, transfers of land, a lease, stock transfers, debentures, mortgages, life assurance policies, annuities, power of attorney, promissory notes, letters of credit, travelers cheques.

4.2.3 *How to duty stamped*

"Duty stamped" means

- (1) in the case of an adhesive stamp, payment of duty is made by affixing a stamp on the paper, before or immediately when an instrument is executed, in an amount not less than the duty payable, and canceling such stamp; or
- (2) in the case of an impressed stamp, payment of duty is made by using a paper with an impressed stamp in an amount not less than the duty payable and canceling such stamp, or by submitting an instrument to an official to impress the stamp and paying an amount not less than the duty payable and canceling such stamp; or
- (3) in the case of payment by cash, payment of duty is made in cash in an amount not less than the duty payable in accordance with the provisions of this Chapter or in accordance with a regulation prescribed by the Director-General with the Minister's approval.

In stamping duty as prescribed under (1) and (2), the Director-General shall have the power to order the compliance in accordance with (3) instead

4.2.4 *Rate of stamp duty*

Rates of stamp duty are given in the schedule attached to the Chapter VI of Title II of the Revenue Code. The rates of duty range from 1 Baht to 200 Baht. A sample of stamp duty rates on some selected instrument is as follows:

Nature of Instrument/Transaction	Stamp Duty
1. Rental of land, building, other construction or floating house For every 1,000 Baht or fraction thereof of the rent or key money or both for the entire lease period	1 Baht
2. Transfer of share, debenture, bond and certificate of debt issued by any company, association, body of persons or organization. For every 1,000 Baht or fraction thereof of the paid-up value of shares, or of the nominal value of the instrument, whichever is greater.	1 Baht
3. Hire-purchase of property. For every 1,000 baht or fraction thereof of the total value	1 Baht

Nature of Instrument/Transaction	Stamp Duty
4. Hire of work For every 1,000 Baht or fraction thereof of the remuneration prescribed.	1 Baht
5. Loan of money or agreement for bank overdraft <ul style="list-style-type: none"> - For every 2,000 Baht or fraction thereof of the total amount of loan or the amount of bank overdraft agreed upon. - Duty on the instrument of this nature calculating into an amount exceeding 10,000 Baht shall be payable in the amount of 10,000 Baht. 	1 Baht
6. Insurance policy <ul style="list-style-type: none"> (a) Insurance policy against loss For every 250 baht or fraction thereof of the insurance premium. (b) Life insurance policy For every 2,000 baht or fraction thereof of the amount insured. (c) Any other insurance policy For every 2,000 baht or fraction thereof of the amount insured. (d) Annuity policy For every 2,000 baht or fraction thereof of the principal amount, or, if there is no principal amount, for every 2,000 baht or fraction thereof of 33 1/3 times the annual income. (e) Insurance policy where reinsurance is made by an insurer to another person. (f) Renewal of insurance policy 	1 Baht 1 Baht 1 Baht 1 Baht 1 Baht Half the rate for the original policy
7. Authorization letter i.e., a letter appointing an agent, which is not in the form of instrument or contract including a letter appointing arbitrators: <ul style="list-style-type: none"> (a) authorizing one or more persons to perform an act once only. (b) authorizing one or more persons to jointly perform acts more than once. (c) authorizing to perform acts more than once by authorizing several persons to perform acts separately; the instrument will be charged on the basis of each individual who is authorized. 	10 Baht 30 Baht 30 Baht
8. Proxy letter for voting at a meeting of a company <ul style="list-style-type: none"> (a) Authorized for one meeting only (b) Authorized for more than one meeting 	20 Baht 100 Baht
9. (1) Bill of exchange or similar instrument used like bill of exchange for each bill or instrument (2) Promissory note or similar instrument used like promissory note for each note or instrument	3 Baht 3 Baht
10. Bill of lading	2 Baht
11. (1) Share or debenture certificate, or certificate of debt issued by any company, association, body of persons or organization (2) Bond of any government sold in Thailand For every 100 baht or fraction thereof.	5 Baht 1 Baht
12. Cheque or any written order used in lieu of cheque for each instrument	3 Baht
13. Receipt for interest bearing fixed deposit in a bank	5 Baht
14. Letter of credit <ul style="list-style-type: none"> (a) Issued in Thailand <ul style="list-style-type: none"> - For value less than 10,000 Baht - For value of 10,000 Baht or over (b) Issued abroad and payable in Thailand for each payment 	20 Baht 30 Baht 20 Baht

Nature of Instrument/Transaction	Stamp Duty
15. Traveler's cheque (a) For each cheque issued in Thailand (b) For each cheque issued abroad but payable in Thailand	3 Baht 3 Baht
16. Each goods' receipt issued in connection with carriage of goods by waterway, land and air, namely, an instrument signed by an official or cargo master of a transport vehicle which carries goods as specified in that receipt upon issuing the bill of lading	1 Baht
17. Guarantee (a) For an unlimited amount of money (b) For an amount exceeding 1,000 baht (c) For an amount exceeding 1,000 baht but not exceeding 10,000 baht (d) For an amount exceeding 10,000 baht	10 Baht 1 Baht 5 Baht 10 Baht
18. Pawn broking For every 2,000 baht or fraction thereof of the debt. If the pawn broking does not limit the amount of debt.	1 Baht 1 Baht
19. Warehouse receipt	1 Baht
20. Delivery order	1 Baht
21. Agency (a) specific authorization (b) general authorization	10 Baht 30 Baht
22. Decision given by an arbitrator (a) In the case where the dispute is concerned with the amount of money or price for every 1,000 baht or fraction thereof (b) In the case where no amount of money or price is mentioned.	1 Baht 10 Baht
23. Duplicate or counterfoil of an instrument, namely, an instrument having the same contents as the original document or contract and signed by the person executing the instrument in the same manner as the original. (a) If the duty payable for the original does not exceed 5 baht. (b) If the duty exceeds 5 baht.	1 Baht 5 Baht
24. Memorandum of association of a limited company submitted to the registrar.	200 Baht
25. Articles of association of a limited company submitted to the registrar.	200 Baht
26. New articles of association, copy of amended memorandum of association or articles of association submitted to the registrar.	50 Baht
27. Partnership contract (a) Contract on the establishment of a partnership (b) Amendment of the contract on the establishment of a partnership	100 Baht 50 Baht
28. Receipt only as specified below: (a) Receipt issued for government lottery prizes; (b) Receipt issued in connection with a transfer of, or creation of any right in, an immovable property, if the juristic act which gives rise to such receipt is registered under the law; (c) Receipt issued in connection with a sale, sale with right of redemption, hire-purchase or transfer of ownership in a vehicle, only if the vehicle is registered under the law governing such vehicle. If the receipt under (a) (b) (c) has an amount of 200 Baht or more: for every 200 Baht or fraction thereof.	1 Baht

4.2.5 Surcharge and Punishment

4.2.5.1 Surcharge

4.2.5.1.1 Where an instrument is not duly stamped, the person liable to duty or the holder of the instrument or the beneficiary thereunder shall be entitled to present the instrument to the tax official for payment of duty who shall allow payment of the duty, subject to the following provisions:

- (a) Where the instrument not duly stamped is an instrument executed in Thailand and is presented to tax official for payment of duty within 15 days from the day when the instrument was required to be duly stamped, payment of duty shall be allowed merely at the rates set forth in the Stamp Duty Schedule.
- (b) In other cases, payment of duty shall be allowed, but a surcharge shall be imposed as follows:
 - (1) If it appears to the tax official that no more than 90 days have passed since the days when the instrument was required to be duly stamped, there shall be imposed a surcharge of twice the amount of duty or of 4 Baht, whichever is higher.
 - (2) If it appears to the official that more than 90 days have passed since the day when the instrument was required to be duly stamped, there shall be imposed a surcharge of five times the amount of the duty or of 10 Baht, whichever is higher.

4.2.5.1.2 If, in consequence of the inspection conducted by the official or of the charge preferred or information furnished by any person, whether or not a government official, it appears that:

- (a) a receipt required to be issued under the Revenue Code has not been issued, the tax official shall have the power to charge the full amount of duty, and in addition, to impose a surcharge of six times the amount of the duty or of 25 Baht, whichever is higher.
- (b) an instrument has not been duly stamped because
 - (1) no stamp has been affixed, the tax official shall have the power to charge the full amount of duty and, in addition, to impose a surcharge of six times the amount of the duty or of 25 Baht, whichever is higher.
 - (2) the amount of the stamps affixed is less than the amount of duty payable, the tax official shall have the power to charge the deficiency and, in addition, to impose a surcharge of six times the amount of the deficiency or of 25 Baht, whichever is higher.
 - (3) in all other cases, the competent official shall have the power to impose a surcharge equal to the amount of duty payable or 25 Baht, whichever is higher.

4.2.5.2 Punishment

- (1) Whoever liable to duty or required to cancel stamps fails or refuses to pay the duty or to cancel the stamps shall be punished with a fine not exceeding 500 Baht.

- (2) Whoever, with a view to evading payment of duty, issued a receipt of less than 10 Baht for the value received of 10 Baht or over, or divides the value received, or, with a view to evading compliance with the legal provisions on the stamp duty, willfully falsifies any instrument, shall be guilty and punished with a fine not exceeding 200 Baht.
- (3) Whoever intentionally puts a false date of cancellation of a stamp shall be punished with a fine not exceeding 500 Baht or imprisonment not exceeding three months or both.
- (4) Whoever fails to prepare or keep records of the daily total of money or price, or fails to issue a receipt immediately on demand in pursuance, or issues a receipt not stamped in the correct amount, shall be punished with a fine not exceeding 500 Baht.
- (5) Whoever by himself or in conspiracy with another person prevents issuance of a receipt, or fails to issue a receipt immediately upon receiving payment of money or price or issues a receipt showing an amount less than that of the money or price actually received, shall be punished with a fine not exceeding 500 Baht or imprisonment not exceeding one month or both.
- (6) Whoever knowing fails to extend facilities to the tax official or tax inspector in the performance of his duty, or seizure of any instruments or documents, or disobeys the summons issued by the tax official or tax inspector or refuses to give answers when questioned, or contravenes the provisions on issuing receipts or invoices or procedural directions issued by the Director-General of the Revenue Department shall be guilty and punished with a fine no exceeding 500 Baht.
- (7) Whoever, with fraudulent intention, has in possession a stamp known to be forged or deals in stamps which have been used or declared out of use by Ministerial Regulations shall be guilty and punished with a fine not exceeding 5,000 Baht or imprisonment not exceeding three years or both.

Source: www.rd.go.th, July 2013

4.3 Petroleum Income Tax

Petroleum Income Tax (PT) is a direct tax, levied annually (for each accounting period of 12 months duration) on net profit of a "petroleum taxpayer", who is carrying out the business of petroleum exploration and production. It is also levied on the disposal of profits outside of Thailand. The rules and regulations for Petroleum Income Tax are covered under Petroleum Income Tax Act and other related law. The rates, penalties, surcharge, etc. are different from that of Corporate Income tax.

An accounting period is normally 12 months. The Director General may grant permission for more or less than 12 months, if appropriately justified. The first accounting period shall begin on the day that the company makes its first sale or disposal of petroleum subject to royalty. This day is considered as the beginning date of the accounting period. An accounting period may be shorter than 12 months for the following cases:

- (a) if the company takes any day as the closing date of the first accounting period:
- (b) if the company ceases its petroleum business, the date of dissolution shall be the closing date of the accounting period:
- (c) if the company changes the closing date of an accounting period with the approval of the Director-General.

In the case the company transfers any rights under a concession prior to the beginning date of the first accounting period, this date of transfer shall be treated as the beginning and closing date of the accounting period.

4.3.1 *Tax Base*

The term 'petroleum taxpayer' covers anybody who:

- (1) holds a concession under petroleum law or has a joint interest in it; or
- (2) purchases crude oil produced by any concessionaire, all of which is intended for export.

A concession under petroleum law (to be obtained from Department of Mineral Resources) is required only for exploration and production of petroleum products (including crude oil, natural gas and liquid natural gas). Downstream industries including refining are not covered under Petroleum Income Tax Act. The tax is characterized by the presence of very few taxpayers.

There are 2 important amendments to the Petroleum Income Tax Act (in the years B.E. 2522 and B.E. 2532) creating 3 different versions. Each Petroleum Taxpayer is covered under one or more of the three versions (referred as status of taxpayer). Filing requirement is that taxpayer should submit one return per TIN per period per status. In case a taxpayer has to file returns under more than one status, he has to do so treating each status as a separate company. (in matters of allowances, adjusting of carried forward loss, etc.)

The important differences in tax calculation/remittance between the three versions of the Act are as follows:

Act 2514 (status 1)

Only annual return. No need for half year return. Interest not allowed as expense. Royalty allowed as tax credit. No levy of special remuneratory benefit tax. High tax rate of 50%

Act 2522 (status 2)

Only annual return. No need for half year return. Interest allowed as expense. (but a high withholding tax of 50% on interest paid is levied. Royalty allowed as expense. No levy of special remuneratory benefit tax. Low tax rate of 35% High profit remittance tax of 23.08%

Act 2532 (status 3)

Annual and half yearly returns required. Interest not allowed as expense. Royalty allowed as expense. Additional levy of special remuneratory benefit tax. High tax rate of 50%

All Petroleum Taxpayers are required to pay withholding tax @50 % on profits on transfers (transfer proceeds less loss carried forward) when petroleum property or right is transferred and if the total amount of such income is not definitely determinable.

While calculating net profit, following items are included as revenue:

- (1) Gross Income from sale of petroleum;
- (2) Value of petroleum disposed of;
- (3) Value of petroleum delivered as payment of royalty in kind;
- (4) Gross income arising from a transfer of any property or right related to petroleum business, if the total amount of such gross income is definitely determinable;
- (5) Any other income arising from conducting petroleum business.

The following are deductible expenses:

- (1) Ordinary and necessary expenses
- (2) Interest remitted and withholding tax paid
- (3) Value of royalty paid to the Thai Government
- (4) Value of special remuneratory benefit tax paid to Thai Government.
- (5) Capital expenditure allowance (in the nature of depreciation)
- (6) Net losses carried forward over the last 10 years
- (7) Bad debts
- (8) Donation not exceeding 1% of profit
- (9) Contribution to provident funds/pension funds

4.3.2 Tax Rates

Tax rate is linked to the status of taxpayer. At present, the tax rates are as follows:

- (a) Petroleum Income Tax Rates

Act B.E 2514 (status 1)	50%
Act B.E 2522 (status 2)	35%
Act B.E 2532 (status 3)	50%
Disposal of profits	23.08%
- (b) Withholding Tax Rates

For transfer of petroleum Property or rights	50%
(Specifically for income gained from transfer which may be able to specify certain total amount)	
Payment of interest	50%
Payment of dividend	23.08%
Payment of interest	15%
Payments for other services	Depends on service

4.3.3 Tax Payment

Petroleum companies are required to submit their annual return within 5 months from the date of closing of their accounting period. Payment of tax has to be made at the time of filing of the return.

Return for profit remittance has to be submitted within 7 days from the date of remittance.

In addition to the annual tax payment, petroleum companies falling under status 3 are required to submit half year return (based on estimate of profit. Under this system, the petroleum company has to estimate its annual profit and pay half of the amount of tax calculated on such basis within two months after the end of first six months of its accounting period. The estimated tax payment is creditable against the annual tax liabilities of the company.

Source: www.rd.go.th, July 2013

4.4 Excise Tax

Excise tax is levied on selected goods (mainly luxury goods) such as perfume and cosmetic products, tobacco, liquor, beer, soft drinks, crystal glasses, and petroleum products.

(Examples of excise tax ... for full list, contact www.excise.go.th)

Product	Tax Rate
Petroleum and petroleum products	
<i>Gasoline and similar products</i>	
· Unleaded gasoline	7.00 baht per liter
· Gasoline other than unleaded gasoline	7.00 baht per liter
· Gasohol with not less than 9 percent of ethanol	6.30 baht per liter
· Gasohol E20	5.60 baht per liter
· Gasohol E85	1.05 baht per liter
<i>Kerosene and similar lighting oil</i>	
· Kerosene and similar lighting oil	3.055 baht per liter
<i>Fuel oil for jet plane</i>	
· Fuel oil for jet airplane which is not aircraft	3.00 baht per liter
· Fuel oil for jet airplane for domestic aircraft per regulations, procedures, and conditions specified by Director General	0.20 baht per liter
<i>Diesel and other similar types of oil</i>	
· Diesel with sulphuric content exceeding 0.005% by weight	5.310 baht per liter
· Diesel with sulphuric content not exceeding 0.005% by weight	0.005 baht per liter
· Diesel with Methyl Esters biodiesel of fatty acid not less than 4% as per rules, procedures and conditions specified by Director General	0.005 baht per liter
<i>Natural gas liquid (NGL) and similar products</i>	
· NGL and similar products	5.31 baht per liter
· NGL and similar products to be used in refining process of a refinery	exempted
<i>Liquid petroleum gas (LPG), propane and similar products</i>	
· LPG and propane, and similar products	2.17 baht per kg
· Liquid propane and similar products	2.17 baht per kg
Electrical Appliances	
Air-conditioning unit with motor-driven fan and thermostat, whether or not with humidity control unit with capacity of not exceeding 72,000 BTU/hour	
(1) for used in vehicle	15%
(2) others from (1)	exempted
Automobile	
<i>Passenger car</i>	
· with cylindrical volume not exceeding 2,000 cc and engine power not exceeding 220 horse power (HP)	30%

Product	Tax Rate
· with cylindrical volume exceeding 2,000 cc but not exceeding 2,500 cc and engine power not exceeding 220 horse power (HP)	35%
· with cylindrical volume exceeding 2,500 cc but not exceeding 3,000 cc and engine power not exceeding 220 horse power (HP)	40%
· with cylindrical volume exceeding 3,000 cc or with engine power of exceeding 220 horse power (HP)	50%
<i>Pick-up passenger vehicle (PPV)</i>	
· with cylindrical volume not exceeding 3,250 cc	20%
· with cylindrical volume exceeding 3,250 cc	50%
<i>Double cab vehicle with specifications as per specified by the Ministry of Finance</i>	
· with cylindrical volume not exceeding 3,250 cc	12%
· with cylindrical volume exceeding 3,250 cc	50%
<i>Passenger car with specification as per specified by the Ministry of Finance which is made from pick-up truck or chassis with windshield of pick-up truck or modified from pick-up truck</i>	
· Manufactured or modified by industrial entrepreneurs with cylindrical volume not exceeding 3,250 cc	3%
· Manufactured or modified by industrial entrepreneurs with cylindrical volume exceeding 3,250 cc	50%
<i>Passenger car or public transport vehicle with and seating not exceeding 10 seats</i>	
· Passenger car or public transport vehicle with seating not exceeding 10 seats used as ambulance of government agency, hospital or charitable organization as per terms and condition and number specified by the Ministry of Finance	exempted
<i>Eco Car</i>	
· Hybrid electric vehicle	
- with cylindrical volume not exceeding 3,000 cc	10%
- with cylindrical volume exceeding 3,000 cc	50%
· Electric powered vehicle	10%
· Fuel cell powered vehicle	10%
<i>Economy car meeting international standards (From October 1, 2009 onwards)</i>	
- Gasoline engine with cylindrical volume not exceeding 1,300 cc	17%
- Diesel engine with cylindrical volume not exceeding 1,400 cc	17%
<i>Passenger car or public transport vehicle with seating not exceeding 10 seats using alternative energy with cylindrical volume not exceeding 3,000 cc with specification as per specified by the Ministry of Finance</i>	
· Using no less than 20 percent of ethanol mix with gasoline available generally in gas stations according to the criteria and conditions set by Director General	
- with cylindrical volume not exceeding 2,000 cc and engine power not exceeding 220 horse power (HP)	25%
- with cylindrical volume not exceeding 2,000 cc but not exceeding 2,500 cc and engine power not exceeding 220 horse power (HP)	30%
- with cylindrical volume exceeding 2,500 cc but not exceeding 3,000 cc and engine power not exceeding 220 horse power (HP)	35%

Product	Tax Rate
· Being capable of operating on natural gas	20%
Boat	
· Yacht and boat used for leisure purpose	exempted
Motorcycles	
· With cylindrical volume not exceeding 150 cc.	3%
· With cylindrical volume exceeding 150 cc. but not exceeding 500 cc.	5%
· With cylindrical volume exceeding 500 cc. but not exceeding 1,000 cc.	10%
· With cylindrical volume exceeding 1,000 cc.	20%
· Others	exempted
Perfume and Cosmetics	
· Essential oil and fragrant essence, excluding of perfume and fragrant essence produced domestically	15%
· Essential oil	exempted
· Perfume and fragrant essence which is the local products and produced domestically	exempted
Other Commodities	
· Carpet and animal hair floor covering materials	20%
· Marble and granite	exempted
· Batteries	10%
Golf Course	
· Membership fee	10%
· Course usage fee	10%
· Other incomes	exempted

Source: Excise Department, as of May 2014: www.excise.go.th

4.5 Property Tax

Property tax is imposed and collected annually. There are two kinds of property tax in Thailand: (1) house and land tax and (2) local development tax. Under the House and Land Tax Act B.E. 2475 (A.D. 1932) as amended, the tax is imposed on owners of houses, buildings, structures, or land rented or otherwise put to commercial use. Taxable property under house and land tax includes houses not occupied by the owner, industrial and commercial buildings, and land used in connection therewith. The tax rate is 12.5% of actual or assessed annual rental value of the property.

Under the Local Development Tax Act B.E. 2508 (A.D. 1965), as amended, the tax is imposed upon the person who either owns or is in possession of the land. Tax rates vary according to the medium value appraised by the local authorities. Allowances are granted for land utilized as personal dwellings, raising of livestock, and cultivation of crops by the owner. The extent of the allowances differs according to location of the land.

Source: Tilleke & Gibbins' Thailand Legal Handbook

5. Customs Duties (Source: www.customs.go.th, July 2013)

Customs duties are governed by the Customs Tariff Decree of 1987, an amendment of previous tariff codes, to conform to the Harmonized System of the Customs Cooperation Council. Tariff duties on goods are levied on an ad valorem or a specific rate basis. The majority of goods imported by businesses are subject to rates between zero and 80%.

The majority of imported articles are subject to two different taxes: tariff duty and VAT. Tariff duty is computed by multiplying the CIF value of the goods by the duty rate. The duty thus determined is added to the value of the goods determined with reference to the CIP price.

VAT is then levied on the total sum of the CIF value, duty, and excise tax, if any. Goods imported for re-export are generally exempted from import duty and VAT. Export duties are imposed on only a few items including rice; hides, skins, and leather; scrap iron and steel; rubber, including latex, rubber waste, tree and lump scraps, earth rubber, and bark shavings from rubber trees; teak and other kinds of wood.

Thailand is a member of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). Thai Customs law adopts practices and standards in accordance with the GATT codes in determination of customs price.

Tariff duties may be lowered at the discretion of the Minister of Finance and with the approval of the Cabinet. Two exceptions to the obligation to pay customs duties apply to the importation of machinery, equipment, and materials for use by oil and gas concessionaires, their contractors, and certain companies promoted by the Board of Investment.

As a part of the BOI's Investment Promotion Program, BOI-promoted companies are eligible to receive exemptions or reductions from import duties on raw and essential materials as well as machinery.

Further, companies that belong to the BOI's Investor Club Association (IC) are eligible to use the IC's Raw Materials Tracking System (RMTS) and Machinery Tracking System (MCTS). For companies that take advantage of this service, release of raw materials and machinery can be done in three hours or less. For more information, please contact the Investor Club at: 555, 1 Vibhavadi-Rangsit Road, Lad Yao, Chatuchak, Bangkok 10900; Tel: +66 (0) 2936-1429, Fax: +66 (0) 2936-1441-2.

All exported goods are exempt from export duties except raw hides and skins, wood and sawn (including lumber) items. Interested persons can receive advice and additional information from the Tax Incentives Bureau, Customs Department at Tel: 02-667-7763.

5.1 eCustoms

Computer techniques are increasingly used by Thai Customs to support a wide range of Customs operations. "E-Customs" was implemented on 1 January 2007, comprising of e-Import, e-Export, e-Manifest, e-Payment, and e-Warehouse. It provides business operators such as exporters, importers, Customs brokers and shipping companies with a paperless environment and a one stop service.

The "e-Customs" system is the comprehensive system developed by Thai Customs to facilitate and process all commercial goods imported into Thailand. It is widely recognized as one of the most sophisticated and integrated business-oriented systems. The e-Customs system significantly cuts costs, and reduces paperwork requirements for both Customs and relevant trading community.

5.2 Customs Incentives Schemes

To promote Thailand as a global trade hub, Thai Customs administers various Customs-related incentive schemes to facilitate the trading community. We also constantly review the schemes to meet the needs of our traders.

Please refer to the list of incentive schemes below.

- Tax and Duty Compensation
- Duty Drawback under Section 19 bis
- Duty Drawback for Re-Export
- Bonded Warehouses
- Free Zone
- Investment Promotion
- Gold Card Scheme
- Licensed Customs Broker

5.2.1 Tax and Duty Compensation

Tax compensation is one of the government measures to lower the production cost of goods for exportation to boost their worldwide competitiveness against foreign products both at international and domestic levels. The compensation has to be complied with the criteria and conditions as prescribed by the Tax and Duty Compensation of Exported Goods Produced in the Kingdom Act B.E.2524 (1981).

5.2.2 Duty Drawback under Section 19 bis of the Customs Act

The duty drawback scheme enables exporting companies to obtain a refund of Customs duty paid on imported goods where those goods will have undergone production, mixing, assembling, or packing and then exported to a foreign port. Only the person who is the legal owner of the goods at the time the goods are exported, or a person to whom this right has been assigned, is eligible to make a claim for duty drawback.

5.2.3 Duty Drawback for Re-Export

Drawback for re-export basically consists of the request for a refund of Customs duties paid on imported goods -- on the basis of a later exportation of the goods. Thai Customs duty drawback for re-export enables exporters of goods which were originally imported to obtain refunds for import duties paid, subject to the criteria and conditions established by Customs.

5.2.4 Bonded Warehouses under the Customs Act

It is in the nature of international trade practice that in many cases it is not known at the time of importation how imported goods will finally be disposed of. This means that the importers are obliged to store the goods for more or less long period. It is, therefore, in the importers' interest to place these goods under a Customs procedure which obviates the need to pay import taxes and duties or delay the payment of taxes and duties.

Recognizing the need of the importers, Thai Customs has provided in its national legislations for Customs warehousing procedures allowing the importers to store the goods for more or less long period without payment of taxes and duties until the goods are actually taken for domestic consumption.

Under a bonded warehouse scheme, the imported goods stored in a bonded warehouse for the purpose of re-exportation shall be exempted from payment of import/export taxes and duties, regardless of being exported in the same nature as imported or in the nature of having been produced, mixed or assembled as other goods.

Various types of bonded warehouses under Customs Act include:

- Bonded Warehouse of Manufacturing Type;
- Bonded Warehouse for Vessel Repair or Construction;
- Bonded Warehouse of General Type;
- Bonded Warehouse of General Type for Goods Demonstration or Exhibition;
- Bonded Warehouse of General Type for Oil Storage;
- Bonded Warehouse of Duty Free Shop Type;
- Bonded Warehouse Zone for Free Trade; and
- Bonded Warehouse for Storage of Duty Free Goods.

5.2.5 Customs Free Zones

The Free Zone Scheme encourages Thailand-based operations by removing certain disincentives associated with manufacturing in Thailand. The duty on a product manufactured abroad and imported into Thailand is assessed on the finished product rather than on its individual parts, materials, or components. The Thailand-based manufacturer finds itself at a disadvantage compared with its foreign competitor when it must pay a higher rate on parts, materials, or components imported for use in a manufacturing process. The Free Zone Scheme corrects this imbalance by treating products made in the Zone, for the purpose of tariff assessment, as if it were manufactured abroad. At the same time, this country benefits because a zone manufacturer uses Thai labor, services, and inputs.

5.2.6 Investment Promotion

Investment incentives have long been one of various measures applied by the Thai Government to attract foreign investment in Thailand and to support the Government goals in decentralizing Thailand's industrial base. One key investment incentive set up by the Board of Investment (BOI), the agency directly responsible for investment promotion, is tax and duty incentives for promoted projects.

In this context, the Thai Customs Department, responsible for national revenue collection and promotion of exports, has set up regulations on importation of machinery and raw materials for entrepreneurs granted import tax and duty incentives from BOI. To facilitate the entrepreneurs, Customs also provides advice on tax and duty privileges.

5.2.7 Gold Card Scheme

A Gold Card Scheme for importers/exporters is another measure to facilitate import and export procedures. In this connection, importers/exporters with good record and reliable background who meet the Customs established criteria are granted gold card status. Various privileges relating to processing Customs procedures are granted to the gold card importers/exporters.

5.2.8 Licensed Customs Broker

Similar to a gold card scheme, a licensed Customs broker scheme is another measure to facilitate import and export procedures. Under this particular measure, experienced and knowledgeable licensed Customs broker is allowed to involve in verifying the operation of Customs procedures.

5.2.9 Authorized Economic Operator

AEO is the abbreviation of "Authorized Economic Operator" which the World Customs Organization "WCO" has defined as "An organization or a company involved in the movement of goods certified by Customs of each country that such organizations or companies have complied with WCO or equivalent supply chain security standards. Authorized Economic Operators include manufacturers, importers, exporters, customs clearance agents, carriers, consolidators, port owners, airport owners, port or airport operators, warehouse owners and goods distribution agents."

The Customs Department has fully realized to conform with the WCO Framework of Standard to Secure and Facilitate Global Trade (SAFE) and to enhance the competitiveness of international trade, including complementing the business community in supply chain to emphasize the significance of safety in business transaction. The Customs Department has introduced the use of criteria, conditions and privileges of standardized AEO operators in order to facilitate more speedy clearance and obtain more customs privileges.

Privileges of Authorized Economic Operator (AEO)

1. Privileges on customs procedures covering import, export and re-export;
2. Tax privileges to be granted on more speedy tax refund and compensation;
3. Privileges on using guarantee as standardized Authorized Economic Operator in lieu of placing a guarantee on transshipment and transit;
4. Privileges on legal cases under the conditions specified by the Customs Department;
5. Exports will be recognized by foreign Customs Administrations having Mutual Recognition Agreement so-called "MRA";
6. Other qualified privileges will be announced by the Director-General of Customs.

The Customs Department has classified entrepreneurs of the AEO standard into two categories as follows:

- Importer and Exporter of AEO standard in accordance with Customs Announcement No. 12/2556
- Customs Clearance Agent of AEO standard in accordance with Customs Announcement No. 13/2556

For further inquiry and information, you may contact the Customs Call Center at Tel. 1164 or the Customs Clinic at Tel. 02-667-7880-4, Fax. 02-667-7885, e-mail: customs_clinic@customs.go.th.