PKF

Thailand

Tax Guide

2016/17

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

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- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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BASIC FACTS

Full name:	Kingdom of Thailand
Capital:	Bangkok
Main languages:	Thai
Population:	67.2 million (2014 estimate)
Major religion:	Buddhism
Monetary unit:	Baht (THB)
Internet domain:	.th
Int. dialling code:	+66

KEY TAX POINTS

- The tax residence of a company is determined by the place where the company is located. Resident companies are those incorporated in Thailand. Companies incorporated outside Thailand are non-resident companies.
- A resident company is subject to Corporate Income Tax (CIT) on its worldwide income and gains. Non-resident companies are subject to CIT on their Thai sourced income and gains. The current CIT rate is 20%.
- The tax residence of an individual is determined by the period in which the individual is present in Thailand. Resident individuals are those who are present in Thailand for at least 180 days in a calendar year. Resident individuals are subject to income tax on Thai sourced income and income arising or earned overseas if remitted to Thailand in the year in which it is derived. Non-resident individuals are subject to tax on income from sources in Thailand. The maximum income tax rate is 35%.
- Thailand relies on a self-assessment system and capital gains are treated as part of assessable income.
- A 10% profit remittance tax is imposed on profits remitted out of Thailand by Thai branches of foreign companies. Such branches are not tax resident in Thailand and thus cannot access treaty benefits under Thailand's Double Tax Agreements (DTAs).
- Thailand has entered into a DTA with many countries that provide for the elimination of double taxation using the credit or exemption methods. The DTAs also provides for the exchange of information between treaty partners, including under a Mutual Agreement Procedure.
- By virtue of either the Thai domestic tax laws or a relevant DTA credit relief is provided for overseas taxes against taxation in Thailand up to a maximum of the Thai tax on the overseas income concerned so as to mitigate double taxation. Offshore dividend income can be exempt from income tax if certain conditions are met under Thai domestic laws.
- To make Thailand a regional hub of investment, the Thai Government has recently introduced several preferential tax regimes to attract multinational enterprises to establish an International Headquarters company, an International Trading Centre, or a Treasury Centre in Thailand.
- Thai domestic tax laws do not include provisions on general anti-avoidance (such as a General Anti-Avoidance Rule), Controlled Foreign Corporations (CFCs) or thin capitalisation. However, since the recent OECD initiative on Base Erosion and Profit Shifting (BEPS) the Thai revenue authorities have paid much more attention to anti-avoidance and transfer pricing issues as evident from, for example, several legislative attempts to crack down on tax evasion and aggressive or unjustifiable tax planning.

- VAT is payable on imports and the supply of goods and services in Thailand. A standard rate of 7% applies, although certain supplies are zero-rated or exempt. There are also other taxes such as specific business tax imposed on certain transactions and stamp duty payable on certain types of instrument.

A. TAXES PAYABLE

CORPORATE INCOME TAX

Corporate income tax (CIT) is a direct tax levied on a juristic person which is established under Thai or foreign laws and carries on business in Thailand or which derives certain types of income from Thailand. The term 'juristic person' (hereinafter referred to as a ‘company’ or collectively as ‘companies’) means a juristic company or partnership operating in Thailand. The term also includes any unincorporated joint venture and any trading or profit-seeking activity carried on by a foreign government or its agency or by any other juristic body incorporated under a foreign law. Resident companies are those incorporated in Thailand. They are subject to CIT on taxable net profits by taking into account their worldwide income for each 12 month accounting period. The ordinary fiscal year for tax submission is for the 12 month period ending 31 December. However, with the consent of the Director-General of the Thai Revenue Department (TRD), they may choose a different accounting period for the purpose of determining taxable income.

Resident companies subject to CIT in Thailand can access Thailand’s DTAs. Although Thailand is not a member of the OECD, the Commentaries on the Articles of the OECD Model Tax Convention on Income and Capital play an important role as a secondary source for interpreting Thailand’s DTAs. The OECD’s Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations also assist in the interpretation of Thai legislation (see Section E below).

Non-resident companies are those incorporated under foreign laws. They are treated as carrying on business in Thailand if they have a ‘taxable presence’ in Thailand. A taxable presence generally refers to either a fixed place through which the business is carried on (e.g., an office, a branch, or any other physical place of business) or an agent acting on behalf of the non-resident company to carry on business in Thailand (e.g. an employee, a representative, or a go-between). To this effect, the concept of a ‘taxable presence’ under the Thai Revenue Code (TRC) is broader than that of a ‘permanent establishment’ (PE) under a DTA.

Non-resident companies carrying on business in Thailand are subject to CIT on taxable net profits arising from, or in consequence of, business carried on in Thailand. The statutory CIT rate in the TRC is 30% and is reduced to 20% in 2015. However, the National Legislative Assembly has recently approved the draft of an Act to reduce the statutory CIT rate to 20%, becoming effective from accounting periods beginning on or after 1 January 2016. Depending on the type of corporate taxpayer, CIT rates can vary and are applied at graduated rates depending on the level of taxable income starting from 0% up to 20%. CIT is payable twice a year, using Form PND50 and Form PND51.

Thai and foreign companies carrying on business in Thailand are required to file their annual tax return (Form PND50) within 150 days from the closing date of their fiscal accounting period. The tax payment must be submitted together with the tax return. Any companies that are subject to CIT on taxable net profits are also required to file their half-year tax return (Form PND51). They are obliged to estimate their annual taxable net profits as well as their tax liability and pay half of the estimated tax amount within two months after the end of the first six months of each accounting period. The prepaid tax is creditable against the annual tax liability. Foundations, associations and foreign companies carrying on the business of international transportation services are subject to CIT on gross income. The applicable CIT rates vary depending on facts and circumstances.

CAPITAL GAINS TAX

There is no separate capital gains tax in Thailand. Capital gains are treated as assessable income for tax purposes.

BRANCH PROFITS TAX

There is no specific branch profits tax in Thailand. Thai branches of foreign companies will generally only be taxed in Thailand on their taxable net profits arising from the business carried on in Thailand. The Thai branches are subject to the same CIT rate as resident companies. Branch profits remitted to the foreign head office are subject to a profit remittance tax of 10%.

VALUE ADDED TAX (VAT)

VAT is an indirect tax levied on the supply of goods and provision of services in Thailand, irrespective of where the service is used, and the import of goods into Thailand. A service performed abroad but made use of in Thailand is also deemed to be a provision of services in Thailand. Any person or entity that regularly supplies goods or provides services in Thailand and has an annual turnover exceeding THB 1.8 million is subject to VAT registration in Thailand. Suppliers of goods and services collect VAT output tax. Purchasers of goods and services pay VAT input tax. Input tax is deducted from output tax to determine the VAT liability. Certain businesses are exempt from VAT.

A foreign supplier temporarily carrying on vatable business in Thailand is subject to VAT on a reverse charge basis, whereby the payer is required to self-assess any applicable VAT and remit it to the TRD. VAT is currently levied at a rate of 7% on gross receipts, although a zero rate applies to exported goods and services (that are totally used abroad). The official VAT rate is actually 10% not 7%; however, the VAT rate was reduced to 7% in 1997 and this reduced rate has since been extended by the TRD continuously thereafter.

OTHER TAXES:
SPECIFIC BUSINESS TAX (SBT)

There are some businesses that are not subject to VAT but are subject to SBT, although certain entities and activities may be exempt from SBT. The tax is imposed on gross revenue and the rate of tax differs according to the nature of the business performed as follows:

Business		Tax base	Tax rate (%)
1.	Banking, finance and similar business	Interest, discounts, service fees, other fees, profits from foreign exchange	3.0
2.	Life insurance	Interest, service fees and other fees	2.5
3.	Pawn brokerage	Interest, fees, remuneration from selling overdue property	2.5
4.	Real estate	Gross receipts	3.0
5.	Factoring	Interest, discounts, service fees and other fees	3.0

Note: Local tax at the rate of 10% is imposed on top of SBT, resulting in an effective SBT rate of 3.3% on interest, for example.

STAMP DUTY

Stamp duties are payable on most documents filed by companies with the Government agencies or entities and on official documents of the company, including transfers of land, leases, stock transfers, debentures, mortgages, life assurance policies, annuities, Powers of Attorney, promissory notes, letters of credit, cheques, etc. Stamp duties are levied on instruments and not on transactions or persons. For the purposes of Stamp Duty, an instrument is defined as any document chargeable with duty under the TRC. The Stamp Duty rules are contained in Chapter VI of Title II of the TRC.

Only instruments listed in the Stamp Duties schedule are subject to Stamp Duty and the persons liable to pay Stamp Duties are those associated with the instrument. They are, for example, the persons executing the instrument, the holders of the instrument or the beneficiary. General exemptions are available under the TRC. Rates vary according to the class of the instrument. Non-compliance can result in a penalty or surcharge of tax. For certain categories of instruments the liable person may pay Stamp Duties in cash instead of affixing stamps on the instruments, e.g. a land or building lease agreement or a hire of work contract with values of at least THB 1,000,000.

PETROLEUM INCOME TAX

Income derived from petroleum operations is subject to the Petroleum Income Tax Act. It is levied on net profit adjusted under the conditions specified by the Petroleum Income Tax Act and profit distributions outside Thailand. Petroleum income is taxed at various rates up to the maximum rate of 50%. The income tax rate is reduced to 10% of net taxable profit derived from the gross revenue on the export and import of fuel oil not less than THB 2 billion per annum into or between duty free zones.

EXCISE TAX

Excise tax is levied on certain types of products such as alcoholic beverages, tobacco and fruit juice.

INHERITANCE TAX

With effect from 1 February 2016 the Inheritance Tax Act applies to individuals or juristic entities that receive a legacy from a deceased testator. Certain properties are subject to inheritance tax and only the value of a legacy that exceeds THB 100 million obtained from each deceased testator together either once or on several occasions is subject to inheritance tax at 10%. The rate is reduced to 5% if the heirs are ascendants or descendants of a deceased testator. A legacy received by the spouse of a deceased testator is exempt from inheritance tax.

GIFT TAX

With effect from 1 February 2016 a gift given by a living person is subject to personal income tax under the TRC. Only the value of a gift exceeding the prescribed threshold is subject to personal income tax at 5%, depending on the type of gifts and donor. An exemption may be granted in certain circumstances.

LOCAL TAXES:

SIGNBOARD TAX

This tax may be imposed at various rates per square meter (depending on the language) on any signs or billboards that display a name, trademark or product for the purpose of advertising or providing information on businesses.

PROPERTY TAXES

Owners of land and buildings in designated areas may be subject to either local administration tax (based on the unimproved capital value of land) or house and land tax (calculated at a percentage of actual or imputed annual rental value). Local administration tax is based on the appraised value of land as determined by the local authorities. Land that is subject to house and land tax is not subject to this tax. House and land tax covers all properties with the exception of owner occupied residences. The annual value is the official assessment of rental income that could be derived from such premises.

B. DETERMINATION OF TAXABLE INCOME

Income tax is payable by both individuals and companies on their taxable income. Taxable income is defined as assessable income less allowable deductions. For individuals, certain additional allowances can also be deducted against the assessable income. CIT of a company carrying on business in Thailand is calculated from the company's net profit on an accrual basis under the TRC.

A company shall take into account all revenue arising from or in consequence of the business carried on in an accounting period and may deduct all expenses in accordance with the conditions prescribed by the TRC. Additional deductions on certain types of expenditure may also be allowable.

No.	Description	Tax base (THB)	Rate 2015	Rate 2016
1	Small and medium enterprise[1]	Taxable Net Profit:		
		0 - 300,000	Exempt	Exempt
		300,001 - 3,000,000	15%	15%
		> 3,000,000	20%	20%
2	Standard enterprise	Taxable Net Profit	20%	20%
3	Company listed on the Stock Exchange of Thailand (SET)	Taxable Net Profit	20%	20%
4	Foreign company engaging in international transportation	Gross Receipts		
5	Foreign company not carrying on business in Thailand but receiving dividends from Thailand	Gross Receipts	Generally at 10%	Generally at 10%
6	Foreign company not carrying on business in Thailand but receiving other types of income apart from dividends from Thailand	Gross Receipts	Generally at 10%	Generally at 10%
7	Foreign company remitting profits out of Thailand	Amount Remitted		
8	Profitable association and foundation	Gross Receipts		
9	Company granted tax privileges from the Board of Investment (BOI) [2]	Taxable Net Profit		
10	International Headquarters (IHQ)[3]	Taxable Net Profit		
11	International Trading Centre (ITC) [4]	Taxable Net Profit		

1. A ‘small and medium enterprise’ refers to companies with paid-up capital not exceeding THB 5 million at the end of each accounting period and revenue from sales of goods and services of not more than THB 30 million in the relevant accounting period. In addition to the paid up capital, if the amount of revenue derived from sales of goods and services is more than THB 30 million, the company no longer qualifies for the income tax reductions as a small and medium enterprise, even if the amount of revenue falls below THB 30 million in subsequent years. The sales of goods excludes the sale of assets where the business is operated and is not in the business to buy such assets for direct sale.

2. Depending on the location (investment zone) and type of activity undertaken, a company may qualify for a tax exemption (tax holiday) for three to eight years on corporate profits as well as a reduction of import duty on imported machinery and materials, as well as an exclusion of income tax on dividends derived from BOI activities.

3. For more than a decade, the Thai government has been actively attempting to boost Thailand’s profile as a regional hub for the group operations of foreign multi-nationals. Incentive rules were introduced in 2002 in the form of the Regional Operating Headquarters (ROH). The requirements of the ROH regime, however, were complex and the benefits limited. In December 2014 the IHQ regime was announced as a replacement and was enacted in May 2015. Requirements to qualify as an IHQ are less onerous than the previous ROH regime, and the incentives are more attractive.

CONDITIONS REQUIRED FOR IHQ
An IHQ entity must:
1. Be incorporated in Thailand;
2. Have paid-up capital of at least THB 10 million at the end of each accounting period;
3. Incur annual operating expenses in Thailand of at least THB 15 million in each accounting period;
4. Provide qualifying services to at least one associated enterprise outside Thailand.

Qualifying services comprise managerial, technical, supporting and financial management services. An IHQ can access the tax concessions available for financial management services if it has obtained a treasury centre (TC) license from the Bank of Thailand. An IHQ must continue to monitor the conditions above as the incentives may be withdrawn for any accounting year if the conditions are not met in that year.

IHQ INCENTIVES
A registered IHQ entity is entitled to the following incentives:
- An exemption from CIT on:
  - Income derived from international trading of goods that remain outside Thailand, or from the provision to overseas entities (associated or non-associated) of services related to such international trading;
  - Income derived from qualifying services provided to overseas associated entities;
  - Income derived from dividends and royalties from overseas associated entities;
  - Capital gains derived from the transfer of shares in overseas associated entities.
- A reduced CIT rate of 10% on:
  - Income derived from qualifying services provided to Thai associated entities;
  - Income derived from royalties from Thai associated entities
    (to the extent that they do not exceed income of the same nature from overseas associated entities)
- An exemption from withholding tax on:
  - Dividends paid to the IHQ's overseas corporate shareholders (provided the dividend is paid from income that is exempt from corporate income tax);
  - Interest paid to overseas lenders (provided the loan was drawn for re-lending to associated entities as part of a financial management service).
- An exemption from Specific Business Tax on interest income derived on loans to Thai or overseas associated entities as part of a financial management service.
- A flat PIT rate of 15% for expatriates working for the IHQ full-time and meeting certain conditions.
- Various non-tax incentives including:
  - An exemption from import duty on machinery used in R&D and training activities;
  - The ability to operate under 100% foreign ownership;
  - The ability to bring skilled personnel into Thailand from abroad.

INITIAL AND ON-GOING COMPLIANCE
A formal application is required in order to establish an entity as an IHQ. A registered IHQ must then continue to isolate income and expenses that arise in providing qualifying services for the purposes of its corporate income tax returns.

TERM
IHQs are entitled to incentives for 15 accounting periods. After this period, the entity will exit the regime and regain their obligations under the standard tax and corporate legislation.

4. The ITC regime was announced at the same time as the IHQ regime and grants tax incentives to eligible companies that are engaged in the business of buying and selling goods, raw materials and parts, including providing services relating to international trade to overseas entities.

CONDITIONS REQUIRED FOR ITC
An ITC entity must:
1. Be incorporated in Thailand;
2. Have paid-up capital of at least THB 10 million at the end of each accounting period;

3. Incur annual operating expenses in Thailand of at least THB 15 million in each accounting period;

An IHQ can also apply for ITC status and receive the same tax concessions.

ITC INCENTIVES

A registered ITC is entitled to the following incentives:

- An exemption from CIT on income from buying and selling goods abroad without importing such goods into Thailand, including income from services relating to international trade provided to overseas entities and received in or from a foreign country;
- An exemption from withholding tax on dividends paid to the ITC's overseas corporate shareholders (provided the dividend is paid from income that is exempt from corporate income tax)
- A flat PIT rate of 15% for expatriates working full time for the ITC and meeting certain conditions.

INITIAL AND ON-GOING COMPLIANCE

The registration and reporting requirements are similar to those of an IHQ.

TERM

ITCs are entitled to incentives for 15 accounting periods. After this period, the entity will exit the regime and regain their obligations under the standard tax and corporate legislation.

DEDUCTIBLE EXPENSES

For the purpose of calculating CIT, the following items are allowed to be deducted:

(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 expenses;
  - 200% deduction of job training expenses;
  - 200% deduction of expenditure on the provision of equipment for the disabled;
  - 200% deduction for donations made to private schools or educational institutions;
  - 200% deduction for donations made to Thai sports authorities and associations;

(2) Interest, except interest on capital reserves or funds of the company;
(3) Taxes paid to the Thai government except CIT and VAT;
(4) Net losses carried forward from the last five accounting periods;
(5) Bad debts;
(6) Repairs and maintenance;
(7) Donations up to 2% of net profits;
(8) Provident fund contributions;
(9) Entertainment expenses up to 0.3% of gross receipts but not exceeding THB 10 Million;
(10) Depreciation: Special accelerated depreciation rates are available for certain asset classes. Alternatively, a company can use the rate based on the estimated life of the asset;
(11) Exhibition or expo costs incurred either domestically or overseas;
(12) 200% deduction for domestic employee training expenses which can include seminar room rental costs, accommodation, transportation, food and other expenses; and,
(13) Full depreciation for car purchase in respect of a car rental business for the expenses incurred. Previously, a cost limit of THB 1 Million in respect of depreciation applied.

DIVIDENDS

A resident individual taxpayer who derives dividends from a Thai company has a choice of including the dividend in assessable income or suffering a final withholding tax of 10% and excluding such dividend from their assessable income. Taxpayers who choose the first option must gross up the dividend to include the 10% withholding tax deducted as well as the company tax paid on that dividend (normally 20%). A tax credit is granted for both the withholding tax and company tax deducted. Dividends received by a company listed on the Stock Exchange of Thailand are exempt from tax as are those received by any other company incorporated in Thailand holding at least 25% of the voting shares in another Thai company, without any cross shareholding either directly or indirectly, provided that the related investments have been held for a period of at least three months before and three months after the receipt of the dividends.

Where a Thai company does not qualify for the conditions specified above including the 25% voting shareholding and no cross shareholding criteria, it will nevertheless only need to include in its assessable income an amount of 50% of a dividend received from another company incorporated in Thailand if it can maintain the three month holding periods before and after distribution of the dividend. Offshore dividend income will be exempt from Thai CIT if the Thai company owns at least 25% of shares with voting rights in the foreign entity paying dividends; the shares are held for a period of at least 6 months from the date of acquiring the shares until the date of receiving the dividends; and the dividends have been paid out of profits having been subject to tax of at least 15% in the foreign jurisdiction.

INTEREST

Interest income derived by a resident individual may, at the taxpayer's election, be excluded from the computation of income tax provided that tax at 15% is withheld at source. However, the following forms of individual's interest income are exempt from any tax:

- Interest on bonds or debentures issued by a government organisation;
- Interest on saving deposits in commercial banks if the aggregate amount of interest received is not more than THB 20,000 during a taxable year.

With respect to interest expenses, there are no thin capitalisation provisions that restrict deductibility.

INCOME FROM SALE OF IMMOVABLE PROPERTY

There are special rules applicable to individuals calculating the gains on sale of immovable property that may allow the taxpayer to pay final withholding tax to the Land Department in lieu of including the gain on sale as assessable income.

LOSSES

A tax loss, being the excess of allowable deductions over assessable income, can only be carried forward for a maximum number of years as follows:

- Non BOI Company: 5 years
- BOI Promoted Company: Net taxable loss incurred during the BOI promoted period can be deducted against net taxable profit after the expiration of the BOI promoted period but not more than 5 years from the expiry date of the BOI promoted period.

C. FOREIGN TAX RELIEF

For income derived from overseas foreign tax credits are allowed, subject to certain conditions, up to the amount of Thai tax that would have been payable had the income been derived in Thailand.

The rules apply whether or not Thailand has a relevant DTA with the overseas country from which the income is derived.

D. CORPORATE GROUPS

Each company is taxed as a separate legal entity. Losses incurred by one affiliate may not be offset against profits made by another affiliate.

E. RELATED PARTY TRANSACTIONS

At present, Thailand has no specific transfer pricing provision under the TRC. There are, however, general provisions empowering the Thai Revenue Officer to adjust a transfer price that is deemed as not justifiable by reference to a market price or disallowing deductibility of certain expenses for the same reason. The TRD has also issued transfer pricing guidelines for related company transactions. Albeit not legally binding, the guidelines are internal directives to the Thai Revenue Officer and generally follow the OECD's TP Guidelines.

They include a definition of the term 'market price', details of the acceptable transfer pricing methods, transfer pricing documentation requirements, and details about Advance Pricing Agreements. Notably, the The Thai Cabinet has approved a draft Act of the Amendment to the Revenue Code in May 2015 that includes specific transfer pricing provisions, one of which requires a taxpayer to prepare and submit transfer pricing documentation to the TRD.

F. WITHHOLDING TAX

1. Withholding Tax Rates: Payments to resident individuals

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

No.	Type of income	Withholding tax rate
1.	Employment income/hire of work	0–35% (depending on level of income and applicable allowances)
2.	Interest	15%
3.	Dividends	10%
4.	Royalties	5 – 15%
5.	Rents[1]	5%
6.	Prizes	5%
7.	Service and professional fees[1]	3%
8.	Public entertainer remuneration	5%
9.	Advertising fees[1]	2%
10.	Capital Gains[2]	0 – 35%

NOTES:
1. Not applicable if an individual is the payer of income.
2. Not applicable for sales of shares on the SET.

2. Withholding Tax rates: Payments to resident corporations and branches of foreign companies

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 PND 53) and submit the amount of tax withheld to the District Revenue Office within seven days of the month following the month in which the payment is made.

The tax withheld is credited against the final tax liability of the taxpayer. The following are the withholding tax rates on some important types of income:

No.	Type of Income	Withholding tax rate
1.	Interest	1% if paid to local companies 10% if paid to associations or foundations
2.	Dividends	10%

No.	Type of Income	Withholding tax rate
3.	Royalties	3% if paid to local companies 10% if paid to associations or foundations
4.	Rents	5% if paid to local companies 10% if paid to associations or foundations
5.	Prizes	5%
6.	Service and professional fees	3% if paid to local companies 10% if paid to associations or foundations
7.	Hire of work	3% if paid to a local company or registered branch of a foreign company in Thailand; 5% if paid to a foreign company that does not have a registered branch in Thailand but carries on business in Thailand
8.	Advertising fees	2% if paid to local companies

NOTES:
1. 10% withholding tax on dividends does not apply if the recipient of the dividend is a listed company or is a Thai company holding at least 25% of the shares with voting rights in the company paying the dividends without any cross-shareholding, either directly or indirectly.
2. Government agencies are required to withhold tax at the rate of 1% on all types of income paid to Thai companies.

3. Withholding Tax Rates - Payments to non-residents

Apart from dividends, which attract withholding tax at 10%, some other payments to a non-resident that resides in a non-DTA country (including interest, royalties, rent, management fees, consultancy payments and capital gains) would attract withholding tax at 15%. The rates of withholding tax may be reduced under applicable DTAs (see treaty and non-treaty WHT rates below).

G. EXCHANGE CONTROL

Exchange control regulations are in place to govern the importation and repatriation of funds by residents and non-residents, and the import and export of goods. Subject to certain criteria and thresholds, forms are required.

H. PERSONAL TAX

Personal Income Tax (PIT) is a direct tax levied on the taxable income of a person. A ‘person’ means an individual, an ordinary partnership, a non-juristic body of persons, a deceased person and an undivided estate. In general, a person liable to PIT has to compute his or her tax liability, file tax returns and pay tax, if any, on a calendar year basis. Taxpayers are classified into 'resident' and 'non-resident'. A 'resident' means any person residing in Thailand for a period or periods aggregating 180 days or more in any tax (calendar) year. A resident of Thailand is liable to pay tax on income from sources in Thailand regardless of where the money is paid, as well as on the portion of income from foreign sources that is brought into Thailand in the same year that the foreign income is derived. A ‘non-resident’ is subject to PIT only on income from sources in Thailand.

Income chargeable to 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 rent-free housing 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 purposes of PIT if they are ascertainable in terms of money. Assessable income is divided into eight categories under the TRC.

Certain deductions and allowances can be offset against assessable income in order to calculate taxable income. Taxpayers shall make deductions from assessable income before the allowances are granted.

DEDUCTIONS PERMITTED FOR THE CALCULATION OF PIT

No.	Type of Income	Deductions
1.	Income from employment	40% but not exceeding THB 60,000
2.	Income from hire of work	40% but not exceeding THB 60,000
3.	Income received from copyright	40% but not exceeding THB 60,000
4.	Income in the nature of interest, dividend, capital gain	no deduction
5.	Income from letting out of property on hire:	
	– building and wharves	30%
	– agricultural land	20%
	– all other types of land	15%
	– vehicles	30%
	– any other type of property	10%
6.	Income from professional services	30% except for the medical profession where 60% is allowed
7.	Income derived from contract of work whereby the contractor provides essential materials besides tools	actual expense or 70%
8.	Income derived from business, commerce, agriculture, industry, transport, or any other activities not specified earlier	actual expense or 40% to 85% depending on the type of income

ALLOWANCES PERMITTED FOR THE CALCULATION OF PIT

Type of Allowance	Amount
Personal allowance	
- Single taxpayer	THB 30,000 for the taxpayer
- Non-juristic partnership or body of persons	THB 30,000 for each partner but not exceeding THB 60,000 in total
Spouse allowance (legally married)	THB 30,000
Child allowance (child under 25 years old and studying at educational institution, or a minor, or an adjusted incompetent or quasi-incompetent person)	THB 15,000 each (maximum three children)
Education (additional allowance for child studying in educational institution in Thailand)	THB 2,000 each child (limited to three children)
Life insurance premium paid by taxpayer or spouse Pension insurance premium	Amount actually paid but not exceeding THB 100,000 each Maximum allowance (exemption) of THB 200,000 but not exceeding 15% of income
Health insurance premium paid for tax-payer's and spouse's parents (total income of parents shall not exceed THB 30,000)	Amount actually paid but not exceeding THB 15,000
Approved provident fund contributions, retired mutual fund, and pension insurance premium paid	Maximum allowance (exemption) of THB 500,000 but not exceeding 15% of income
Long term equity fund	Maximum allowance (exemption) of THB 500,000 but not exceeding 15% of income
Home mortgage interest	Amount actually paid but not exceeding THB 100,000
Social security contributions	Amount actually paid

Type of Allowance	Amount
Parent allowance (parents of either taxpayer and/or legal spouse over 60 years of age with income less than THB 30,000)	THB 30,000 each parent
Disability allowance (cost of caring for disabled persons)	THB 60,000
Charitable contributions	Amount actually donated but not exceeding 10% of income after standard deductions and allowances
Educational contributions	Two times the actual donation but not exceeding 10% of income after standard deductions and allowances
Purchase price of buildings with land or of apartments (under certain conditions)	20% of the amount actually paid (but not exceeding THB 3 million)

TAX RATES FOR RESIDENTS AND NON-RESIDENTS

The tax rates for resident and non-resident Individuals (2013 and subsequent years) are as follows:

Taxable income (THB)	Tax Rate (%)	Tax Amount	Accumulated Tax
0 – 150,000	Exempt	–	–
150,001 – 300,000	5	7,500	7,500
300,001 – 500,000	10	20,000	27,500
500,001 – 750,000	15	37,500	65,000
750,001 – 1,000,000	20	50,000	115,000
1,000,001 – 2,000,000	25	250,000	365,000
2,000,001 – 4,000,000	30	600,000	965,000
4,000,001 and over	35		

In addition to the normal THB 150,000 threshold tax exemption, persons over the age of 65 receive an exemption on the first THB 190,000 of taxable income.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

The schedule below is only intended to give a general outline of the rates of withholding tax applicable to interest, dividend and royalty payments under Thailand's DTAs. The DTAs should be consulted for more detailed information. The table below sets out the lower of the relevant DTA rate and the applicable domestic rate on dividend, interest and royalty payments.

	Dividends[1] (%)	Interest[2] (%)	Royalties[3] (%)
Non-treaty countries	10	15	15
Treaty countries:			
Armenia	10	10/15	15
Australia	10	10/15	15
Austria	10	10/15	10/15
Bahrain	10	10/15	15
Bangladesh	10	10/15	5/10/15

	Dividends[1] (%)	Interest[2] (%)	Royalties[3] (%)
Belarus	10	10/15	15
Belgium	10	10/15	5/15
Bulgaria	10	10/15	5/15
Canada	10	10/15	5/15
Chile	10	10/15	10/15
China	10	10/15	15
Cyprus	10	10/15	5/10/15
Czech Republic	10	10/15	5/10/15
Denmark	10	10/15	5/15
Estonia	10	10	8/10
Finland	10	10/15	15
France	10	3/10/15	5/15
Germany	10	10/15	5/15
Hong Kong	10	10/15	5/10/15
Hungary	10	10/15	15
India	10	10/15	15
Indonesia	10	10/15	15
Israel	10	10/15	5/15
Italy	10	10/15	5/15
Japan	10	10/15	15
Korea	10	10/15	5/10/15
Kuwait	10	10/15	15
Laos	10	10/15	15
Luxembourg	10	10/15	15
Malaysia	10	10/15	15
Mauritius	10	10/15	5/15
Myanmar	10	10	5/10/15
Nepal	10	10/15	15
Netherlands	10	10/15	5/15
New Zealand	10	10/15	10/15
Norway	10	10/15	5/10/15
Oman	10	10/15	15
Pakistan	10	10/15	10/15
Philippines	10	10/15	15
Poland	10	10/15	5/15
Romania	10	10/15	15
Russia	10	10	15

	Dividends[1] (%)	Interest[2] (%)	Royalties[3] (%)
Seychelles	10	10/15	15
Singapore	10	10/15	15
Slovenia	10	10/15	10/15
South Africa	10	10/15	15
Spain	10	10/15	5/8/15
Sri Lanka	10	10/15	15
Sweden	10	10/15	15
Switzerland	10	10/15	5/10/15
Taiwan	5/10	10/15	15
Turkey	10	10/15	15
Ukraine	10	10/15	15
United Arab Emirates	10	10/15	15
United Kingdom	10	10/15	5/15
United States	10	10/15	5/8/15
Uzbekistan	10	10/15	15
Vietnam	10	10/15	15

NOTES:

1 The lower rate generally applies if certain conditions are met including having a specified minimum percentage of equity in the company paying the dividend.

2 The lower rate generally applies to interest to which a financial institution is beneficially entitled.

3 The lower rate generally applies to payments made as consideration for the right to use any copyright of literary, artistic or scientific work.

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