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Thailand – New Decree Lowers Top Tax Rates, Expands Brackets
by KPMG, Thailand (a KPMG International member firm)

On 19 November 2013, Thailand's government approved a Royal Decree[1] implementing new progressive personal income tax rates to be effective retroactively for the tax year 2013 and for 2014, thereby reducing the highest marginal tax rate from 37 percent to 35 percent and expanding the tax brackets from five to seven, adding the two new tax rates of 15 percent and 25 percent.

New Income Tax Brackets with Old and New Tax Rates

Net taxable income (THB)	Old tax rate (percent)	Net taxable income (THB)	New Tax rate (%)
0 - 100,000	5	0 - 300,000*	5
100,001 - 500,000	10	300,001 - 500,000	10
		500,001 - 750,000	**15**
500,001 - 1,000,000	20	750,001 - 1,000,000	20
		1,000,001 - 2,000,000	**25**
1,000,001 - 4,000,000	30	2,000,001 - 4,000,000	30
4,000,001 and Over	37	4,000,001 and Over	35

THB 1 = EUR 0.0227 // THB 1 = USD 0.031 // THB 1 = JPY 3.15

* The tax exemption for annual wage income below THB 150,000 remains in place as it is covered a separate royal decree than of the tax rates. This effectively adds a 0-percent rate on wages below THB 150,000.

For prior coverage of rates, thresholds and Thailand's tax reforms, see *Flash International Executive Alert* 2013-002, 3 January 2013

KPMG Note

In computing income tax deducted at source from salary, wages, etc., with respect to payroll from January to October 2013, income payers in Thailand have applied the old tax rates as required. In retroactively applying these new tax rates to 2013 compensation and tax liability computations, there will likely have been over-withholding of taxes throughout 2013.

On 20-23 November 2013, the Thai Revenue Department was busy holding public tax seminars to explain the new tax rates and policies that affect the 2013 annual personal income tax filing. During these seminars, representatives of the Revenue Department confirmed that income payers may apply the new personal income tax rates in computing

KPMG Note (cont'd)

the amount of income tax to be withheld from compensation paid in November and December 2013 and any remaining overpaid tax balance can be claimed as a tax refund by the individual taxpayer on the annual tax return.

This will potentially help put cash resulting from the tax rate reduction into the hands of individual taxpayers sooner, which in turn could help stimulate the economy as the Thai government intended.

Next Steps

The Royal Decree for the new tax rates is a temporary measure covering tax years 2013 and 2014 will be issued shortly and published in the Thai Government Gazette (Ratchakitchanubeksa). The Thai government may seek to make these reductions permanent by amending the Thai Revenue Code, which will solidify these new tax rates beyond these tax years.

The KPMG International member firm in Thailand will endeavor to keep readers informed of any developments in the area as things progress.

Footnote:

1 For the approval of the draft royal decree in Thai, see the Thai Government Web site at:

http://www.thaigov.go.th/th/media-centre-government-house/news-summary-cabinet-meeting/item/81544-19-พฤศจิกายน-2556.html .

For the approval in English, see the following link to the Thai Government Web site at:

http://www.thaigov.go.th/en/cabinet-a-synopsis/item/81595-19-november-2013.html .

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For further information or assistance, please contact your local IES professional, or the following IES professionals with the KPMG International member firm in Thailand:

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