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**Thailand – New Decree
Announces Extension of
Progressive Tax System**
by KPMG, Thailand (a KPMG
International member firm)

flash Alert

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Thailand's current progressive tax system, which was due to sunset at the end of 2014, has been extended. On November 10, 2014, the Thai government approved Royal Decree No. 576 announcing the progressive personal income tax for the tax year 2015.¹

With the issuance of Royal Decree No. 576, the temporary progressive personal income tax rate from 0 percent to 35 percent with seven income tax brackets approved in December 2013 for tax years 2013 and 2014, will continue to extend to 2015.

Why This Matters

While the extension only maintains the current progressive scale for one more year, this is welcome news nonetheless. Had the Royal Decree not been approved, the progressive personal income tax rates would have reverted to the pre-2013 tax scale, with old rates ranging from 0 percent to 37 percent. This would have meant potentially heavier taxation for individuals subject to tax in Thailand and potentially higher costs for international assignment programs.

2015 Income Tax Brackets, Rates under Royal Decree No. 576

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

* The tax exemption for annual wage income below 150,000 baht (THB) remains in place as it is covered in Royal Decree No. 470 dated March 28, 2008 (still in force); this effectively adds a 0-percent rate on wages below THB 150,000.

Royal Decree No. 576 will come into force on and from the day following the date of its publication in the Government Gazette.

KPMG Note

With the ASEAN Economic Community coming into force in 2015, there will possibly be greater fiscal competition between the member countries and some observers believe the Thai government may need to consider further reducing personal income tax rates to enhance the country's competitive advantage.

Footnote:

1 See (in Thai): <http://www.ratchakitcha.soc.go.th/DATA/PDF/2557/A/075/1.PDF> .

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THB 1 = EUR 0.0244

THB 1 = USD 0.0305

THB 1 = AUD 0.0357

THB 1 = GBP 0.019

THB 1 = JPY 3.6

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The information contained in this newsletter was submitted by the KPMG International member firm in Thailand. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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