



# Tax News Flash

KPMG in Thailand



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### Withholding tax for payments made via e-withholding tax system further reduced to 2% until end of 2022

On 11 August 2021, the Revenue Department issued Departmental Instruction No. *Taw.Paw. 336/2564* to extend withholding tax reductions on certain types of income for payments made via the e-withholding tax system. The reduction period was due to run from 1 October 2020 to 31 December 2021 and will now be extended to run until 31 December 2022.

The reduced 2% withholding tax remains applicable for income types subject to a statutory withholding tax rate of 3%. In addition, the Departmental Instruction has expanded the scope of reductions to include several income types that are normally subject to a 5% statutory withholding tax rate.

Withholding tax reductions will not be applicable to payments made to charitable organizations and associations. Guidelines for the reductions are summarized below.

Type of income <i>(based on Section 40 of the Thai Revenue Code)</i>	Income recipient	Statutory withholding tax rate	Withholding tax rate during 1 October 2020 to 31 December 2022 <i>(e-withholding tax only)</i>
<b>Section 40 (2)</b> Income derived from performance of work, meeting allowance, gratuity, house rent allowance, etc.	Company and juristic partnership	3%	2%
<b>Section 40 (3)</b> <u>Only</u> income derived from goodwill, copyright and any other rights of a nature similar to royalty	Company and juristic partnership	3%	2%

<b>Section 40 (5)(a)</b> Income derived from rental of property, except for certain types of leasing	Company and juristic partnership/individual	5%	2%
<b>Section 40 (6)</b> Income derived from liberal professions, i.e., law, medical services, engineering, architecture, accounting and fine arts	Company and juristic partnership/individual	3%	2%
<b>Section 40 (7)</b> Income derived from a contract of work where the contractor has to provide essential materials besides tools, e.g., turn-key contracts	Company and juristic partnership/individual/ registered branch of a foreign company	3%	2%
<b>Section 40(8)</b> Income derived from a hire of work contract	Company and juristic partnership/individual/ registered branch of a foreign company	3%	2%
<b>Section 40(8)</b> Income derived from prizes received from competitions, lucky draws or others of a similar nature	Company and juristic partnership/individual	5%	2%
<b>Section 40(8)</b> Income paid to public an actor or actress who is a resident of Thailand	Individual	5%	2%
<b>Section 40(8)</b> Income derived from provision of services <u>excluding</u> service fees paid to hotels, restaurants and life insurance	Company and juristic partnership/individual	3%	2%
<b>Section 40(8)</b> Income derived from sale discounts, rebates, or any benefits in connection with sale promotions	Company and juristic partnership/individual	3%	2%

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