



# Tax News Flash

KPMG in Thailand



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## **New interpretation of the Revenue Code on foreign-sourced income brought into Thailand by Thai tax residents**

On 15 September 2023, the Thai Revenue Department issued Departmental Instruction No. Por 161/2566 (“**DI No. 161/2566**”) as a guideline to assist tax officers in determining the personal income tax implications for foreign-sourced income brought into Thailand by Thai tax residents.

DI No. 161/2566 provides a new interpretation of Section 41 Paragraph 2 of the Thai Revenue Code: the assessable income under Section 40 of the Revenue Code derived by a resident of Thailand in the previous tax year — from employment, a business carried on overseas, or property situated overseas — that is brought into Thailand should be subject to personal income tax in the tax year that the said assessable income is brought into Thailand. This rule should apply to assessable income that would be brought into Thailand from 1 January 2024 onwards.

A resident of Thailand is defined as an individual who stays in Thailand for a period or periods aggregating 180 days or more in any tax year.

Any rules, regulations, instructions, rulings, or practices which contradict DI. No. 161/2566 shall be repealed.

If the assessable income is subject to tax in the source country, the tax paid in the source country can be credited against the personal income tax liabilities in Thailand per rules prescribed in the applicable double tax treaties.

### **KPMG’s observations**

Previously, Section 41 Paragraph 2 of the Thai Revenue Code was interpreted differently: the assessable income derived by a Thai tax resident from employment, a business carried on overseas, or from a property situated overseas, would have been subject to Thai personal income tax only if the said taxable income was brought into Thailand in the same tax year. However, the new interpretation means that foreign-sourced income brought into Thailand from 1 January 2024 onwards will be subject to Thai personal income tax, regardless of the tax year in which the income was derived.

Affected taxpayers should be aware of the Thai personal income tax implications and take this new interpretation and their tax residency into consideration when planning to repatriate foreign-sourced income into Thailand.

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