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Thailand issues Royal Decree No. 793: Reduction of personal income tax to 17% to attract the return of skilled Thai professionals

Key updates

On 24 March 2025, the Cabinet approved the Royal Decree Issued Under the Revenue Code Governing the Reduction and Exemption of Taxes and Duties (No. 793) B.E. 2568 (2025), which provides substantial tax incentives aimed at attracting highly skilled Thai professionals to return to Thailand to support the country's economic growth and key industries. By offering a reduced personal income tax rate of 17%, and corporate tax exemptions on 50% of salary expenses, the policy makes Thailand more attractive to returning talent.

Companies or juristic partnerships in targeted industries that receive income tax exemptions under national competitiveness, investment promotion, or Eastern Special Development Zone laws will benefit significantly from a more skilled workforce while optimizing tax efficiency.

Key highlights

Reduction of withholding tax rates

The withholding tax rate for income earners employed by companies or juristic partnerships in targeted industries is reduced to 17%. This reduced rate applies from 25 March 2025 (the enforcement date) until 31 December 2029. The income payer must meet the qualifications and adhere to the rules, procedures, and conditions set forth in the decree.

<u>To be eligible, taxpayers must:</u>

1. be of Thai nationality;
2. have a bachelor's degree or higher;
3. have work experience in countries other than Thailand for no less than two years;
4. be employed by a company as prescribed in the decree, and enter Thailand to begin work between the enforcement date and 31 December 2025 — the employer must notify the Revenue Department before the first salary payment, and the tax reduction applies from the notification date;
5. have not have previously worked in Thailand in the first taxable year of exercising the reduced tax rate, and must not have stayed in Thailand for 180 days or more in the two preceding taxable years;
6. stay in Thailand for at least 180 days in the year in which the reduced tax rate is applied, except for the first or final year of eligibility; and
7. meet all qualifications and comply with the rules set by the Director-General.

Income tax exemption for companies

Companies or juristic partnerships operating in targeted industries as prescribed are exempted from income tax on 50% of the salary expenses paid to employees who qualify under this Royal Decree. This exemption applies to salaries paid from 25 March 2025 until 31 December 2029, subject to the specific rules, procedures, and conditions set by the Director-General.

KPMG's observations

Companies operating in targeted industries should assess their talent acquisition strategies to leverage this tax incentive. To secure the tax benefits, employers must ensure compliance with the notification requirements. The 50% income tax exemption on salary expenses presents a valuable opportunity for businesses to reduce labor costs while attracting high-caliber professionals. However, companies and individuals must carefully review the eligibility criteria and procedural requirements set by the Director-General to maximize the benefits offered by this decree. Early planning and proper documentation will be critical for successful implementation. With KPMG's expertise in global mobility, tax compliance, and corporate structuring, we can help you navigate this new incentive efficiently, and maximize the tax benefits offered by the Royal Decree, by providing, inter alia:

- guidance on effectively leveraging the 50% salary expense tax exemption to minimize corporate tax liabilities
- assessment of eligibility of both employers and employees to ensure they meet the conditions outlined
- financial impact analysis and cost-benefit assessments to help you optimize tax strategies
- assistance in implementing payroll reporting procedures that comply with the new 17% withholding tax rate
- assistance with preparing the required application forms to notify the Revenue Department and ensure timely submission for tax effectiveness.

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