

GMS Flash Alert

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Thailand – Personal Tax Rates Amended, Along with Allowances, Deductible Expenses

Recent statutory developments¹ in Thailand include measures that:

- increase some personal tax-deductible expenses and allowances while reducing others,
- change the tax filing thresholds, and
- raise the income threshold in the highest tax bracket of the progressive personal income tax scale.

A summary of the changes is set out in the tables below. (For prior coverage, see [GMS *Flash Alert* 2016-071](#) (23 June 2016).)

WHY THIS MATTERS

The amendments to Thailand's personal income tax described in this newsletter could be advantageous to some taxpayers. With considerable increases in tax deductible expenses and allowances, expansion of the 30-percent tax bracket up to THB 5.0 million (from THB 4.0 million), and the highest tax rate now applying to incomes over THB 5.0 million (formerly over THB 4.0 million), individuals should see their tax burdens lightened. This could lead to slightly lower international assignments costs for employers with high-income employees assigned to or from Thailand who are subject to Thai tax law.

Employers will need to make the necessary payroll adjustments and update hypothetical tax calculations for tax equalized assignees.

2016 and 2017 Income Tax Brackets

The table below highlights changes to tax rates and brackets for 2017 as compared with the situation in 2016.

2016 Net taxable income (THB)	2017 Net taxable income (THB)	Tax rate (%)
0 - 300,000*	0 - 300,000*	5
300,001 - 500,000	300,001 - 500,000	10
500,001 - 750,000	500,001 - 750,000	15
750,001 - 1,000,000	750,001 - 1,000,000	20
1,000,001 - 2,000,000	1,000,001 - 2,000,000	25
2,000,001 - 4,000,000	2,000,001 - 5,000,000	30
4,000,001 and over	5,000,001 and Over	35

[THB 1 = USD 0.0286 | THB 1 = EUR 0.027 | THB 1 = GBP 0.0228 | THB 1 = AUD 0.037 | THB 1 = JPY 3.2235]

* The tax exemption for annual wage income below THB 150,000 remains in place. Therefore a 0% rate applies to wages below THB 150,000.

2016 and 2017 Deductible Expenses and Allowances

Thai law allows residents of Thailand (including foreign nationals who are residents of Thailand) to claim tax deductible expenses and tax allowances against assessable income. The table below and continued on the following page highlights changes to taxpayers' tax deductible expenses and allowances for 2017 as compared with the tax year 2016.

Tax Deductible Expenses	Tax year 2016	Tax year 2017
Deduction against employment income (Section 40(1))	40% of income, capped at THB 60,000	50% of income, capped at THB 100,000
Deduction against income from hiring of services (Section 40(2))	40% of income, capped at THB 60,000	50% of income, capped at THB 100,000
Deduction against goodwill, copyright and other rights income (Section 40(3))	40% of income from copyrights, capped at THB 60,000	Royal Decree not yet issued.
Deduction against construction income (Section 40(7))	Actual expense or 70% of income	Actual expense or 60% of income
Deduction against business, commerce, agriculture, industry, transport or any other activities not specified in categories (1) through (7) (Section 40(8))	Actual expense or 70%-85% of income	Actual expense or 60% of income

Tax Allowances	Tax year 2016	Tax year 2017
Taxpayer	THB 30,000	THB 60,000
Spouse (if joint filing or spouse has no income)	THB 30,000	THB 60,000
Joint filing for taxpayer and taxpayer's spouse who earns income	THB 60,000	THB 120,000
Taxpayer's child or children under the age of 25 years	<ul style="list-style-type: none"> • THB 15,000 per child • Income not over THB 15,000 per year • Limited to 3 children 	<ul style="list-style-type: none"> • THB 30,000 per child • Income not over THB 30,000 per year • No limit on the number of children claimed (except for 3 with adopted children)
Education for children	<ul style="list-style-type: none"> • THB 2,000 per child for education in Thailand 	Repealed
Deceased estate	THB 30,000	THB 60,000
Unincorporated ordinary partnership or group of persons	THB 30,000 for each partner not exceeding THB 60,000	THB 60,000 for each partner not exceeding THB 120,000
Domestic travel and hotel costs paid during 1 January 2016 to 31 December 2016	Actual amount paid not exceeding THB 15,000	Expired
Songkran dining and travel costs paid during 9 to 17 April 2016	Actual amount paid not exceeding THB 15,000	Expired
OPT purchase on OTOP products during 1 to 31 August 2016	Actual amount paid not exceeding THB 15,000	Expired
Domestic travel and hotel cost paid during 1 to 31 December 2016	Actual amount paid not exceeding THB 15,000	Expired
Year-end spending during 14 to 31 December 2016	Actual amount paid not exceeding THB 15,000	Expired

2016 and 2017 Filing Obligation Thresholds

	2016 Regime	2017 Regime
1) A taxpayer who earns employment income under section 40 (1) of the Thai Revenue Code has an obligation to file an annual tax return if the following thresholds are met:		
• Single taxpayer	More than THB 50,000	More than THB 120,000
• Married taxpayer	Combined income more than THB 100,000	Combined income more than THB 220,000
2) A taxpayer who earns employment income under section 40 (1) and/or who earns other non-employment income under the Thai Revenue Code has an obligation to file an annual tax return if the following thresholds are met:		
• Single taxpayer	More than THB 30,000	More than THB 60,000
• Married taxpayer	Combined income more than THB 60,000	Combined income more than THB 120,000

KPMG NOTE

The changes to the personal income tax regime are welcomed since they may serve to reduce the overall tax burden on individuals and increase personal disposable income – this would be a relief for many taxpayers considering the current cost of living, which has been rising, and the sluggish economic situation in Thailand.

Taxpayers with monthly employment income of THB 25,800 or less will not be subject to tax in Thailand due to the changes increasing the tax deductible expenses and allowances. High-income earners with annual employment income in excess of THB 4 million will have an annual average saving of THB 50,000 with factoring in the widening of the tax brackets. The tax saving would be more than THB 50,000 if the standard tax deductible expenses and allowances are taken into account.

FOOTNOTE:

1 See the [Revenue Code Amendment Act No. 44 BE 2560 \(in Thai\)](#) and [Royal Decree No. 629 BE 2560 \(in Thai\)](#). Both were published in the Royal Thai Government Gazette on 27 January 2017, with effect for tax year 2017 onward.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Thailand:

Lynn Tastan

Tel. +66 2677 2477

ltastan@kpmg.co.th

Saangluk Sarobol

Tel. +66 2677 2542

saangluk@kpmg.co.th

Panisa Srihera

Tel. +66 2677 2544

panisa@kpmg.co.th

The information contained in this newsletter was submitted by the KPMG International member firm in Thailand.

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