



Thailand Tax Profile

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1 Corporate Income Tax

1.1 General Information

Tax Rate

Corporate income tax. Standard rate is 20%

Residence

All companies, including other forms of legal entities that are registered under Thai law, or that are incorporated under foreign law and carry on business in Thailand are subject to corporate income tax.

Basis of Taxation

All income of companies registered under Thai law are subject to corporate income tax. Companies registered under foreign law and carrying on business in Thailand are taxed on their net profits arising from their business activities in Thailand.

Tax Losses

Current period offset – there is no limitation to the amount of losses able to be offset. Tax losses may be carried forward for 5 years. No carry-back of tax losses is permitted in Thailand.

Tax Consolidation/Group relief

There is no tax consolidation regime in Thailand, nor is there provision for corporate group relief of losses.

Transfer of Shares

The transfer of shares is subject to stamp duty of 0.1%.

Transfer of Assets

No stamp duty applies for companies on the transfer of land and buildings. However, the transfer may be subject to Special Business Tax at 3.3% and a land transfer government fee of 2%.

Other transfers of tangible assets and intangible assets are subject to normal tax implications (i.e. VAT at 7% and corporate income tax on the gain of the transfer of the assets).

Capital Duty (non-tax planning)

Not applicable

CFC rules

There is no CFC regime in Thailand.

Thin Capitalization

Thailand has no thin capitalisation regime. However, if a tax incentive has been granted by the Board of Investment (BOI), the thin capitalisation ratio cannot exceed 3:1.

Interest Deductibility Restrictions

None



Amalgamations of Companies

No corporate income tax on the amalgamation of the companies.

Earnings Stripping

Not applicable

General Anti-avoidance

Thailand does not have general anti-avoidance provisions. The contract not made in good faith in order to avoid income tax may be denied by the revenue officer and the tax court.

Anti-treaty Shopping

Thailand does not have specific provisions related to anti-treaty shopping.

Other specific anti-avoidance rules

Thailand does not have any other specific anti-avoidance provisions.

Rulings

Rulings may be requested from the Thai tax authority as private ruling. Some of the rulings may be published on the Revenue Department's website on a no-name basis.

Ruling is not binding, but merely used as guideline.

Website: <http://www.rd.go.th/publish/26680.0.html> (please note that all the rulings are published in Thai language)

Hybrid Instruments

There are no specific rules applicable to hybrid instruments, and generally, the tax treatment follows the contractual arrangement and accounting treatment.

Hybrid Entities

There are no specific rules applicable to hybrid entities, and generally, the tax treatment follows the legal classification under the Thai Revenue Code and the accounting treatment.

Related Business Factors

Business in Thailand generally take one of the following forms:

- Sole proprietorship
- Partnership
- Limited company
- Branch office of a foreign company
- Representative office of a foreign company
- Joint venture
- Consortium

The most common entity form used in Thailand is the private limited company. In general, a foreign investor prefers to operate through a private limited company as opposed to a branch office in order to limit its liability.

The key features of a Thai private limited company are:

- The company is managed by a board of directors according to the company's charter and by-laws.
- The liability of the shareholders is limited to the par value of the authorized capital.
- The liability of the directors may be unlimited if provided in the company's memorandum of association or the articles of association for the directors' acts approved by a general meeting, the directors are no longer liable to the shareholders who have approved them, or to the company.
- At least 25% of the subscribed shares must be fully paid.
- A company can issue both common and preferred shares of stock, but all shares must have voting rights.
- The shares issued must have a par value of THB5 or above; 'no par value shares' are prohibited.
- There may not be less than three shareholders of a private limited company at all times.



- A private limited company is prohibited from offering shares to the public.



1.2 Determination of taxable income and deductible expenses

1.2.1 *Income*

General

The income and expense shall be recognized based on accrual basis.

Branch Income

Branch of foreign company operates in Thailand shall be subject to Thai corporate income tax.

Income and expenses of foreign branch of a Thai company shall be included for computation of net profit of a Thai company.

Capital Gains

Thailand does not impose a separate tax on corporate capital gains. Any gains arising from the disposition of assets, regardless of the purpose for which the assets were acquired, are treated as ordinary income subject to corporate income tax.

Dividend Income

Generally, dividends are fully taxable.

Dividends received from a Thai subsidiary by a Thai company which is not listed on the Security Exchange of Thailand ('SET') are subject to a 50% exemption. The exemption is increased to 100% if the recipient of the dividend is a Thai company which is listed on the SET; or owns at least 25% of the issued shares of the Thai subsidiary with no cross-shareholding (i.e. the company paying the dividend must not hold shares in the recipient company). A Thai company shall be eligible for these 50% and 100% tax exemptions only if it holds shares in the Thai subsidiary that pays the dividend for 3 months prior to the dividend being paid and for 3 months after.

Dividends received from non-Thai subsidiaries are fully exempt if at least 25% of the voting rights in the subsidiary have been held for six months prior to the dividend being paid, and the dividend is paid from a net profit which has been subject to income tax or profit tax at the rate of 15% or more.

Liquidation proceeds should be included as normal income for corporate income tax purpose. Loss from liquidation proceeds is allowed as a deductible expense once the process of liquidation officially finished.

Conditions for credits

- Only dividend withholding tax is allowed as tax credit at the rate not exceed Thai corporate income tax rate i.e. 20%.
- The Thai company must provide the evidence that the dividend was subject to dividend withholding tax in order to claim tax credit against Thai corporate income tax.

Interest Income

Interest income is subject to Thai corporate income tax as other business income.

Other Significant Items

Not applicable

1.2.2 *Expenses*

General

Expenses will be allowed as a deduction if it is paid for business purpose and can be claimed as an expense in the year it is incurred. Expense will be not allowed as deduction if it falls under Section 65 of the Thai Revenue Code.

Minimum Taxation Requirements for the Deductibility of Losses



Losses can be carried forward for 5 years. The losses must be the result of the deductible expense that is greater than the income of the year.

Capital Losses

Capital losses from investment shall be realized once the investment has been sold. The investment cannot be written down for corporate income tax purpose, loss from write down of investment will be non-deductible until the investment has been sold.

Goodwill from purchase of business (not purchase of share) can be amortized as deductible expense for period of 10 years. Goodwill from purchase of share shall be included as cost of share acquisition for corporate income tax purpose.

Acquisition of share made in foreign currency will be translated into Thai Baht and recorded as cost of share acquisition. No Foreign exchange gain/loss shall be realized.

Carry Forward

Tax losses may be carried forward for 5 years.

Carry Back

No carry-back of tax losses is permitted in Thailand.

Bad Debts

Bad debt can be claimed as a deductible if the Company has complied with the requirement of the Revenue Code.

Change of Control Rules

No Change of Control rules is applicable in Thailand

Depreciation/Capital allowance

Depreciation of assets can be treated as deductible expenses under the Revenue Code. The standard depreciation method is straight line. Other methods can be applied provided that the useful life shall not be shorter than the division of 100 by depreciation rate stated in the Revenue Code.

Double Deductions

Double deduction may be allowed as special measurement promoting activity announced by the government from time to time.

Interest Expenses

Interest expenses will be allowed as deduction. Interest on purchase of assets shall be allowed as deduction once the assets are ready for use.

Inventories

Inventories shall be recorded at the lower of cost or market value. Loss from the valuation of inventories shall be treated as cost of goods sold.

Other Significant Items

Not applicable.



1.3 Tax Compliance

Compliance Requirements

Thailand operates a self-assessment system for filing income tax returns, with significant penalties for non-compliance.

Corporate income tax is payable in 2 instalments each year. Half-year corporate income tax returns must be filed by the end of the 8th month of the accounting year. Annual corporate income tax returns must be filed within 150 days following the end of accounting year.

Mandatory Electronic Filing

Government is promoting electronic filing, but not mandatory.

Requirement to Prepare Tax Computation / Return in Functional Currency

No functional currency has not been adopted in Thailand. Government is in the process of considering adopting the functional currency.

Documents to File with Tax Return

Audited financial statement must be submitted together with the corporate income tax return, no matter if it is paper filing or electronic filing.

Language to File Return, Computation and Supporting Documentation(s)

Thai Language

Filing Extension Availability and Details

Not applicable

Payment of Estimated Tax

Upon half-year corporate income tax return.

Interim Tax returns

Half-year corporate income tax return as mentioned above.

Payment of Tax

Cash, Cashier Cheque or electronic transfer.

Penalties for Non-Compliance

Two time of tax payable penalty for non-filing and/or one time of tax payable for incorrect filing plus surcharge of 1.5% per month on the amount of tax payable or additional tax payable as the case may be.

Penalties and/or Interest for Underpayment of Taxes

1.5% per month as surcharge with limited to tax payable.

Statute of Limitation

Prescription period is 10 years.



1.4 Financial Statements/Accounting

Details of Local Accountant Requirements

Thai residence company including foreign company rendering business in Thailand shall prepare books of account according to the Thai Accounting Law which required the accounting to be prepared in accordance with the Thai Financial Reporting Standard ('TFRS'). TFRS is the financial report standard that Thai Federal of Accounting Association has adopted the International Financial Reporting Standard. In filing the annual corporate income tax return the corporate tax payer is required to submit the financial statements with the annual corporate income tax return.

Books and accounts shall be prepared and certified by Thai qualified registered accountant.

Fiscal Year

12 month period as opted at the first year of operation. Change can be made subject to approval of Revenue Department.

Periodicity of Local Books to be Closed

12 month period.

Documentation to be presented with the Financial Statements

Not applicable.

Financial Statements Language

Thai language

Retention Period for Statutory Financial Statements / Working papers

5 years

Requirements to Retain Physical Copies Locally/Electronically Stored Data to Reside on In-country Server

5 years

Requirements to Prepare Financial Statements in Local Currency

Books and accounts shall be prepared and certified by Thai qualified registered accountant in Thai Baht currency and be audited by a CPA.

What GAAP must the Financial Statements be Prepared Under?

TFRS.

Prescribed Format and Details for Financial Statements

Ministry of Commerce has announced the format and details of financial statement.

Filing Due Date

Within 150 days after end of accounting period.

Filing Format of Financial Statements

The company may file the financial statements either manually or electronically.

Filing Extension Availability and Details



Extensions are not available.

Penalties for Non-Compliance

Penalties of THB 1000 up to THB 2,000 must be paid to the Thai Revenue Department.



1.5 Incentives

Intellectual Property Incentives

Thailand has no specific intellectual property ('IP') incentives, but IP is tied to R&D incentives

R&D Incentives

The R&D provider may be qualified for tax exemption if promoted by the BOI. Double deduction may be allowed for the expenses paid for qualified R&D.

Other Incentives

Tax-related relief and other incentives are granted to Thai and foreign companies investing in BOI promoted projects. However, the BOI does not grant promotional incentives to a branch office of a foreign company. Activities eligible for promotion are specified in guidelines issued by the BOI. Activities not specifically listed in the BOI guidelines may nevertheless still be eligible for promotion if considered to be of benefit to the Thai economy and are in accordance with national development objectives.

- Examples of BOI tax incentives include:
- Import duty exemptions
- Enhanced deduction
- Tax holidays
- Tax-exempt dividends
- Tax rate reductions

In addition, Thailand offers an international headquarters tax incentive, provided certain conditions are met. These incentives include a reduced corporate tax rate, reduced tax rate on interest and royalties and an exemption on dividends.

Special Tax Regimes for Specific Industries or Sectors

- Petroleum industry (oil and gas exploration/exploitation companies): a 50% petroleum income tax is imposed on profits earned from petroleum sales.
- SME (company with no more than THB 5million of paid up capital and turnover from sales or services of not more than THB 30 million): progressive CIT rate starting with a 0% tax bracket scaling up to a highest bracket of 20%.
- Foreign juristic corporations carrying on the business of international transportation: 3% tax on their gross incomes before deduction of expenses.
- Banking companies are generally subject to 3.3% Specific Business Tax in lieu of 7% VAT.



1.6 International Taxation

Double Taxation Relief

There are 61 Double Tax Treaties between Thailand and other countries

Tax paid by a foreign branch in foreign country can be claimed as tax credit in Thailand

Corporations may obtain relief from foreign taxes suffered on foreign source income by claiming either a bilateral credit or unilateral credit against income tax liabilities, depending on the existence and terms of a tax treaty (DTA) with the country where the income arose. Excess tax credits may not be carried forward or back.

When claiming double tax relief, the juristic corporation must indicate that the foreign source income has been brought into the tax computation at the gross amount before deduction of the foreign tax suffered. In order to claim relief, evidence of the foreign tax suffered is required by way of an official receipt.

Foreign-Exchange Controls

Foreign exchange control is governed by the Bank of Thailand. Remitting money outside Thailand can be made subject to the regulation of Bank of Thailand. The applicant must submit document to the Bank of Thailand through a commercial bank together with the document and evidence for reason of necessity to remit money outside Thailand.

There is no limitation on the amount of foreign currency brought into Thailand. If brought into Thailand, the holder of the foreign currency must convert the funds into Thai currency or deposit the foreign currency into a foreign currency account at a Thai bank within 360 days.

The exceptions to this rule applies to a foreigner temporarily staying in Thailand for no more than 3 months, foreign embassies and international organizations.

Outward remittance of amounts due to non-residents, including service fees, interest, dividends, profits or royalties, can be done upon submission of supporting documents with an authorized bank in Thailand.

International Withholding Tax Rates

Dividends - Dividends paid to non-residents will be subject to withholding tax at 10%.

Dividend paid by an investment promoted company during investment promotion period will be exempt from dividend withholding tax. Certificate of residence should be prepared for DTA protection.

Royalties - Royalties paid to non-residents, who do not carry on any business in Thailand, will be subject to withholding tax at 15%. However, this rate may be reduced by an applicable tax treaty.

Interest - Interest paid to non-residents is subject to withholding tax at 15%. This rate may be reduced to 10% if the interest payment is made to a financial institution and a tax treaty is applied.

Capital Gains - Non-residents are liable to 15% on capital gains realized on the disposal of Thai shares if acquired by a Thai resident. This tax may be reduced or eliminated by an applicable tax treaty.



Withholding Tax Rates under the Income Tax Treaties

Thailand– Treaty Withholding Rates Table			
	Dividends	Interest	Royalties
	(%)	(%)	(%)
Domestic Rates			
Companies:	10	15	15
Individuals:	10	15	15
Treaty Rates			
Armenia	10	10/15 ⁽¹⁾	15
Australia	10	10/15 ⁽¹⁾	15
Austria	10	10/15 ⁽¹⁾	15
Bahrain	10	10/15 ⁽¹⁾	15
Bangladesh	10	10/15 ⁽¹⁾	15
Belgium	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
Bulgaria	10	10/15 ⁽¹⁾	5/15 ⁽¹⁰⁾
Cambodia	10	10/15 ⁽¹¹⁾	10
Canada	10	10/15 ⁽¹⁾	5/15 ⁽³⁾
Chile	10	10/15 ⁽¹⁾	10/15 ⁽¹⁴⁾
China, P.R.	10	10/15 ⁽¹⁾	15
Cyprus	10	10/15 ⁽¹⁾	5/10/15 ⁽¹¹⁾
Czech Republic	10	10/15 ⁽¹⁾	5/10/15 ⁽⁴⁾
Denmark	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
Finland	10	10/15 ⁽¹⁾	15
France	10	3/10 ⁽⁵⁾	0/5/15 ⁽⁶⁾
Germany	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
Hong Kong	10	10/15 ⁽¹⁾	5/10/15 ⁽⁴⁾
Hungary	10	10/15 ⁽¹⁾	15
India	10	10	10
Indonesia	10	10/15 ⁽¹⁾	15
Ireland	10	10/15 ⁽¹⁾	5/10/15 ⁽¹⁶⁾
Treaty Rates	Dividends	Interest	Royalties



	(%)	(%)	(%)
Israel	10	10/15 ⁽¹⁾	5/15 ⁽³⁾
Italy	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
Japan	10	10/15 ⁽¹⁾	15
Korea, Rep. of	10	10/15 ⁽¹⁾	5/10/15 ⁽¹³⁾
Kuwait	10	10/15 ⁽¹⁾	15
Laos	10	10/15 ⁽¹⁾	15
Luxembourg	10	10/15 ⁽¹⁾	15
Malaysia	10	10/15 ⁽¹⁾	15
Mauritius	10	10/15 ⁽¹⁾	5/15 ⁽¹⁰⁾
Myanmar	10	10	5/10/15 ⁽¹⁵⁾
Nepal	10	10/15 ⁽¹⁾	15
Netherlands	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
New Zealand	10	10/15 ⁽¹⁾	10/15 ⁽⁷⁾
Norway	10	10/15 ⁽¹⁾	5/10/15 ⁽¹²⁾
Oman	10	10/15 ⁽¹⁾	15
Pakistan	10	10/15 ⁽¹⁾	10/15 ⁽⁶⁾
Philippines	10	10/15 ⁽¹⁾	15
Poland	10	10/15 ⁽¹⁾	0/5/15 ⁽⁶⁾
Romania	10	10/15 ⁽¹⁾	15
Russia	10	10/15 ⁽¹⁾	15
Seychelles	10	10/15 ⁽¹⁾	15
Singapore	10	10/15 ⁽¹¹⁾	5/8/10 ⁽¹²⁾
Slovenia	10	10/15 ⁽¹⁾	10/15 ⁽⁷⁾
South Africa	10	10/15 ⁽¹⁾	15
Spain	10	10/15 ⁽¹⁾	5/8/15 ⁽⁸⁾
Sri Lanka	10	10/15 ⁽¹⁾	15
Sweden	10	10/15 ⁽¹⁾	15
Switzerland	10	10/15 ⁽¹⁾	5/10/15 ⁽⁴⁾
Turkey	10	10/15 ⁽¹⁾	15
Treaty Rates	Dividends	Royalties	Dividends

	(%)	(%)	(%)
Ukraine	10	10/15 ⁽¹⁾	15
United Arab Emirates	10	10/15 ⁽¹⁾	15
United Kingdom	10	10/15 ⁽¹⁾	5/15 ⁽²⁾
United States	10	10/15 ⁽¹⁾	5/8/15 ⁽⁹⁾
Uzbekistan	10	10/15 ⁽¹⁾	15
Vietnam	10	10/15 ⁽¹⁾	15

Note: For interest, 0% is applied to government agency and national banks in all DTAs except for China (PRC), Myanmar, Netherlands and Taiwan.

- 1 Interest:
 - 10 percent applies to a recipient that is a bank or financial institution (including an insurance company);
 - 15 percent for other interest payments.
- 2 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, artistic, or scientific work;
 - 15 percent for other royalties.
- 3 Royalties:
 - 5 percent for production or reproduction of any literary, dramatic, musical or artistic work (but not including royalties in respect of motion picture films and works on film or videotape for use in connection with television);
 - 15 percent for other royalties.
- 4 Royalties:
 - 5 percent for alienation or the right to use any copyright of literary, artistic or scientific work;
 - 10 percent rate for alienation of any patent, trademark, design or model plan, secret formula, or process;
 - 15 percent rate for other royalties.
- 5 Interest:
 - 3 percent for interest paid on loans or credits granted for four years or more with the participation of a financing public institution to a statutory body or to an enterprise in relation to the sale of any equipment or to the survey, the installation or the supply of industrial commercial or scientific premise and public works;
 - 10 percent applies to a recipient that is financial institution.
- 6 Royalties:
 - Zero percent for films or tapes (payable to a Contracting State or State owned company);
 - 5 percent for the use of or the right to use any copyright of literary, artistic, or scientific work;
 - 15 percent for other royalties.
- 7 Royalties:
 - 10 percent for the use of or the right to use any copyright, any industrial, commercial or scientific equipment, any motion picture film or film or videotape or any other recording for use in connection with television, or tape or any other recording in connection with radio broadcasting : the reception of, or the right to receive, visual images or sounds or both and the use in connection with television or radio broadcasting, visual images or sounds, or both, transmitted by satellite or cable, optic fiber or similar technology;
 - 15 percent rate for other royalties.
- 8 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, dramatic, musical, artistic, or scientific work excluding cinematograph films or films or tapes used for radio or television broadcasting;
 - eight percent for the use of or the right to use industrial, commercial or industrial equipment;
 - 15 percent rate for other royalties.
- 9 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, artistic or scientific work including software, and motion pictures and works on film, tapes or other means of reproduction for use in connection with radio or television broadcasting
 - 8 percent for the use of or the right to use industrial, commercial or industrial equipment;
 - 15 percent rate for other royalties.
- 10 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, dramatic, musical, artistic, or scientific work excluding cinematograph films or films or tapes used for radio or television broadcasting;
 - 15 percent rate for other royalties.
- 11 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, artistic or scientific work including software, cinematograph films or tapes used for radio or television broadcasting
 - 10 percent for the use of or the right to use industrial, commercial or industrial equipment or for information concerning industrial, commercial or scientific;
 - 15 percent rate for other royalties
- 12 Royalties:
 - 5 percent for the use of or the right to use any copyright of literary, artistic, or scientific work;
 - 8 percent for the use industrial, commercial or industrial equipment
 - 10 percent for other royalties.

- 13 *Royalties:*
- 5 percent for the use of or the right to use any copyright of literary, artistic or scientific work including software, and motion pictures and works on films, tapes or other means of reproduction for use in connection with radio or television broadcasting;
 - 10 percent for the use of or the right to use of any patent, trademark, design or model, plan, secret formula or process;
 - 15 percent rate for the use of or the right to use industrial, commercial or industrial equipment or for information concerning industrial, commercial or scientific experience;
- 14 *Royalties:*
- 10 percent for the use of or the right to use any copyright of literary, artistic or scientific work or for the use of or the right to use industrial, commercial or scientific equipment;
 - 15 percent rate for the use of or the right to use industrial, commercial or industrial equipment or for information concerning industrial, commercial or scientific experience;
- 15 *Royalties:*
- 5 percent for the use of or the right to use any copyright of literary, artistic or scientific work
 - 10 percent for the consideration of management or consultancy services or for information concerning an industrial, commercial, or scientific experience
- 16 *Royalties:*
- 5 percent for the use of or the right to use any copyright of literary, artistic or scientific work, including software, and motion pictures and works on film, tape or other means of reproduction for use in connection with radio or television broadcasting;
 - 10 percent for the use of or the right to use industrial, commercial or scientific equipment or any patent;
 - 15 percent for the use of or the right to use any trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience;
- 17 *As of June 2013, Thailand had 7 pending DTAs that were not yet in force. The pending DTAs are with the following countries; Belarus, Egypt, Estonia, Kenya, Mongolia, Papua New Guinea, and Tajikistan.*

Source: <http://www.rd.go.th/publish/766.0.html>

Other Agreements

Not applicable

Income Tax Treaties for the Avoidance of Double Taxation (Negotiated, not yet in force at time of publication)

Treaties with Egypt, Kenya, and Mongolia have been negotiated but are not in force at the time of writing.

Agreements for the Exchange of Information

Thailand has agreed to participate in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. The law is currently being process by the Thai Revenue Department.

Indirect Offshore Disposal Rules

None

2 Transfer Pricing

Requirements

Thailand's transfer pricing regime is consistent with the OECD model (i.e. arm's length basis).

Thai businesses are required to ensure that the pricing of transactions with related parties is based on one of the accepted methodologies and that the process of establishing transfer prices is appropriately documented.

Thailand introduced transfer pricing guidelines in 2002 in the form of a Departmental Instruction, which is not a law. The latest draft of transfer pricing regulation was approved by the cabinet in January 2018 and is now under processing. It is expected that the transfer pricing law will be in force for the accounting period starting on or after 1 January 2019.

The Thai Revenue Department accepts both APAs and MAPs.

Country-by-Country Reporting

Thailand has agreed to participate in the OECD's BEPS inclusive framework. In this context, the Thai Revenue Department is currently considering BEPS Action 13 - Master and Local Files Reporting

Under the drafted transfer pricing law, the Local File is required.

Reporting Standard

None



3 Indirect Tax

Indirect Tax

Value Added Tax (VAT)

Standard Rate

The standard VAT rate is 10%. Current applicable VAT rate is 7% until 30 September 2019.

Certain goods and services are zero-rated or exempt from VAT.

Further Information

For more detailed indirect tax information, refer to:

[KPMG's 2017 Asia Pacific Indirect Tax Country Guide](#)

4 Personal Taxation

Top Rate

Personal income tax

Net taxable income is taxed at progressive rates up to 35%. The maximum current tax rate applies to income exceeding THB 5 million in the case of both residents and non-residents

Social Security

Resident and non-resident employees are required to make contributions to Thailand's social security fund. Contributions to the social security fund are made by employers and employees in equal proportions. The current rate of contribution by each party is 5%, up to maximum amount of THB 750.

International Social Security Agreements

There is a treaty between the Netherlands and Thailand on the transfer of social security benefits

Visa Requirements

A foreigner who would like to work in Thailand must apply for a non-immigrant visa from a royal Thai Embassy or Consulate in foreign country before entering Thailand. The visa is normally granted for an initial stay of 90 days, but it may be extended up to one year and is renewable each year while in Thailand. A longer visa extension can be provided according to special schemes determined by the government. The foreigner must also obtained a work permit before commencing his work in Thailand.

Further Information

For more detailed personal taxation information, refer to:

[KPMG's Thinking Beyond Borders](#)

5 Other Taxes

Stamp Duty

A number of documents and transactions are subject to stamp duty. Rates depend upon the class of instrument, but in general are between 0.1% and 1%, although for certain instruments the stamp duty is capped (e.g. for loan documents stamp duty is capped at THB 10,000).

Property Taxes

A house and land tax is levied at the rate of 12.5% of the assessed rental value of the property. It is levied on the owner of the building, but does not apply to owner-occupied residences.

Specific Business Tax ('SBT')

Certain Thai businesses are excluded from the VAT system and are, instead, subject to SBT. SBT is calculated as a percentage of gross receipts and the rate varies between 2.75% and 3.3%. SBT applies to the following businesses:

- Banking and similar
- Finance, security and credit
- Factoring
- Life insurance
- Pawnshop brokerage
- Sale of securities in stock market (although these are currently exempt from SBT)
- Trading in immovable property.

Inheritance Tax

The Inheritance Tax Act B.E. 2558 (2015) imposes a tax that is levied on a recipient of certain types of property valued in excess of THB100 million paid from an estate. The tax rate imposed on a taxable inheritance is 10%, but reduced to 5% if the legatee is a descendant or ascendant of the decedent.

The following persons who inherit certain properties are liable to the inheritance tax:

- A person with Thai nationality, including a legal entity registered or established under Thai law, a legal entity that has more than 50% of its paid-up share capital owned by shareholders with Thai nationality at the time and the entity has the right to receive the inheritance, and a legal entity with more than half of those persons who have managing authority having Thai nationality
- A non-Thai national who has Thai residency according to the immigration law
- A non-Thai national who receives property situated in Thailand through an inheritance.

Other Taxes

Gift Tax

Revenue Code Amendment Act (No. 40) B.E. 2558 (2015) introduced a law that subjects gifts to personal income tax with effect from 1 February 2016 onwards. Money and other property received by a spouse, ascendant or descendant as a gift for the value in excess of THB20 million is subject to tax at the rate 5%. The exemption threshold is reduced to THB 10 million if the recipient is not being spouse, ascendant or descendant.

6 Trade & Customs

6.1 Customs

Customs Duty

Imported products, generally, are subject to import duty at the time of importation, unless the goods are prescribed as exempt goods. The present import duty rates are in the range of 0 % to 80%. The customs duty payable is based on the cost of the imported products, including freight and insurance to Thai port (the CIF value).

There are nine groups of products that are subject to export duty, including, rice and glutinous rice, metal scraps, hides of bovine animals, rubber of the *genus hevea*, wood, sawn wood and articles made of wood. The export duties and taxes payable are calculated based on the FOB value. The present export duty rates are in the range of 0% to 40%.

Excise Duty

Excise duty is imposed on certain locally produced goods, imported products, and services deemed harmful to the society or considered to be luxury goods or services, such as gasoline, motor vehicles, perfumes, batteries, beverages, liquor, tobacco products, playing cards, golf courses, night clubs and telecommunications.

The excise tax base for goods is derived from the suggested retail price (SRP), which is submitted by the entrepreneur to the Excise Department. The SRP shall be made on the costs of production, management costs and standard profit, excluding VAT. The excise tax is imposed at a specific rate, an ad valorem rate or both.

6.2 Free Trade Agreements (FTA)

In Force

Multilateral Free Trade Agreements

ASEAN Free Trade Area (AFTA) member countries are as follows:

Brunei Darussalam	Laos	Philippines	Thailand
Cambodia	Malaysia	Singapore	Vietnam
Indonesia	Myanmar		

ASEAN Free Trade Agreement with the following:

Australia/ New Zealand	Japan	China	South Korea
India			

Bilateral Free Trade Agreements

Australia	Japan	New Zealand	Peru
India	Chile		

Concluded/Signed (Pending domestic ratification)

ASEAN – Hong Kong (to be in force in January 2019)

In Negotiation

- Turkey



- Pakistan
- European Union
- Thailand – EFTA (Iceland, Liechtenstein, Norway, and Switzerland)

Source: *FTA Department of Trade Negotiations, Thailand*



7 Tax Authority

Tax Authority

Thailand's Revenue Department

Link to [Revenue Department](#).

Tax Audit Activity

The tax authority predominantly adopts a risk based approach to the selection of returns for audit. A tax audit will be performed for every tax refund requested. In the past few years, the tax authority has begun to implement a routine tax review, where an audit may be performed regularly, between one to three years, depending on the taxpayer's size or operating results.

A typical tax audit commences with a letter requesting the provision of supplementary analysis or information. Taxpayers are advised to contact their tax advisor immediately when a tax audit commences or any correspondence is received from the tax authority.

The typical length of an audit period varies on a case by case basis, and the more complex cases may take a substantial length of time before a resolution is reached.

Generally, the tax authority focuses on income tax in tax audits; however this can be expanded to cover other taxes including VAT and withholding tax. A transfer pricing audit may be conducted separately by the transfer pricing team in the tax authority.

Appeals

If the original assessment is conducted by the District Revenue Offices, the taxpayer must appeal the assessment within 15 days from the date of receipt of the assessment notification.

If the original assessment is conducted by other Revenue Offices, the taxpayer must appeal the assessment within 30 days from the date of receipt of the assessment notification.

It should be noted that an appeal does not defer payment of taxes and duties.

Tax Governance

None

Current Topics for Focus by Tax Authorities

None



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