KPMG

GMS Flash Alert

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Thailand – Returning Thai Skilled Workers Could Benefit from Targeted Tax Reductions

On 24 March 2025, Thailand's Cabinet approved a Royal Decree[1] that 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 percent, and corporate tax exemptions on 50 percent of salary expenses, the policy aims to make Thailand more attractive to returning talent.

WHY THIS MATTERS

The 50-percent income-tax exemption on salary expenses presents potentially a valuable opportunity for businesses to reduce labour costs while attracting high-calibre professionals.

With the preferential 17-percent tax rate for individuals earning wages from companies or juristic partnerships in targeted industries benefiting from income tax exemptions under Thailand's national competitiveness, investment promotion, or Eastern Special Development Zone laws, the end result is expected to be a more skilled workforce and enhanced tax efficiency.

Reduction of Rates of Withholding Tax

The withholding tax rate for income earners employed by companies or juristic partnerships in targeted industries is reduced to 17 percent. 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.

To be eligible for the lowered rate, taxpayers must:

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;

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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 percent 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 INSIGHTS

Companies operating in targeted industries should assess their talent acquisition strategies to leverage this tax incentive. However, to secure the tax benefits, employers must comply with the notification requirements. Companies and individuals must carefully review the eligibility criteria and procedural requirements set by the Director-General to avail of the benefits associated with this Decree.

Early planning and proper documentation will be critical for successful implementation.

It is recommended that guidance be sought with respect to:

- effectively leveraging the 50-percent salary-expense tax exemption to potentially reduce corporate tax liabilities;
- eligibility of both employers and employees regarding the conditions outlined;
- implementing payroll reporting procedures that comply with the new 17-percent withholding-tax rate;
- preparing the required application forms to notify the Revenue Department and with timely submissions.

It may be helpful to consult with your usual qualified tax professional or a member of the tax team with KPMG in Thailand (see the Contacts section).

FOOTNOTE:

1 Issued under the Revenue Code Governing the Reduction and Exemption of Taxes and Duties (No. 793) B.E. 2568 (2025).

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