



Tax & Legal Services Newsletter

Reduction in Personal Income Tax from 2017

The Act Amending Thai Revenue Code (No.44) has been issued to reduce the personal income tax as follows.

	Previous Rules	New Rules
Standard expense deduction against <ul style="list-style-type: none"> salaries, fees, hire of work fees royalties on copyrights or other rights 	<ul style="list-style-type: none"> 40% of gross income, limited to THB 60,000 40% of gross income, limited to THB 60,000 	<ul style="list-style-type: none"> 50% of gross income, limited to THB 100,000 As set out by the Royal Decree
Allowances <ul style="list-style-type: none"> Person earning income Spouse Children 	<ul style="list-style-type: none"> THB 30,000 THB 30,000 THB 15,000 per child, limited to three children 	<ul style="list-style-type: none"> THB 60,000 THB 60,000 THB 30,000 per child

	Previous Rules		New Rules	
<ul style="list-style-type: none"> Children's education Inheritance fund Ordinary partnership 	<ul style="list-style-type: none"> THB 2,000 per child, limited to three children THB 30,000 THB 30,000 per partner, limited to THB 60,000 	<ul style="list-style-type: none"> Repealed THB 60,000 THB 60,000 per partner, limited to THB 120,000 		
Personal Income Tax Rates	Range of Income (THB)	Rate	Range of Income (THB)	Rate
	1 – 150,000	exempt	1 – 150,000	exempt
	150,001–300,000	5	150,001–300,000	5
	300,001–500,000	10	300,001–500,000	10
	500,001–750,000	15	500,001–750,000	15
	750,001–1,000,000	20	750,001–1,000,000	20
	1,000,001–2,000,000	25	1,000,001–2,000,000	25
	2,000,001–4,000,000	30	2,000,001–5,000,000	30
	4,000,001 and over	35	5,000,001 and over	35

Tax Measures for Southern Flood Victims

The Cabinet has approved tax measures to assist flood victims in southern region of the country. The measures include a deduction for the following repair expenses incurred and paid during the period 1 December 2016 to 31 May 2017:

- Building and condominium repair expenses up to THB 100,000; and
- Automobile repair expenses up to THB 30,000.

Tax Measures for Special Economic Development Zone

The Cabinet has issued several decrees that offer tax benefits to business operators located in special economic development zones (SEZs) in four provinces (Narathiwat province, Pattani province, Yala province and Satul province), as follows:

- Royal Decree No. 624
 - A reduction in the personal income tax rate to 0.1% of income and a reduction in the corporate income tax to 3% on net profits for income earned in accounting periods 2018 – 2020 from the sale of goods or the provision of services in the SEZ.

- A reduction of the personal income withholding tax rate to 0.1% of assessable income on the sale of immovable property and which will be excluded from the year-end income tax calculation.
- A reduction of specific business tax on the sale of immovable property to 0.1% during the 2018-2020 period.
- Royal Decree No. 625
 - A double deduction of expenses incurred for the purchase and installation of CCTV.
- Royal Decree No. 626
 - A double deduction for capital expenditure incurred on machinery, equipment, computer programs, vehicles and permanent buildings paid during the period 27 September 2016 to 31 December 2020 if certain requirements are met.

Tax Exemption Granted on Transfer of Immovable Property to Child

The Act Amending Thai Revenue Code No. 43 provides for a personal income tax exemption on the gratuitous transfer of immovable property to a legitimate child up to a value of THB 20 million per child. The previous rule did not specify that the THB 20 million amount applied on a “per child” basis.

Supreme Court Decision Rules on Dividends Paid to Related Party

Company A is engaged in a real estate rental business and is a shareholder in Company B. Company B is a shareholder in Company A. In 2007, Company A paid dividends to Company B. Section 65 Bis (10) of the Revenue Code provides that dividends paid to a company that holds at least 25% of the voting rights of the payer company (without any cross-holding structure) are exempt from corporate income tax; otherwise, only 50% of the dividends are exempt.

Since Company A had sold the shares in Company B before the book closing date, Company A treated the dividends as exempt and no tax was withheld. However, the Thai revenue officer took the position that Company A was required to deduct withholding tax on the dividends because Company A did not qualify for the full exemption under the Thai Revenue Department’s own internal criteria for Section 65 Bis dividend exemption; the revenue officer stated that, to qualify for the tax exemption, the dividend-paying company must not hold any shares in the recipient company during the accounting period in which the dividends were paid. As a result, the dividends received by Company B only were eligible for the 50% exemption.

The Supreme Court disagreed, concluding that the conditions stipulated by the Revenue Department were not included in the tax code. Therefore, the full amount of the dividends qualified for the corporate income tax exemption and no tax had to be deducted at source.

Anthony Visate Loh

**Business Tax & Indirect Tax,
Legal Services**

Tel: +66 (0) 2034 0000 ext 40112
Email: aloh@deloitte.com

Darika Soponawat

**Business Tax (Japanese Services Group)
& Indirect Tax**

Tel: +66 (0) 2034 0000 ext 40115
Email: dsoponawat@deloitte.com

Dr. Kancharat Thaidamri

Transfer Pricing & Business Tax

Tel: +66 (0) 2034 0000 ext 40118
Email: kthaidamri@deloitte.com

Korneeka Koonachoak

**Business Tax (Business
Model Optimization)**

Tel: +66 (0) 2034 0000 ext 40122
Email: kcoonachoak@deloitte.com

Mark Kuratana

Global Employer Services

Tel: +66 (0) 2034 0000 ext 40125
Email: mkuratana@deloitte.com

Stuart Simons

Transfer Pricing & Customs Services

Tel: +66 (0) 2034 0000 ext 40135
Email: ssimons@deloitte.com

Wanna Suteerapornchai

Business Tax (M&A) & FSI

Tel: +66 (0) 2034 0000 ext 40144
Email: wsuteerapornchai@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 225,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising 270 partners and over 7,300 professionals in 25 office locations, the subsidiaries and affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices, their subsidiaries and affiliates which are separate and independent legal entities.

About Deloitte Thailand

In Thailand, services are provided by Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and its subsidiaries and affiliates.