

## Tax & Legal Services Newsletter

Vol. December 2015

### Reduced Personal Income Tax Rates Extended

The Thai Cabinet has approved an extension of the reduced personal income rates for an additional year. The extension has been prompted by the economic situation and is intended to reduce the tax burden on individuals. As a result, the rates that have applied since 2013 will continue to apply for 2016.

Net income (THB)	Tax rates (%)
0 – 300,000	5
300,001 – 500,000	10
500,001 – 750,000	15
750,001 – 1,000,000	20
1,000,001 – 2,000,000	25
2,000,001 – 4,000,000	30
4,000,001 and over	35

### LTF Tax Privileges Revised

The Thai Cabinet has approved the Ministry of Finance's proposal to revise the personal income tax incentives for investment in the long-term equity fund (LTF), as follows:

- The personal income tax allowance for investment in LTF units will continue to apply until 31 December 2019, and will be abolished as from 2020.
- The minimum holding period for LTF units is increased from five calendar years to seven calendar years for units purchased as from 1 January 2016.
- The personal income tax exemption on the value of or any benefits received from the sale of LTF units back to the LTF will be abolished for units purchased as from 1 January 2020.

### Tax Incentives to Promote Rapid Investment

The Board of Investment has presented to the cabinet draft measures designed to promote rapid investment. The salient features of the proposals are as follows:

1. A corporate income tax (CIT) exemption would be granted to investment projects that apply for the promotional measure between 1 January 2015 and 30 June 2016, provided the manufacturing of the goods/provision of the services commences during 2017:

- 1) For businesses other than targeted businesses based in a special economic zone, a CIT exemption would be granted for an additional two years, but no more than eight years. An additional 50% allowance would apply from the ninth to 13th year if the company already is benefiting from an eight-year exemption.
- 2) For businesses in general areas, a one-year additional CIT exemption would be granted, but the total exemption period could not exceed eight years.

The incentives would apply to "Group A" businesses (industries that are entitled to the CIT exemption under the new measure) and would apply retroactively to projects that applied for a promotion since 1 January 2015, regardless whether the project was granted an incentive before the announcement of the new measure.

2. The following incentives would be granted to investment projects that apply for the promotional measure between 1 January 2014 and 30 June 2016, provided the manufacturing of the goods/provision of the services commences during 2017 (the incentives would apply only to industries that are entitled to the CIT exemption):

Scenario	Requirements	Additional CIT exemption benefits*	
		General areas	Special economic zone
1	Actual investment (i.e. construction of a building/purchase of machinery) from the date the measure is effective to the end of June 2016 of not less than 70% of the total investment (excluding land and working capital)	Additional four-year CIT exemption + a five-year 50% allowance	Additional four-year CIT exemption + a five-year 50% allowance
2	Actual investment (i.e. construction of a building/purchase of machinery) from the date the measure is announced to the end of June 2016 of not less than 50% of the total investment (excluding land and working capital)	Additional three-year CIT exemption + a five-year 50% allowance	Additional three-year CIT exemption + a five-year 50% allowance
3	Actual investment (i.e. construction of a building/purchase of machinery) from the date the measure is announced to the end of December 2016 of not less than 50% of the total investment (excluding land and working capital)	Additional two-year CIT exemption + a five-year 50% allowance	Additional two-year CIT exemption + a five-year 50% allowance
4	Actual investment of less than 50% of the total investment by the end of 2016 (excluding land and working capital), but manufactureng/provision of services must commence during 2017	Additional one-year CIT exemption	Additional two-year CIT exemption

\* The CIT exemption must not exceed a total of eight years.

## Criminal Offense Provisions of Revenue Code Amended

The National Legislative Assembly has approved a draft Act Amending the Revenue Code that would make the following changes to the criminal offense provisions:

- Impose a fine of not exceeding THB 200,000 or imprisonment up to seven years, or both, for failure to file a tax return under section 37 Bis (the current penalty is a fine not exceeding THB 5,000 or imprisonment up to six months, or both).
- Introduce a fine of THB 2,000 for failure to submit a balance sheet according to section 69. Currently, a specific penalty is not provided.
- Introduce a fine ranging from THB 2,000 to THB 200,000 or imprisonment from three months to seven years for making a false tax refund claim. Currently, a specific penalty is not provided.

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