

Tax & Legal Services Newsletter

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Permanent Reduction in Corporate Income Tax Rate

The Act Amending the Revenue Code (No. 42) has been issued to permanently reduce the corporate income tax rate from 30% to 20% for accounting periods starting on or after 1 January 2016 onwards.

Extension of Personal Income Tax Rate Reduction

Royal Decree 600 has been issued to maintain the reduced personal income tax rates that applied during tax years 2013 to 2015. The reduced tax rates in the 2016 tax year, which aims to mitigate the burden on individual taxpayers as a result of the current economic conditions, are as follows:

Net income (THB)	Tax rate (%)
Not over 300,000	5
Over 300,000 - 500,000	10
Over 500,000 - 750,000	15
Over 750,000 - 1,000,000	20
Over 1,000,000 - 2,000,000	25
Over 2,000,000 - 4,000,000	30
Over 4,000,000	35

Rules on Inheritance Tax

The Cabinet has endorsed the Ministry of Finance’s notification/ministerial regulations on the conditions in relation to the inheritance tax, as follows:

A notification from the Ministry of Finance sets out the circumstances in which a taxpayer may be eligible for an extension of the deadline to file an inheritance tax return or provide information to the tax authorities, including the following:

- An individual requests an extension of the deadline where he or she has suffered severe injuries, has become disabled, has been ill for a period exceeding 20 days or has an illness that results in the inability to perform ordinary tasks for more than 20 days, or where the individual who is subject to inheritance tax is not present in Thailand; or
- There are natural disasters (e.g. floods, storms, fires, geohazards, etc.) in Thailand which may be extended by the Director-General of Revenue until the disaster passes.

A ministerial regulation defines the assets in Thailand for inheritance tax purposes, as follows:

- Immovable property situated in Thailand;
- Securities issued by a juristic person registered in Thailand or established under Thai law;
- Bank deposits in Thailand or other funds of a similar nature in Thailand that the testator has the right to withdraw or reclaim from the financial institutions or persons receiving the deposits; and
- Vehicles registered in Thailand.

A ministerial regulation sets out the method for calculating the value of third-party rights to immovable property that has been inherited, as follows:

- Where the beneficiary does not receive any relief payment in exchange for the restriction of its rights to use the property, the calculation is made by multiplying the assets' value by the designated discount rate, which varies depending on the number of years that the beneficiary is not able to use such inherited immovable property on the date the bequest is received; and
- Where the beneficiary receives a relief payment, the calculation is made by multiplying the computed relief payment by the designated discount rate.

A ministerial regulation sets out the methods for calculating the value of inherited assets for inheritance tax purposes, as follows:

- The value of immovable property situated outside Thailand will be the appraisal value of the property for the purposes of registering the transfer under the law of each country. If the immovable property does not have an appraisal value, the value will be the value certified by the department or organization authorized as immovable property appraisers. If neither an appraised value nor a certified value is available, the market value on the date the bequest is received will be considered the value of the immovable property.
- The value of securities not listed on the Stock Exchange of Thailand (SET) will be equivalent to the book value in the accounting period before the accounting period of the receipt of the ownership in the shares.
- The value of securities of a company listed on the SET or a foreign stock exchange will be either the book value in the accounting period before the accounting period of the receipt of the ownership in the shares, or the shares' market value at the end of the day the bequest is received, whichever is higher.

- The value of treasury bills, bonds, bills of exchange and debentures will be the first offering price if it is lower than the redemption price, or will be the redemption price if the first offering price is not lower than the redemption price.
- The value of registered vehicles (i.e. cars and motorcycles) will be the appraisal value from the department of land transport, i.e. the average price between the highest and lowest price for the vehicle model. If no appraisal value is available, the value will be the value appraised by a person or agency that is a member of a relevant professional agency upon the appraisal of such items. In the case of overseas registered vehicles, the value of the registered vehicle will be the value appraised by a person or agency that is a member of a relevant professional agency upon the appraisal of such items.
- The value of a vessel or aircraft will be the value appraised by a person or agency that is a member of a relevant professional agency upon the appraisal of such items.
- The value of bank deposits or other funds of a similar nature that the testator has the right to withdraw or reclaim from a financial institution or from the person receiving the deposit will be the amount of the funds, plus interest and other benefits receivable on the date the bequest is received.

Double Deduction for Sports Promotion Expenses

Royal Decree No. 596 has been issued with the intention of promoting/supporting sports by allowing an income tax deduction for contributions made to the Sports Authority of Thailand, the Provincial Sports Committee, sports associations or the National Sport Development Fund, as follows:

- A personal income tax allowance of 200% of the amount actually contributed is available; however, when combined with the taxpayer's donation made to support educational projects approved by the Ministry of Education, the claimed amount may not exceed 10% of the taxpayer's assessable income after other deductions and allowances.
- A corporate income tax deduction of 200% of the amount contributed or assets donated is available; however, when combined with the amount of certain other donations, the claimed amount may not exceed 10% of the net profits before expenses for public charity, public benefits, education and sports under section 65ter (3) of the Thai Revenue Code.

The double deduction applies for donations made during the period from 1 January 2016 to 31 December 2018.

Tax Deduction on Purchases of Immovable Property

Ministerial Regulation No. 313 sets out the eligibility criteria for individuals to qualify for a personal income tax deduction equal to 20% of the amount paid to acquire buildings with land or condominium units that are valued up to a maximum of THB 3 million. The amount paid is eligible for a tax deduction for five consecutive years, starting from the tax year in which the registration for the transfer of ownership in the immovable property takes place, and the tax deduction must be apportioned equally over the five-year period starting from the tax year in which the payment is made.

- The taxpayer must pay for and register the transfer of ownership between 13 October 2015 and 31 December 2016, and must have no previous record as an owner of buildings with land or condominium units.
- The taxpayer must register his/her name as owner of the immovable property for a period of no less than five consecutive years from the date in which the registration for the transfer of ownership in the immovable property takes place. However, this does not apply where the taxpayer dies or the immovable property ceases to exist.

Rules on the Registration for the Emergency Decree on the Collection of Tax

The Revenue Department has issued a notification relating to the Emergency Decree on the Collection of Tax under the Revenue Code, which requires companies or juristic partnerships to register with the Thai revenue department to qualify for the exemption from tax investigations. According to the notification:

- The company must be subject to corporate income tax on its net profits and must have generated revenue not exceeding THB 500 million in its previous accounting period, which must consist of 12 months.
- Registration can be made by submitting an online application, but it will be deemed as submitted only when already confirmed by the Revenue Department.

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