

Tax & Legal Services Newsletter

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Reduction in Personal Income Tax from 2017

The Thai Cabinet has approved the Ministry of Finance's proposal on a reduction in 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 50% of gross income, limited to THB 100,000 		
Allowances <ul style="list-style-type: none"> Person earning income Spouse Children Children's education Inheritance fund Ordinary partnership 	<ul style="list-style-type: none"> THB 30,000 THB 30,000 THB 15,000 per child, limited to three children 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"> THB 60,000 THB 60,000 THB 30,000 per child Repealed THB 60,000 THB 60,000 per partner, limited to THB 120,000 		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 Tourism

The Thai Cabinet has approved the Ministry of Finance's proposal to promote domestic tourism, training and seminars through the following tax measures.

- A 200% expense deduction for companies and juristic partnerships in relation to seminar rooms, accommodations, transportation or any other expenses relevant to domestic training and seminars for employees, or any expenses paid to tour guide operators under the law on tour guide businesses and tour guides for such training and seminars, during the period from 1 January 2016 to 31 December 2016; and
- An allowance equal to the service expenses paid to tour guide operators under the law on tour guide businesses and tour guides, or equal to the hotel room fees paid to hotel operators under the law on hotels for domestic tourism. The allowance can be deducted against the assessable income for personal income tax computation purposes, in an amount equal to the expenses actually paid but not over THB 15,000 during the period from 1 January 2016 to 31 December 2016.

Tax Measures on the Jewelry Business

The Thai Cabinet has approved the Ministry of Finance's proposal to support businesses relating to the sale of jewelry and Thai accessories through the following tax measures.

- A VAT exemption on the sale of, or on the importation for sale of, diamonds and gemstones that are nonfaceted (excluding any artificial materials or reproductions), for the individual seller or the importer;
- A personal income tax exemption for individuals having income from sales of diamonds and gemstones that are nonfaceted (excluding any artificial materials or reproductions) on which tax already has been deducted at source. Such income is excludable from the personal income tax computation; and
- A requirement of the withholding tax on the payment of the assessable income for the purchase of jewelry in some cases.

Repeal of Tax Exemptions for Property Funds

The Thai Cabinet has approved the Ministry of Finance's proposal to amend the tax treatment of property funds established under the law on securities and the stock exchange by repealing the current exemptions for VAT, specific business tax and stamp duty purposes.

Deduction of Expenses on Technology R&D and Innovation

Royal Decree No. 598 has been issued to allow a triple deduction for certain R&D expenses. Ministerial Regulation No. 6 also has been issued, to set forth the following conditions.

- Rules for the determination of the characteristics of technology R&D and innovation; and
- A requirement that the project must be submitted for verification and approval by the National Science and Technology Development Agency, although exceptions will apply in some cases, for example, the company was registered with the Office, or project which has the value of not over THB 3 million etc.

Write-off of Bad Debts for Insurance Business due to 2011 Flood

The Thai Cabinet has approved the Ministry of Finance's proposal to allow the write-off of bad debts from the accounts receivable of creditors that are non-life insurance companies receiving compensation for flooding under a reinsurance agreement that was treated as an impaired asset under the conditions set out by the Office of Insurance Commission for considering the provision for the impairment of reinsurance in relation to the 2011 flood. Such a write-off is not required to comply with Ministerial Regulation No. 186 on the write-off of bad debts, provided the write-off is related to reinsurance assets for the loss or damage of any property or due to the flooding that occurred between 1 July 2011 and 31 December 2011 and the write-off is effective in an accounting period starting on or after 1 January 2011.

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