

NEWSLETTER

No. 29
Edition April 2009

INSIDE THIS EDITION

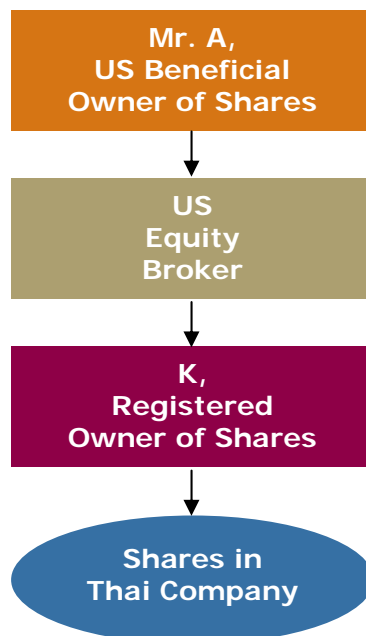
1. **No Dividend Tax Credit for Beneficial Owner of Shares** 1
2. **Tax Deduction for Homebuyer Becomes Effective** 2
3. **Tax Privilege for Debt Restructure** 2

Disclaimer: The materials on this document have been prepared for informational purposes only and are not intended to be legal advice. The reader should not act in any way on the basis of the information without seeking where necessary appropriate professional advice concerning their own individual circumstances. NARIT & ASSOCIATES assumes no responsibility for, and disclaims all liabilities (including responsibility for any action or inaction taken) to the fullest extent permitted by law.

1. No Dividend Tax Credit for Beneficial Owner of Shares

The Revenue Department issued an interesting Revenue Ruling on Dividend Tax Credit for Beneficial Owner of Shares. It seems that the Revenue Department does not recognize the beneficial ownership of the shares in a company for the purpose of dividend imputation. To mitigate the impact of the economic double taxation on the dividend, in which a corporate profit is taxed for the first time in the company's level and is taxed for the second time in the shareholder's level, the tax law uses the dividend imputation system by providing a dividend tax credit to a shareholder who is an individual taxpayer. In other word, the corporate income tax paid by a company will be imputed to an individual shareholder by way of a dividend tax credit to reduce individual shareholder's income tax payable on a distribution.

In this ruling, Mr. S, an American teacher, owned the shares in a Thai company through a United States broker who in turn arranged for a Thai securities firm to be a custodian. Mr. S's shares were registered in the name of K. Upon receipt of his dividend, Mr. S sought to get the dividend tax credit for the dividend derived from those shares of the Thai company. But the shares were registered under the name of K, and the dividend paying Thai company issued the withholding tax certificate to K, not Mr. S.



The Revenue Department held that Mr. S was not entitled to receive the dividend credit to relieve the economic double taxation as the Thai company who was a dividend payer paid the dividend and issued the withholding tax certificate that indicated K as a recipient of dividend. Moreover, Mr. S's name did not appear in the shareholders register of the Thai company.

This interpretation derives largely from the fact that most of the Thai legal system does not recognize the separation of the beneficial ownership and the legal ownership. In fact with the proper planning, it is not too difficult in this circumstance for a foreign shareholder to structure his or her shareholding in Thai companies in the way that minimizes the Thai taxes.

For more information, please contact us.

TAX UPDATE

2. Tax Deduction for Homebuyer Becomes Effective

In order to grant a tax relief to a homebuyer and support the real estate business, the Ministerial Regulation No. 271 (B.E. 2552) is enacted to provide the tax deduction up to Baht 300,000 for a home price that an individual taxpayer pays for the building, the building with land or the condominium unit in the condominium building to be used for the residential purpose. To qualify for this deduction, a homebuyer must make his or her purchase within 2009 and hold the property for at least three years. This home purchase deduction is granted in addition to the home loan interest deduction, which is also available to an individual taxpayer.

For more information, please contact us

TAX UPDATE

3. Tax Privilege for Debt Restructure

The global economic crisis has caused a great impact on the Thai economy and deteriorated the private sector's ability to repay the debts to financial institutions. And there is the necessity for restructuring the debt to be consistent with debtor's ability to repay. In order to promote the debt restructure to assist the private sector, the Ministerial Regulation No. 270 (B.E. 2552) is enacted to grant the tax privilege for writing off bad debt from debtors' account of a creditor who is the financial institution or the other creditor for the proportion of the debt that is released to the debtor due to the debt restructure. To qualify for this tax privilege, the debt restructure must be made in accordance with the criteria of debt restructure that the Bank of Thailand announces.

For more information, please contact us.

GENERAL COUNSEL SERVICES

OUTSOURCED LEGAL SERVICES AT COST SAVING, FIXED RATE

General Counsel Services arrangement is a great solution for corporate companies who do not have in-house lawyers or have a stretched legal department, but require additional legal support in the cost-effective and flexible way.

NARIT & Associates proudly presents our General Counsel Services, unique outsourced in-house general counsel legal services, a new approach to your business at more affordable rates. General Counsel Services is a unique arrangement in which for a monthly fixed retainer fee, the clients are provided with the legal services that are traditionally rendered by the in-house legal counsels.

General Counsel Services brings the best of both worlds together, namely all the benefits and comfort of having in-house legal counsel as well as outsourcing flexibility and expertise of outside law firms. Corporate clients are benefited from an unlimited access to our legal advice, raising any legal questions to us as many as they wish.

LAW FIRM EXPERTISE AT A FIXED FEE

We offer the expertise of traditional international law firms at a fixed fee.

COST SAVING

Outsourced general counsel services costs the company less than hiring a fulltime in-house legal counsel. The lower costs and the other benefits of in-house general counsel can be achieved without the need to add another (expensive) person to the company payroll with its associated concerns and overhead costs.

HAND-ON SUPPORT

We provide full-time support from a team of experienced legal professionals in the most cost-effective way.

FLEXIBILITY

The company fully benefits from all flexibility and cost effectiveness of the outsourcing approach offered by our General Counsel Services.

CONTINUITY

Your outsourced general counsel from us is well acquainted with your business issues facing your company and consequently provides focused, relevant, practical, and cost effective legal advice that is becoming increasingly crucial to your business.

PART-TIME GENERAL COUNSEL

If your legal needs do not justify hiring a full time in-house general counsel, all you need is part-time legal advice on various business issues, our General Counsel Services can fill the gap to satisfy your need.

EASY BUDGETING

You can precisely and conveniently budget for legal fees, without worrying about the meter running or incurring additional costs.

IN-HOUSE ATTORNEY'S BENEFITS

You have the advantages of an in-house attorney at a reasonable monthly rate.

AVAILABILITY OF TEMPORARY SERVICES

Temporary general counsel services are also available to fill in the gap when your permanent general counsel takes her maternity leave, is on prolonged sick leave or leaves a job.

TAILOR MADE

We structure our general counsel scheme based entirely on your particular needs. So your retainer scheme or project based scheme is tailor made to meet your particular needs.

OTHER LEGAL SERVICES

- Corporate & Commercial**
- Construction**
- Contracts/Agreements**
- Employment**
- Insurance**
- Litigation & Dispute Resolution**
- Mergers & Acquisitions**
- Notarial Services**
- Private Clients**
- Real Estate**
- Work Permit & Immigration**

Please contact our attorney, should you require any legal assistance.

NARIT & ASSOCIATES

Attorneys at Law

LEGAL AND TAX SERVICES

B A N G K O K , T H A I L A N D

FIRM PROFILE

NARIT & ASSOCIATES is international law firm based in Bangkok, Thailand with principal areas of practice on Corporate & Commercial, Mergers & Acquisitions, Tax Planning, Litigation & Dispute Resolution, Business Contracts/Agreements, Real Estate & Construction, Insurance and Employment.

We have experiences in advising our clients, from publicly held companies, Thai subsidiaries of multinational corporations to foreign and private investors, across a broad range of matters, including acquisitions of local companies, formation of joint venture companies, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit and tax dispute.

As we aspire to be a fast growing legal service provider in Thailand, we are pleased to offer our high quality legal services at a very competitive rate, as compared to those of other international law firms.

Contact our lawyer to find out how we can help you.

AREAS OF PRACTICE

Corporate & Commercial
Construction
Contracts / Agreements
Employment
General Counsel Services for Corporate Clients
Insurance
Litigation & Dispute Resolution
Mergers & Acquisitions
Private Clients
Real Estate
Tax
Work Permit & Immigration

For more detailed information,
please visit our website at

www.naritlaw.com

CONTACT INFO

OFFICE ADDRESS:
65/31 Chamnan Phenjati Business Center
2nd Floor, Rama IX Road
Huay Khwang, Huay Khwang
Bangkok 10320

TEL: +66 86 785 0793
+66 2248 2872
FAX: +66 2248 2873
E-MAIL: enquiry@naritlaw.com
WEBSITE: www.naritlaw.com