

## NEWSLETTER

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#### UP COMING EVENT

Mr. Narit Direkwattanachai is honored to be invited as penalist at:

**An Exclusive Seminar: 2008 Real Estate Outlook, Chonburi-Rayong  
Focusing on Demand vs Supply in Chonburi-Rayong**  
Friday, April 4, 2008  
Radisson Hotel, Bangkok

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## BANKING UPDATE

### 1. Bank of Thailand's Cancellation of 30% Foreign Exchange Reserve Requirement on Capital Inflows

Bank of Thailand's Foreign Exchange Control Officer issues the Notification of Foreign Exchange Control Officer Re Stipulation of Foreign Exchange Criteria and Methods (No. 17), cancelling the 30% reserve requirement imposed on the capital inflow. The 30% reserve requirement had been imposed since late 2006 in any effort to curb the appreciation of Thai Baht.

For more information, please contact us.

## TAX UPDATE

### 2. Largest Tax Stimulus Package in Decade

The Cabinet approves the new tax measure to stimulate and recover the economy which is applicable to an income earned since January 1, 2008. The Revenue Department in its own statement refers to this tax cut package as the Largest Tax Stimulus Package in a decade. This tax cut package will benefit individual taxpayers, corporate Thailand, community enterprises, small and medium enterprises, and real estate developers/investors.

For more information, please contact us.

#### **Tax Cuts for Individual Taxpayers**

1. Increase in the personal income tax exemption from Baht 100,000 to 150,000.
2. Increase in the maximum deduction for insurance premium from Baht 50,000 to 100,000.
3. Increase in the maximum deduction for Retirement Mutual Fund (RMF) from Baht 300,000 to 500,000.
4. Increase in the maximum deduction for Long Term Equity Fund (LTF) from Baht 300,000 to 500,000.
5. Tax deduction of Baht 30,000 for those taking care of disabled dependent.

### **Tax Cuts for Community Enterprises/Small and Medium Enterprises**

1. Personal income tax exemption for the first Baht 1,200,000 income of an ordinary partnership or a non juristic body of persons who is a community enterprise.
2. Corporate income tax exemption for the first Baht 150,000 net profit of an SME company.
3. Cost of acquiring computer software can be depreciated at the rate of 40% of the capital value on the acquisition date for an SME company, while the remaining value can be depreciated over 3 years.
4. Cost of acquiring any property other than building, natural resources, leasehold, and intellectual property can be depreciated at the rate of 100% of the capital value, which does not exceed Baht 500,000, on the acquisition date for an SME company.

### **Tax Cuts for Corporate Thailand**

1. Cost of acquiring energy saving equipment, machine or material can be a deductible expense up to 125% of the actual cost.
2. Cost of machine and equipment can be depreciated at the rate of 40% of the capital value on the acquisition date.
3. Depreciation period for computer software is reduced from 5 to 3 years.
4. Corporate income tax reductions for MAI/SET newly listed companies for 3 years:
  - a. From 30% to 20% for MAI newly listed companies.
  - b. From 30% to 25% for SET newly listed companies.
5. Corporate income tax reductions for MAI/SET listed companies for 3 years:
  - a. From 30% to 20% for MAI listed companies for a net profit not exceeding Baht 20 millions.
  - b. From 30% to 25% for SET listed companies for net profit not exceeding Baht 300 millions.

### **Tax Cuts for Property Market**

1. Specific business tax reduction from 3% to 0.1% for the sale of real estate.
2. Transfer registration fee reduction from 2% to 0.01%.
3. Mortgage registration fee reduction from 1% to 0.01%.

## REAL ESTATE UPDATE

### 3. Condominium Act (No. 4), B.E. 2551 (2008)

The National Legislative Assembly passes the Condominium Act (No. 4), B.E. 2551 (2008) amending the Condominium Act, B.E. 2522 (1979). The amendment regulates the usage areas, introduces a standard condominium sale and purchase agreement, and imposes the criminal penalty on any person who owns the condominium unit on behalf of foreigners or foreign companies.

For more information, please contact us.

## UP COMING EVENT

Mr. Narit Direkwattanachai, the principal of NARIT & Associates is honored be invited as one of the panelists at the following upcoming event.

**An Exclusive Seminar: 2008 Real Estate Outlook, Chonburi-Rayong  
Focusing on Demand vs Supply in Chonburi-Rayong**  
(Seminar will be conducted in English)

At

Friday, April 4, 2008, 11:30-17:00  
Radisson Hotel, Bangkok

This event is organized by:



For more details on the seminar, please contact us.

### TAX SERVICES

#### **International Tax Planning**

- Double Taxation Treaties
- Transfer Pricing
- Offshore Tax Planning
- Permanent Establishments
- Thin Capitalization
- Regional Operating Headquarters
- Structuring International Transactions, Operations, and Investments
- Remittance of Income Overseas i.e. Business Profits, Royalties, Interests & Dividends

#### **Commercial Contract Tax Planning**

- Use of tax exempted agreements/transactions
- Use of lowly taxed agreements/transactions
- Use of agreements that allow more expenses or depreciations
- Use of agreements that postpone tax payment
- Use of agreements that avoid advance payment of tax
- Separation of agreement
- Combination of agreements
- Use of double taxation treaties
- Structuring and use of least taxed entities

#### **Tax Merger & Acquisitions**

- Tax deal structuring
- Tax buy-side and sell-side due diligence
- Analysis on tax risks and opportunity

#### **Thailand's Tax**

- Corporate Income Tax
- Custom Tax
- Value Added Tax (VAT)
- Individual Income Tax
- Specific Business Tax
- Property Tax
- Exercise Tax

## FIRM PROFILE

**NARIT & ASSOCIATES** is a Bangkok-based international law firm 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.

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For more detailed information,  
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