

NEWSLETTER

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UP COMING EVENT

Mr. Narit Direkwattanachai will be addressing the Asia Business Forum on:

**Land and Property Law in Thailand 2008 -
Crucial Legal Concerns in Making Property Sales/Purchase Contracts
and Operations in Real Estates**

Friday, August 29, 2008

Centara Grand at Centara World, Bangkok, Thailand

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TAX UPDATE

1. Increases in Tax Deductions for RMF, LTF, Life Assurance, Provident Fund, and Government Pension Fund Become Effective

The Finance Minister prescribes the Ministerial Regulation No. 266 (B.E. 2551) increasing the tax deductions for the purchase of investment units in the retirement mutual fund ("RMF"), the purchase of investment units in the long term fund ("LTF"), the purchase of life assurance, the contribution to the provident fund and the contribution to the government pension fund. These increased tax deductions are applicable to the income earned from January 1, 2008 and thereafter. The details are explained in the below table.

Type of Deduction	Previous	New
1. The maximum amount that individual taxpayers can purchase investment units in RMF and get the tax deduction.	Baht 300,000	Baht 500,000
2. The maximum amount that individual taxpayers can purchase investment units in LTF and get the tax deduction.	Baht 300,000	Baht 500,000
3. The maximum amount that taxpayers can purchase life assurance (pay life assurance premium) and get the tax deduction.	Baht 50,000	Baht 100,000
4. The maximum amount that employees can contribute to the provident fund and get the tax deduction.	Baht 300,000	Baht 500,000
5. The maximum amount that government employees can contribute to the government pension fund and get the tax deduction.	Baht 300,000	Baht 500,000

For more information, please contact us.

TAX UPDATE

2. Revenue Ruling on Writing off Bad Debt Owed by Overseas Debtor

The Revenue Department issues the revenue ruling on writing off the bad debt owed by an overseas debtor from the book for the purpose of corporate income tax computation. In this ruling, Company A, which was a Thai company, sold the products to Company B, a foreign company, but Company B did not pay the price of the goods to Company A. After Company A made several efforts to collect the price of goods from Company B, Company A filed the lawsuit against Company B, the foreign purchaser, in a Thai court, claiming for the price of goods. Company B lost the case to Company A in the Thai court, but Company B did not have any asset in Thailand. Company A wished to write this account receivable owed by Company B as a bad debt for the purpose of its corporate income tax computation and sought the ruling from the Revenue Department.

The department ruled that if there was a decree or order of court (imposed on Company B to pay the price of goods to Company A), but Company B did not have any property in Thailand for repayment of the debt, Company A could write off such debt owed by Company B as a bad debt.

For more information, please contact us.

UP COMING EVENT

Mr. Narit Direkwattanachai will be addressing the Asia Business Forum in the following event and topic:

LAND & PROPERTY LAW IN THAILAND 2008
Panel of High Profile Speakers:

- ✓ Invest in this event to understand legal requirements to avoid mistakes
- ✓ Update key industry trends to explore opportunities
- ✓ Network with experienced practitioners who are keen on this promising sector

*** Centara Grand at CentralWorld, Bangkok - Thailand**
FRIDAY, 29 AUGUST 2008

SALES / PURCHASE CONTRACTS

CRUCIAL LEGAL CONCERNS IN MAKING PROPERTY SALES / PURCHASE CONTRACTS AND OPERATIONS IN REAL ESTATES

- ✓ Understanding relevant legal framework when making sales/ purchase contracts
- ✓ Examining different forms of sales/ purchase contracts and how to use them correctly
- ✓ Special considerations to make in sales/ purchase contracts when there is a foreign contractual party
- ✓ Common mistakes to be avoided

For more information about the event, please contact us.

TAX SERVICES - INTERNATIONAL TAX PLANNING

International Tax Planning for Cross Border Transactions

In any cross border transaction, how the parties structure the considerations and features of a transaction will have the significant impact on parties' tax burden on such transaction. Our tax attorneys can help clients structure a cross border transaction and craft a contract to evidence such transaction in the most tax efficient manner, taking full advantage of double taxation agreements and tax incentive under the Revenue Code.

We are familiar with international tax planning strategies including transfer pricing, treaty shopping, thin capitalization, use of conduit offshore company, remittance of business profit and royalty. Only the rightly worded contract and the real economic substance behind a transaction will help the international tax planning withstand any challenge from a tax audit.

International Tax Planning for Cross Border Foreign Direct/Portfolio Investment

If multinational/international companies plan to do business here in Thailand, the choice of entities and structure will have the significant impacts on their tax burdens. Proper international tax planning helps companies minimize their tax burdens as they remit their profit out of the country either as a management fee, a service fee, a royalty, an interest, or a dividend.

Our licensed Thai tax lawyers can advise clients on how to remit their profit out of Thailand in the least possibly taxed way. Generally, we first run economic analysis of our clients' transactions in order to ensure that our proposed structure reflects the economic reality of our clients' transactions. Afterward we help the clients structure their transactions and select their choice of entities in the manner that minimizes their tax burdens, fully taking advantages of double taxation agreements, offshore company, and tax incentives available under the Revenue Code.

International Tax Planning for Local Transactions and Investments

In certain local transactions and investments, the international tax planning may be used to minimize the tax burden of the parties/investors as well. The use of offshore company may be used to minimize the tax liability of certain local transactions and investments.

Our international tax planning services cover:

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

OTHER TAX SERVICES

Mergers & Acquisitions Tax Structuring

Property/Real Estate Taxes

Commercial Contract Tax Planning

Investment Tax Incentives

Finance and Securities Taxes

Corporate Tax Compliance

Transfer Pricing

Tax Restructuring

Tax Dispute

International Expatriate Services

Wealth Tax Management

Please contact our attorneys, should you require any tax assistance.

FIRM PROFILE

NARIT & ASSOCIATES is a 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

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