

NEWSLETTER

No. 43
Edition June 2010

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1. Tax Measures for Tourism Business Restoration in the Aftermath of Political Unrest

In the aftermath of the political unrest, the Revenue Department has proposed the tax measures for tourism business restoration to the Cabinet and it was approved with the following details. The tax measures are put in place to restore the tourism business in Thailand that has been badly affected by recent political unrest.

For Individual Taxpayer

Expenses under the Tax Measures

Purchase Price for the Tour Package from a Licensed Tour Operator

Tax Privilege

An extra deduction equal to the purchase price of the package but not exceeding 15,000 Baht

Applicable Period

2010

For Corporate Taxpayer

1. Expenses incurred for Exhibition/Goods Fair in Thailand and Overseas, i.e.

- Fair's space rental;
- Construction fee for exhibition place;
- Relevant expenses, such as freight, insurance premium, transportation expenses for goods and equipment used in the exhibition.

Tax Privilege

Double deduction of the actual expense

Applicable Period

From the publication date until December 31, 2011

2. Expenses Incurred for the Seminar in Thailand

For both self arranged seminar and purchase of a package for taxpayer's employees from a licensed tour operator, i.e.

- Seminar room expense
- Room expense
- Management expense transportation expense
- Food expense and other expenses in the package

Tax Privilege

Double deduction of the actual expense

Applicable Period

2 Accounting Periods (2010 -2011)

3. Depreciation Expense Arises from the Property (Movable Property) that is Newly Purchased

(exclude vehicles), i.e.

- Equipment, tool, decoration and furniture.

Tax Privilege

Depreciate 60% of the value of the property on the property acquisition date.

Applicable Period

From the publication date until December 31, 2011

4. Automobile Rental Business

(directly derives the income from renting out the vehicles)

Type: Sedan or Passenger Vehicle with Seats Not Exceeding 10 Persons

4.1 For automobile rental operator who has its own vehicles

Tax Privilege

Fully depreciate the entire value of the cost

4.2 For car rent trader who rent other's car for sublease

Tax Privilege

Expenses of rent a car can be deducted in 100%

Applicable Period

Forever

2. DBD to Continue Auditing the Use of Thai Nominee Shareholders

It looks like to the Department of Business Development will continue to audit the use of Thai nominees shareholders. Earlier this year (2010), the department had investigated such practice in some southern provinces and some northern provinces. The department announces that it dispatches the officials to the areas in the provinces in June 2010 to audit the use of Thai nominee shareholders who hold the shares in trust for foreigners in Thai companies with foreign shareholding not exceeding 49.99%. For June 2010, this audit project covers the southern provinces of Surat Thani, Songkla, Krabi and Phatthalung, the central provinces of Samutprakarn and Chachoengsao, the eastern provinces of Chonburi (in which Pattaya City is part of) and Rayong.

In this audit, the department will focus on the four target groups:

- (i) rice farm business;
- (ii) land trading and real estate business;
- (iii) agriculture business, i.e. agricultural products retail/wholesale, rice mill, warehouse and cold storage; and
- (iv) company with foreign shareholders holding at least 40% of the total shares, but less than 50% and the company with foreign shareholders holding less than 40% of the total shares, but having a foreigner as an authorized director.

The department said the audit will be made randomly and the department will send the notices to companies in the target groups.

For more details, please contact our lawyers for consultation.

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BANGKOK, THAILAND

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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

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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.

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