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# NEWSLETTER

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## TAX UPDATE

### 1. Department of Business Development Issues its Clarification Note on Dividend Payment under the New Accounting Standard

Last year the Federation of Accounting Profession issued the new accounting standard to become effective this year. Under this new accounting standard, the accounting policy for recording the investment in subsidiaries on the company separate financial statements is changed from the equity method to the cost method. Therefore, the profit of the company separate financial statements may vary from the profit of the consolidated financial statements. In other word, the profit of the company separate financial statements could be different from the profit of the consolidated financial statements.

The Department of Business Development issues the Clarification Note of the Department of Business Development Re Accounting Operation Method in Dividend Payment According to the Public Limited Company Act, B.E. 2535 (1992) in order to clarify the accounting operation method for dividend payment.

The Clarification Note states that the dividend payment of a company must be made in accordance with the law on limited companies or the law on public limited companies and that the dividend must be paid out of the profit according to the company separate financial statements.

For more information, please contact us.

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**TAX UPDATE**

## 2. VAT on Services Fee Payment to an Offshore Company

The Revenue Department issues one revenue ruling pertaining to VAT on Services Fee Payment to an Offshore Company. In this ruling, a Thai company employed the services of a Swiss company to advertise, sell and auction the jewelry of the Thai company on the website of the Swiss company whose server was located outside Thailand but was accessible to people around the world. In return for the services, the Thai company paid services fee to the Swiss company.

The Revenue Department ruled that even though Swiss company's server was located overseas and the Thai company did not have any power to control or manage the website of the Swiss company, the bidders could come from anywhere in the world including Thailand. Any bidder in Thailand could connect to the internet and access to Swiss company's website. Therefore, the Revenue Department deemed that the Swiss company rendered the services in a foreign country and the services were received in the Kingdom and that when the Thai company made the services fee payment to the Swiss company, the Thai company must pay VAT to the Revenue Department.

For more information, please contact us.

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OFFICE ADDRESS:  
48/69 Soi Rama IX 43  
Suan Luang, Suan Luang  
Bangkok 10250  
Thailand

TEL: +66 8 6785 0793  
+66 2718 3445  
FAX: +66 2720 1088  
EMAIL: enquiry@naritlaw.com  
WEBSITE: www.naritlaw.com

## TAX SERVICES

### International Tax Planning

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

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

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