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NEWSLETTER

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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.

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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- Separation of agreement
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- Structuring and use of least taxed entities

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- Corporate Income Tax
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