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NEWSLETTER

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TAX UPDATE

1. Thai Tax Credit from Foreign Tax on Overseas Income

Normally, when a Thai company earns any income from overseas and pays the foreign income tax to a country with no double taxation agreement with Thailand, the Royal Decree Re Exemption from Revenue Taxes (No. 300) issued under the Revenue Code will exempt the corporate income tax on the overseas income in the amount equal to the income tax paid to the foreign country. Even without the double taxation agreement, the income that the Thai company derives from overseas will be exempted from the Thai corporate income tax in the amount equal to the foreign income tax that the Thai company has already paid to the foreign country.

Earlier this year, the Revenue Department issues one revenue ruling pertaining to Thai Tax Credit from Foreign Tax on Overseas Income from a Non-DTA country. In this ruling, one Thai company earned the brokerage commission from a foreign country with no double taxation agreement with Thailand. The Revenue Department rules that in order for this Thai company to qualify for the corporate income

tax exemption under the Royal Decree for the commission income derived from a foreign country, the Thai company must have the evidence or certificate issued by the tax authority of such foreign country and the evidence or certificate must indicate the date of the foreign tax payment and the amount of foreign tax.

For more information, please contact us.

LEGAL UPDATE

2. Thai Ships Act (No. 7), B.E. 2550 (2007)

The National Assembly enacted the Thai Ships Act (No. 7), B.E. 2550 (2007), prohibiting the release of dangerous materials from the ship to the sea.

For more information, please contact us.

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