

NEWSLETTER

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TAX UPDATE

1. Tax Cut for Individual Taxpayers Are Extended until 2015

The Royal Decree issued by virtue of the Revenue Code re Reduction of Revenue Tax (No. 576) B.E. 2557 (2014) is now published in the Royal Gazette and becomes effective. The Royal Decree reduces personal income tax's progressive rates from the statutory rates to the lower rates for 2015. This tax cut package for individual taxpayers has been put in place since 2013.

Personal Income Tax Schedule (Statutory Rates)

Net Income (Baht)	Tax Rate (%)
Not exceeding 150,000	0
Exceeding 150,000 to 500,000	10
Exceeding 500,000 to 1,000,000	20
Exceeding 1,000,000 to 4,000,000	30
Exceeding 4,000,000	37

Personal Income Tax Schedule (Reduced Rates)

Net Income (Baht)	Tax Rate (%)
Not exceeding 150,000	0
Exceeding 150,000 to 300,000	5
Exceeding 300,000 to 500,000	10
Exceeding 500,000 to 750,000	15
Exceeding 750,000 to 1,000,000	20
Exceeding 1,000,000 to 2,000,000	25
Exceeding 2,000,000 to 4,000,000	30
Exceeding 4,000,000	35

A disparity between personal income tax's highest rate of 35% and corporate income tax's effective rate of 28% (20% corporate income tax plus 10% withholding tax on dividends) is still maintained. As far as the highest rate is concerned, for a business owner operating a business through a company (or partnership) is still considered cheaper than operating a business through a sole proprietorship.

For more information, please contact our lawyers for consultation.

TAX UPDATE

2. Corporate Income Tax Rate being Kept at 20% until 2015

The Royal Decree issued by virtue of the Revenue Code re Reduction of Revenue Tax (No. 577) B.E. 2557 (2014) is now published in the Royal Gazette and becomes effective. The Royal Decree extends a tax cut package for corporate taxpayers for one more year. The corporate income tax rate will be reduced from a statutory rate of 30% to a reduced rate of 20% for an accounting year that commences in 2015.

For more information, please contact our lawyers for consultation.

TAX UPDATE

3. Cabinet Approves the Inheritance Tax Bill

The Cabinet approves the Inheritance Tax Bill (the "Bill"), under which, any heir who inherits property in excess of Baht 50 Millions is liable to pay inheritance tax at a rate of 10% for the portion that is in excess of Baht 50 Millions. A person who inherits from a lawful spouse is exempt from inheritance tax.

Inheritance tax is applicable to a noncitizen too if

- (i) the noncitizen has had a domicile or a head office in Thailand consecutively for three years up to a date that the noncitizen is entitled to inherit the property; or
- (ii) the noncitizen receives the inheritance that is the property located in Thailand.

Once this Bill is eventually enacted, it might not be a good idea from a foreign buyer to acquire an outright ownership in the property in Thailand. Acquisition through an offshore company might offer a better alternative.

The Cabinet also approves the Bill Amending the Revenue Code that will introduce gift tax at the rate of 5% for the portion of the gift that is in excess of Baht 10 Million during a calendar year.

The Bill is now under the consideration of the National Legislative Assembly. The final details of inheritance tax are still subject to change by lawmakers.

For more information, please contact our lawyers for consultation.

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