



## RSM FOCUS

Welcome to issue 4 of RSM Focus – RSM Thailand's Monthly Newsletter covering taxation and technical issues that face expatriate corporate and personal investors seeking to do business in Thailand

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## Introduction

Welcome to the fourth edition of RSM Focus. This edition features a topical article relating to pertinent items affecting personal income tax returns prepared by Napaporn Tanawatyanyong, Associate Accounting Director – RSM Thailand.

## Personal Income Tax Return

February to March each year is the period during which all individual tax payers are completing their annual personal income tax returns (PND91) for the previous calendar (tax) year for filing within the deadline of 31 March.

At the end of 2015 the Thai Government announced that purchases of up to THB 15,000 for goods and services made between 25 December 2015 and 31 December 2015 would be allowed as a deductible expense for the computation of 2015 personal income tax.

As a result, taxpayers are expected to be claiming tax refunds for 2015, since the period of the expense allowance was probably too late for inclusion in their December 2015 salary computations, and it is therefore recommended that returns are filed promptly, and not on the final actual deadline date in order that the refund application may be processed quickly.

As a reminder, the following allowances/deductions are permissible in completing annual personal income tax returns for 2015:

- Personal expense at the rate of 40% of income but not exceeding THB 60,000.
- Personal allowance for single taxpayer of THB 30,000.
- Spouse allowance if filing jointly or spouse has no income of THB 30,000.
- Child allowance (under 25 years of age and studying at an educational institution, or a minor, or an adjusted incompetent or quasi-incompetent person) of THB 15,000 each (limited to 3 children).
- Education expense for children studying in an educational institution located in Thailand of THB 2,000 per child (limited to 3 children).
- Parents allowance for each of taxpayer's and spouse's parents if such parent earns less than THB 30,000 and is above 60 years old at the amount of THB 30,000 per parent.
- Handicapped persons allowance of THB 60,000.
- Health insurance premiums for the parents of both taxpayer and spouse at the actual amount paid but no higher than THB 15,000.
- Life insurance premiums at the actual amount paid but not exceeding THB 100,000.
- Provident fund contributions not exceeding THB 10,000.
- Retirement mutual fund contributions at the actual amount paid at the rate of no more than 15% of income, but not exceeding THB 500,000.
- Long term equity fund contributions at the actual amount paid at the rate no more than 15% of income, but not exceeding THB 500,000.

- Home mortgage interest at the actual amount paid, but not exceeding THB 100,000.
- Purchase of a building with land or a condominium at a value not exceeding THB 3,000,000 for residential purposes and transferred between 13<sup>th</sup> October 2015 to 31<sup>st</sup> December 2016. The allowance to be deducted is no more than 20% of the purchase value. The deduction can be used 5 years continuously in equal installments.
- Social Security Fund contributions at the actual amount paid.
- Domestic travel expenses at the actual amount paid, but not exceeding THB 15,000.
- Domestic purchases of goods or services (except for the purchase of alcoholic drinks, cigarettes, petrol/gas for vehicles, and automobile/ships) for the period between 25<sup>th</sup> to 31<sup>st</sup> December 2015 at actual amount paid but not exceeding THB 15,000.

Contributions to charities registered/approved by the Thai Revenue Department will also be allowed including donations supporting education, sports, and others at twice the actual amount paid, but not exceeding 10 percent of net income.

Other donations not exceeding 10 percent of net income after deduction of the above mentioned donations.

**Personal income tax rates applicable for 2015 are as follow.**

<b>Taxable income ( THB )</b>	<b>Tax rate (%)</b>
0 – 150,000	Exempt
More than 150,000 but less than 300,000	5
More than 300,000 but less than 500,000	10
More than 500,000 but less than 750,000	15
More than 750,000 but less than 1,000,000	20
More than 1,000,000 but less than 2,000,000	25
More than 2,000,000 but less than 4,000,000	30
Over 4,000,000	35

**After having computed their tax payment for the year, taxpayers are entitled to a tax exemption in the event of being a first-time home buyer equal to 10% of the purchase price subject to following conditions:**

- Purchase price is not more than THB 5,000,000.
- Paid for and transferred during the Year 2012.
- Tax exemption has to be claimed within 5 taxable years from the date of transfer and must be divided by 5 and claimed for 5 years.

Tax payers are reminded that failure to submit their annual returns within the due date of 31 March 2016 will attract a penalty of no more than THB 2,000 plus monthly surcharges on any additional taxes to be paid at the rate of 15% per month.

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