



RSM FOCUS

Welcome to issue 5 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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New Personal Income Tax Structure with Effect from the year 2017 onwards

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Introduction

Welcome to the fifth edition of RSM Focus. This edition features a topical article relating to the new personal income tax structure which will take effect from 2017 onwards.

New Personal Income Tax Structure with Effect from the year 2017 onwards

On 19 April 2016 the Thai Cabinet approved the restructuring of personal income tax as proposed by the Ministry of Finance. This will be effective from 1 January 2017 onwards, as detailed below.

1. Restructuring of expense allowance for salaries, wages, commission fees, etc. which are assessable income under Section 40(1) and (2) of the Revenue Code. The expense allowance can now be deducted as a lump sum of 50% of income but not exceeding 100,000 Baht, compared with 40% and up to 60,000 Baht currently.
2. Restructuring of expense allowance for assessable income under Section 40(3) of the Revenue Code. Goodwill, Royalty fees and other rights can be deducted as a lump sum of 50% of income, but not exceeding 100,000 Baht or can be deducted as is reasonably necessary, compared to 40% of Royalty fee only up to 60,000 Baht under the current arrangements.
3. Restructuring of allowances as follows.
 - a) Personal allowance of 60,000 Baht, compared to 30,000 Baht currently.
 - b) Spouse allowance of 60,000 Baht, compared to 30,000 Baht currently.
 - c) Child allowance of 30,000 Baht per child with no limit and cancellation of the educational allowance, compared to 15,000 Baht per child with a limit of 3 children and an educational allowance of 2,000 Baht per child currently.
 - d) In the case that both spouses have income, total allowances can be deducted up to a level not exceeding 120,000 Baht.
 - e) Estate can be deducted up to 60,000 Baht, compared to 30,000 Baht currently.
 - f) Personal allowance for ordinary partnership or group of persons that are not a juristic person can be deducted up to 60,000 Baht per person, but in total up to 120,000 Baht, compared to 30,000 Baht per person, but in total up to 60,000 Baht currently.
4. Restructuring of income and personal income tax rates as follows.

Current Personal Income Tax Rate		New Personal Income Tax Rate	
Income (THB)	Tax Rate (%)	Income (THB)	Tax Rate (%)
0-150,000	0	0-150,000	0
150,001- 300,000	5	150,001- 300,000	5
300,001- 500,000	10	300,001- 500,000	10
500,001- 750,000	15	500,001- 750,000	15
750,001- 1,000,000	20	750,001- 1,000,000	20
1,000,001- 2,000,000	25	1,000,001- 2,000,000	25
2,000,001- 4,000,000	30	2,000,001- 5,000,000	30
4,000,001 and over	35	5,000,001 and over	35

Effectively, the above table has one change in it if comparing the old personal income amount taxable against the new amount with the taxpayer benefitting. Previously the taxpayer was taxed with a rate of 35% on income (less deductions/allowances) over 4 million baht. This amount has now been increased to 5 million baht.

5. Restructuring of the minimum assessable income criteria for tax return filing as follows.
 1. In the case of having income from employment only (salaries, wages)
 - a) If taxpayers are single, they need to file an annual personal income tax return (PND.91) with income in excess of 100,000 Baht, compared to 50,000 Baht currently.
 - b) If taxpayers have a spouse, they need to file an annual personal income tax return (PND.91) with income in excess of 200,000 Baht, compared to 100,000 Baht currently.
 2. In case of having income from employment (salaries, wages) and other income OR having other income, not from employment
 - a) If taxpayers are single, they need to file an annual personal income tax return (PND.90) with income in excess of 60,000 Baht, compared to 30,000 Baht currently.
 - b) If taxpayers have a spouse, they need to file an annual personal income tax return (PND.90) with income in excess of 120,000 Baht, compared to 60,000 Baht currently.
 3. In the case of the undivided estate of a deceased person, a tax return should be filed for income in excess of 60,000 Baht, compared to 30,000 Baht currently.
 4. In case of an ordinary partnership or group of persons that are not a juristic person, a tax return must be filed for income in excess of 60,000 Baht, compared to 30,000 Baht currently.
6. The new personal income tax structure will take effect in 2017 for annual filings due by 31 March 2018.

The reasoning behind these changes is that the restructuring of personal income tax will result in tax collection being appropriate and equitable, consistent with the economic situation and cost of living and will relieve the tax burden of taxpayers.

Taxpayers, who have only salaries or wages and deduct only personal allowances, will pay tax on income starting from 26,000 Baht per month, compared to 20,000 Baht currently.

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