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Taxation

Asst. Prof. Dr. Thidarat Suebyart

How can the government get revenue?

Could you discuss the role of taxation in modern economics and the various methods governments use to secure funding?"

Taxes

Direct taxes

- The taxpayer bears the entire tax burden and cannot shift it to others.
- Personal Income Tax
- Corporate Income Tax

Indirect taxes

- VAT
- Excise tax from liquor manufacturers

Benefits from direct taxes and indirect taxes

Using taxation as a tool for income redistribution

Direct taxes are more effective tools for income redistribution than indirect taxes.

Examples of Direct Taxes

- Personal Income Tax
- Corporate Income Tax
- Social Security Tax (Social Security Contributions)
- Inheritance Tax
- Gift Tax
- Property Tax (Wealth Tax)

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Examples of Indirect Taxes

- Export Duty / Export Tax
- Import Duty / Import Tax
- Excise Tax
- Business Tax
- License Fees
- Retail Sales Tax
- Stamp Duties
- State Enterprise Profits
- Value Added Tax (VAT)
- Consumption Tax

Personal Income Tax

Income is generally recognized based on these key principles

The increase in the total value of an individual's assets

Income according to the Revenue Code

- The collection of personal income tax
- The Revenue Code
- Taxable Income

Regulations concerning Personal Income Tax

-Types of Taxable Income
-This is referred to "Taxable Assessable Income"

Regulations concerning Personal Income Tax

-Revenue Code Amendment Act

-Emergency Decree Amending the Revenue Code

-Announcement of the National Executive Council

Revolutionary Council Announcement

-Royal Decree

-Ministerial Regulation


COMPREHENSIVE FRAMEWORK OF REGULATIONS CONCERNING PERSONAL INCOME TAX (PIT) IN THAILAND
REVENUE CODE & AMENDMENTS
Primary Statutory Foundation
THE REVENUE CODE
2018: Primary Statutory Foundation
2013: — in Elle
2031 Foundation
Primary Statutory Foundation
TAX
AMENDMENT ACTS
patch
AMENDMENT ACTS
Legislative Changes to PIT structure
EMERGENCY DECREE AMENDING THE REVENUE CODE
Urgent, temporary legislative changes when Parliament not in session
NATIONAL SOVEREIGNTY
ANNOUNCEMENT OF THE NATIONAL EXECUTIVE COUNCIL
REVOLUTIONARY COUNCIL ANNOUNCEMENT
Special Historical Decrees of Administrative Origin with Legal Force
TAX
ROYAL DECREE
Executive-level implementation rules issued by the Monarch on
Executive-level implementation rules issued by the Monarch on Cabinet advice
TAX
MINISTERIAL REGULATION
policy manual
MINISTERIAL REGULATION
Specific, detailed administrative guidelines from the Minister of Finance
Specific, detailed administrative guidelines from the Minister of Finance

- Sign Tax
- Stamp Duty
- Entertainment Tax
- Local Development Tax

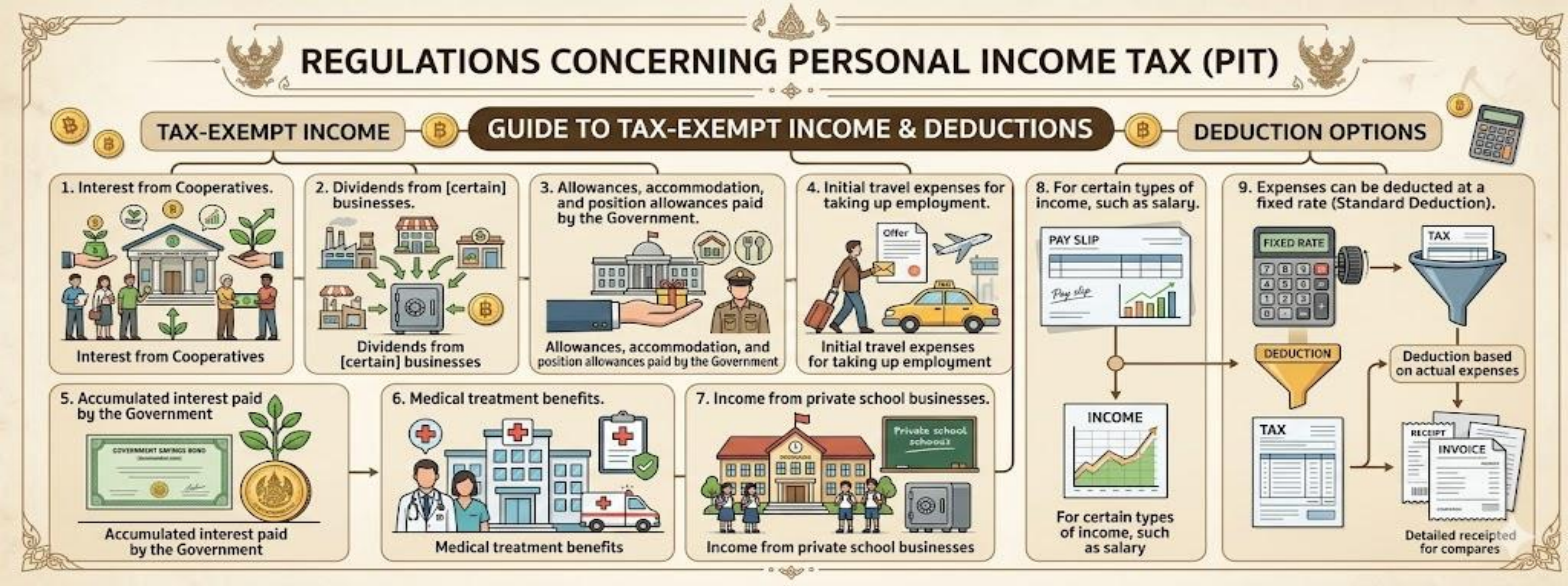
Regulations concerning Personal Income Tax
According to the Revenue Code of 1938, there were six types of taxes:


FRAMEWORK OF TAXABLE ASSESSABLE INCOME IN THAILAND
THE REVENUE CODE
8 TYPES OF ASSESSABLE INCOME
1 INCOME FROM EMPLOYMENT
The 8 types of taxable assessable income for Personal Income Tax under the Revenue Code:
Income from employment, such as salary and wages
PAYCHECK
Salary & Wages
2 INCOME FROM POST, OFFICE OF EMPLOYMENT, SERVICE RENDERED
Income derived from a post, office of employment, such as fees and commissions
Income from goodwill, copyrights, patents, or other rights
FEE
COMMISSION
Fees & Commissions
3 INCOME FROM RIGHTS & INTANGIBLES
GOODWILL
COPYRIGHT
PATENT
Goodwill, Copyrights, Patents
5 INCOME FROM RENTAL OF PROPERTY
HOUSE RENTAL
LAND RENTAL
House & Land Rentals
4 INCOME FROM INVESTMENTS
DIVIDEND
INTEREST
Dividends & Interest


Taxable Assessable Income for Personal Income Tax
REVENUE CODE
Income from Liberal Professions, such as auditing fees
Certified Public Accountant
AUDITING FEES
LEGAL COUNSEL FEES
MEDICAL PRACTITIONER FEES
ACADEMIC/TEACHING FEES
Teacher
Taxable Assessable Income for Personal Income Tax
2 Income from a Contract of Work (Construction and Provision of Materials)
PROVISION OF MATERIALS
CONSTRUCTION PROJECT CONTRACTS
SERVICE CONTRACTS
3 Income from Business, Commerce, Agriculture, Industry, or Transport
BUSINESS & COMMERCE
AGRICULTURE
INDUSTRY
TRANSPORT


COMPREHENSIVE FRAMEWORK OF TAX REGULATIONS IN THAILAND
4 Exceptions to Goods Export Being Considered a Sale
Regulations Concerning Personal Income Tax
VAT Treatment & Zero-Rating
1 Items sent as samples or for research purposes
Sample
VAT: 0% Rated for genuine samples/research
(Criteria Applied)
2 Goods in transit
VAT: 0% Rated / Out of Scope
(Non-Sale Transaction)
3 Imported Goods Returned Within 1 Year
Import
1 year
Import
Returned
Abroad
Thailand
VAT: Tax Exemption on Re-importation
(Rules & Timeline)
4 Exported Goods Returned Within 1 Year
Export
1 year
Export
Returned
Thailand
Abroad
VAT: Special Rules to Avoid PIT & VAT re-calc
(Document Requirements)
Crucial to hold official documentation, proof of return, and adhere to specific customs procedures.


GUIDE TO TAX-EXEMPT INCOME (PIT) IN THAILAND: REGULATIONS & CRITERIA
Regulations Concerning Personal Income Tax: Taxonomy of Exemptions
[Note: Items below are generalized; specific conditions apply based on current Thai Revenue Code]
1. Interest from Cooperatives.
(e.g., Agricultural Cooperatives, Savings Cooperatives)
CO-OP
Exemption for interest below certain thresholds (e.g., 20,000 Baht annually, subject to conditions)
2 Dividends from [certain] businesses.
(e.g., BOI-promoted companies, Mutual Funds, etc.)
CO-OP
Exemptions for specific types of businesses (e.g., within certain BOI categories or on specific funds, conditions apply)
2. Dividends from [certain] businesses.
(e.g., BOI-promoted companies, Mutual Funds, etc.)
Dividendd omnoufactures)
3. Allowances, accommodation, and position allowances paid by the Government.
Payments for official duty, distinct from salary, specifically as defined by Government regulations
4. Initial travel expenses for taking up employment.
NEW EMPLOYMENT
TAXI
Documented expenses for moving to a new job location, conditions on distance and proof apply
5. Accumulated interest paid by the Government.
SAVINGS BOOK
Specifically interest from Government savings bonds or certain types of accounts, under regulations
6. Medical treatment benefits.
Exemptions for medical expenses paid on behalf of or reimbursed to the employee (limits and conditions apply)
7 Income from private school businesses.
PRIVATE SCHOOL
Exemption for the school entity's income from tuition and fees (specific criteria for profit status or conditions, conditions apply)
Specific Conditions apply
Always consult the latest Thai Revenue Code and tax professionals for up-to-date and specific circumstances.


REGULATIONS CONCERNING PERSONAL INCOME TAX (PIT)
TAX-EXEMPT INCOME
GUIDE TO TAX-EXEMPT INCOME & DEDUCTIONS
DEDUCTION OPTIONS
1. Interest from Cooperatives.
Interest from Cooperatives
2. Dividends from [certain] businesses.
Dividends from [certain] businesses
3. Allowances, accommodation, and position allowances paid by the Government.
Allowances, accommodation, and position allowances paid by the Government
4. Initial travel expenses for taking up employment.
Offer
Initial travel expenses for taking up employment
5. Accumulated interest paid by the Government
GOVERNMENT SAVINGS BOND
Accumulated interest paid by the Government
6. Medical treatment benefits.
Medical treatment benefits
7. Income from private school businesses.
Private school schools
Income from private school businesses
8. For certain types of income, such as salary.
PAY SLIP
Pay slip
INCOME
For certain types of income, such as salary
9. Expenses can be deducted at a fixed rate (Standard Deduction).
FIXED RATE
TAX
DEDUCTION
Deduction based on actual expenses
TAX
RECEIPT
INVOICE
Detailed receipted for compares


TAX DEDUCTION STEP-BY-STEP (THAILAND)
Before calculating personal income tax, the law allows the Adjusted Income to be further reduced by Personal Allowances
which is the base used for tax assessment. Examples of personal allowances include:
• Personal allowance for the taxpayer: 30,000 Baht (Current: 60,000 Baht)
• Spousal allowance: 30,000 Baht (Current: 60,000 Baht)
• Child allowance (for children): 17,000 Baht per child (for children in education)
SALARY
BONUS CHECK


SALARY
BONUS CHECK
ADJUSTED INCOME
(เงินได้พึงประเมิน)
(Salary & Bonus)
PERSONAL ALLOWANCE FOR TAXPAYER
(ค่าลดหย่อนส่วนตัว)
Current: 60,000 Baht, from original 30,000 Baht
SPOUSAL ALLOWANCE
(ค่าลดหย่อนคู่สมรส)
Amount: 60,000 Baht
(for a spouse without income)
CHILD ALLOWANCE
(ค่าลดหย่อนบุตร)
Amount: 30,000 Baht per child
(for children in education)
TOTAL DEDUCTIONS
(รวมค่าลดหย่อน)
NET INCOME
(เงินได้สุทธิ)
(Base for Tax Calculation)
or Net Taxable Income

Personal Income Tax Rates

- Payment of tax at the prescribed rates
- Tax payment of not less than 0.5% of the total assessable income
- Payment of income tax on interest and certain types of capital gains
- Tax exemption if the tax liability is less than 5 Baht

Personal Income Tax Rates under the Revenue Code

Net Income Range	Tax Rate	Max Tax in Bracket	Max Cumulative Tax
0 - 150,000	Exempt	Exempt	0
150,001 - 300,000	5%	7,500	7,500
300,001 - 500,000	10%	20,000	27,500
500,001 - 750,000	15%	37,500	65,000
750,001 - 1,000,000	20%	50,000	115,000
1,000,001 - 2,000,000	25%	250,000	365,000
2,000,001 - 5,000,000	30%	900,000	1,265,000
5,000,001 and above	35%	-	-

Current Personal Income Tax (PIT) Payments

Net Income Bracket (THB)	Tax Rate	Max Tax in Bracket	Cumulative Tax
0 - 150,000	Exempt	Exempt	0
150,001 - 300,000	5%	7,500	7,500
300,001 - 500,000	10%	20,000	27,500
500,001 - 750,000	15%	37,500	65,000
750,001 - 1,000,000	20%	50,000	115,000
1,000,001 - 2,000,000	25%	250,000	365,000
2,000,001 - 5,000,000	30%	900,000	1,265,000
5,000,001 and above	35%	Unlimited	Unlimited

Persons Subject to Personal Income Tax and Sources of Income

❖ **Persons Subject to Income Tax include:**

- **Natural Persons:** Individuals or persons with legal personality under Section 15 of the Civil and Commercial Code
- **Non-juristic Ordinary Partnerships or Bodies of Persons:** As per Section 51, second paragraph
- **Deceased Estates:** Specifically those who passed away **before** the tax filing deadline, according to Section 57
- **Companies or Juristic Partnerships** (Thailand)

  Juristic Entity

  Juristic Partnership: Formed under Thai (Section 65 bis (1))
  Registered with the Department of Business Development (DBD)

  Foreign Juristic Person carrying on **business in Thailand**
  Defined by Section 66, Section 67 bis, or Section 70, Section 70 ter
  Specific Juristic Persons as defined by other special laws

  Crucial for determining tax calculation method (**Net Profit** vs. **Gross Receipts**) and applicable tax rates.
- **Sources of Taxable Income**

Corporation Income Tax (CIT)

- ❖ A tax levied on the profits or income of business entities whose legal status is defined under the tax laws
- ❖ Corporate Income Tax (CIT)

Examples of CIT Entities (Thailand)

- **Companies** (Corporate Entities)
- **Juristic Partnerships**

A Summary of Corporate Net Profit

Income derived from or by reason of a business

1. Income derived directly from business operations
2. Income arising by reason of the business

Calculation of Net Taxable Profit

Tax Rate Structure
5. 30% of Net Profit

Deductible Expenses under the Law

3. Section 65 Bis: Deductible Expenses
4. Section 65 Ter: Non-deductible Expenses

Corporation Income Tax

Corporate Income Taxable Income and Specific Cases

1. Tax levied on the net profit of companies or jururistic partnerships.
2. For foreign companies or juristic partnerships unable to calculate their net profit, the tax is assessed at a rate of 5% of gross receipts (before expenses).
3. In cases where a company fails to maintain accounting records or refuses to cooperate with tax officers, the tax is assessed at a rate of 5% of gross receipts.
4. Foreign companies engaged in international transportation in Thailand are taxed at a rate of 3% on gross fares, freight, and any other fees collected.

Revenue Department Circular - 2024 (Page 1)


Do you have
any question?
Thank you