



## Reduced tax liabilities and burden for individual taxpayers; Thailand as the 139th member of the Global Forum on Transparency & Exchange on Information for Tax Purposes

**1 February 2017** - Revenue Code Act No. 44 was issued increasing the allowable deductions and allowances for individual taxpayers earning income under Section 40 (1) and (2) of the Thai Revenue Code (TRC). Further, the level of income subject to the highest income tax rate of 35% is increased to 5 million Baht. Finally, the amount of income earned by individual taxpayers with obligation to file a tax return was increased. This amendment covers earnings from 1 January 2017 onwards.

Provided below is the comparison of the old and the new provisions:

Particulars	Old Rate	New Rate
<b>Allowable deduction</b>	40% of income but not exceeding Baht 60,000	50% but not exceeding Baht 100,000
<b>Personal allowances:</b>		
Taxpayer	Baht 30,000	Baht 60,000
Taxpayer's spouse	Baht 30,000	Baht 60,000
Children <sup>1</sup>		
Lawful or adopted children (not exceeding 3 children in total)	Baht 15,000 each	
Lawful children (no cap)		Baht 30,000 each
Adopted children (capped at 3)		Baht 30,000 each



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<b>Duty to file tax returns</b>		
Single individuals	Income of the preceding tax year exceeds Baht 30,000	Income of the preceding tax year exceeds Baht 60,000
Married individuals	Income of the preceding tax year exceeds Baht 60,000	Income of the preceding tax year exceeds Baht 120,000
Single individuals earning income under Section 40 (1) only	Income of the preceding tax year exceeds Baht 50,000	Income of the preceding tax year exceeds Baht 120,000
Married individuals earning income under Section 40 (1) only	Income of the preceding tax year exceeds Baht 100,000	Income of the preceding tax year exceeds Baht 220,000
<b>Salary level subject to the highest income tax rate of 35%</b> <i>(See table below)</i>	Net taxable income exceeding 4 million Baht	Net taxable income exceeding 5 million Baht

<b>Current Tax Rate</b>		<b>New Tax Rate</b>	
<b>Taxable Income</b>	<b>Rate</b>	<b>Taxable Income</b>	<b>Rate</b>
First 150,000	0%		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%
750,000 – 1,000,000	20%	750,000 – 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%
Over 4,000,000	35%	Over 5,000,000	35%

The allowable deduction for individual taxpayers earning income from intellectual properties under Section 40(3) of the TRC will be subject to the provisions of a Royal Decree, which will be announced later.



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## **Thailand joins the Global Forum on Transparency and Exchange of Information for Tax Purposes<sup>2</sup>.**

On 26 January 2017, Thailand joined the Global Forum on Transparency and Exchange of Information for Tax Purposes as its 139th member. This membership will reinforce Thailand's commitment to implement both the international standard of exchange of information on request and the standard of automatic exchange of financial account information.

The Global Forum's objective is to ensure that all jurisdictions adhere to the same high standard of international cooperation in tax matters. Thailand will also be subject to a robust monitoring and peer review process that ensures compliance with these international standards. These are divided into three main parts: availability of information; access to information; and exchange of information.

Based on the peer review methodology, reviews take place in two phases: Phase 1 examines the legal and regulatory framework. Phase 2 considers the implementation of this framework in practice. As of November 2016, there have been 113 jurisdictions that have undergone the two-phase review, while 12 jurisdictions have undergone Phase 1 review only. Some of the countries in Asia that have been reviewed are: Hong Kong (largely compliant), India (compliant), Indonesia (partially compliant), Japan (compliant), Republic of Korea (compliant), Malaysia (largely compliant), Pakistan (largely compliant), Philippines (largely compliant), China (compliant) and Singapore (largely compliant).

The Thai Revenue Department's report of the status on Exchange of Information (EOI) in Thailand as of April 2015, follows:

<b>Current Situation</b>	<b>Ongoing Actions</b>
Thai DTAs contain EOI provisions	Organizing seminars/workshops on DTAs and EOI for regional officers; Revising and implementing domestic laws on EOI and AEOI; Implementing EOI format nationwide;



	Treaty policy to include paragraphs 4 & 5 (domestic interest and information held by Financial Institutions (FIs) <sup>3</sup> EOI is implemented mostly on request and inbound rather than outbound.
EOI covers direct taxes only <sup>4</sup>	
Thailand does not have Tax Information Exchange Agreement	
Covers EOI on request / Automatic Exchange of Information (AEOI) / Spontaneous EOI.	

### Remarks:

<sup>1</sup> *In cases where the taxpayer has children under both (i) and (ii), the children under (i) shall be taken first for purposes of this allowance, then the children under (ii). Provided further that if the taxpayer has three or more living children under (i), those under (ii) shall no longer be eligible for tax allowance. If there are less than three children under (i), the children under (ii) shall be eligible for allowance provided the total shall not exceed three.*

*Only living children are allowed for ascertaining the number of children. The counting shall be in the order of their ages and shall also include those ineligible children.*

*A child shall be allowed for allowances only if he or she is not more than 25 years old and still studying in a university or an educational institution of an equivalent level, or is a minor or adjudged incompetent or quasi incompetent person, and in all cases, still under the care of the taxpayer. Provided further that no allowance shall be permitted in respect of any child who has during the preceding tax year assessable income of Baht 30,000 or more (previously, Baht 15,000).*

<sup>2</sup> *Please see OECD website on Exchange of Information.*

<sup>3</sup> *The revised DTAs with Singapore and India contain these provisions.*

<sup>4</sup> *The revised DTA with Singapore covers taxes of every kind.*



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