



In Focus

KPMG in Thailand



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Personal Income Tax

Changes to Thai Personal Income Tax

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On 19 April 2016, the Cabinet approved the Minister of Finance's proposed amendments to the Thai personal income tax legislation which will be effective from the 2017 tax year onwards. The changes essentially provide for an escalation of deductible expense against assessable income, greater personal, spousal and

children allowances, changes to the thresholds for tax filing obligations and an increase to the highest tax bracket of the progressive personal income tax scale.

Why This Matters

The changes to the personal income tax legislation are advantageous to all taxpayers. In addition, those individuals earning in excess of THB 4 million will be subject to a lower overall tax rate in Thailand. As a result, the total employment cost for international assignment programs should be lower.

A summary of the changes is set out in the tables below

2016 & 2017 Income Tax Brackets

2016 Net taxable income (THB)	2017 Net taxable income (THB)	Tax rate (%)
0 - 300,000*	0 - 300,000*	5
300,001 - 500,000	300,001 - 500,000	10
500,001 - 750,000	500,001 - 750,000	15
750,001 - 1,000,000	750,001 - 1,000,000	20
1,000,001 - 2,000,000	1,000,001 - 2,000,000	25
2,000,001 - 4,000,000	2,000,001 - 5,000,000	30
4,000,001 and Over	5,000,001 and Over	35

* The tax exemption for annual wage income below THB 150,000 remains in place. Therefore a 0% rate applies to wages below THB 150,000.

2016 & 2017 Deductible Expenses and Allowances

	2016 Regime	2017 Regime
<u>Standard deduction expense</u>		
A deduction against employment income under section 40 (1) and section 40 (2) of	40% of income, capped at THB 60,000	50% of income, capped at THB 100,000

the Thai Revenue Code which is essentially; salaries, wages, bonus, employment benefits, pension, meeting fees, commissions, income from services rendered, etc.		
A deduction against assessable income under section 40 (3) of the Thai Revenue Code which is essentially; income from copyrights, goodwill, other rights, annuities from wills, income from other juristic acts or court orders, etc.	40% of income from copyrights, capped at THB 60,000	50% of income from goodwill, copyrights and 'other rights' as referred to in section 40 (3), capped at THB 100,000
<u>Allowances</u>		
Taxpayer	THB 30,000	THB 60,000
Taxpayer's spouse (if joint filing or spouse has no income)	THB 30,000	THB 60,000
Joint filing for taxpayer and taxpayer's spouse who earns income	THB 60,000	THB 120,000
Taxpayer's children	<ul style="list-style-type: none"> • THB 15,000 per child • THB 2,000 per child for education in Thailand • Limited to 3 children 	<ul style="list-style-type: none"> • THB 30,000 per child • Cancellation of the education allowance of THB 2,000 • No limit on the number of children
Deceased estate	THB 30,000	THB 60,000
Unincorporated ordinary partnership or group of persons	THB 30,000 for each partner but not exceeding THB 60,000	THB 60,000 for each partner but not exceeding THB 120,000

2016 & 2017 Filing Obligation Thresholds

	2016 Regime	2017 Regime
1) A taxpayer who earns employment income under section 40 (1) of the Thai Revenue Code has an obligation to file an annual tax return if the following thresholds are met:		
• Single taxpayer	More than THB 50,000	More than THB 100,000
• Married taxpayer	Combined income more than THB 100,000	Combined income more than THB 200,000
2) A taxpayer who earns employment income under section 40 (1) and/or who earns other non-employment income under the Thai Revenue Code has an obligation to file an annual tax return if the following thresholds are met:		
• Single taxpayer	More than THB 30,000	More than THB 60,000
• Married taxpayer	Combined income more than THB 60,000	Combined income more than THB 120,000
• Deceased estate	More than THB 30,000	More than THB 60,000
• Unincorporated ordinary partnership or group of persons	More than THB 30,000	More than THB 60,000

KPMG Note

The ASEAN Economic Community (AEC) which came into force in 2015 brings about greater fiscal competition between AEC member countries. The increased tax incentives and overall reduction of personal income tax in Thailand enhances the country's competitive advantage. The changes to the personal income tax regime are also welcomed since it reduces the overall tax burden on individuals and improves disposable income, taking into account the current cost of living and economic situation in Thailand. Taxpayers with monthly employment income of THB 25,800 or less will not be subject to tax in Thailand due to the increased standard deductible expense and allowance. High income earners with annual income in excess of THB 4 million will have an annual saving of THB 50,000 due to the widening of the tax brackets.

KPMG will endeavor to keep readers informed of any further developments in this area.

KPMG in Thailand won two awards from 2016 International Tax Review Awards: National Tax Firm and Tax Disputes & Litigation Firm

KPMG was also recognized as the Asia Tax Firm , Asia International Tax Firm , Asia Indirect Tax Firm and Asia Global Executive Mobility Firm

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