

## New Tax Incentives for Thai businesses

The Thai Cabinet has approved new tax incentives for companies which register with the One Book accounting system.

Under a Royal Act made at the end of 2015, firms which sign up will be exempt from the following tax audits on transactions made before 1<sup>st</sup> January 2016:

- Corporate income tax
- VAT
- Special Business Tax
- Stamp Duty

To qualify for these audit exemptions, the company must have had an income of THB 500 million or less in the last completed accounting period ended on or before 31<sup>st</sup> December 2015. Registration with the Revenue Department is open between 15<sup>th</sup> January and 15<sup>th</sup> March 2016 at [www.rd.go.th](http://www.rd.go.th).

The Revenue Department has also issued Royal Decree no.595 of 31<sup>st</sup> December 2015, which states that small and medium-sized enterprises (SMEs) which register for One Book will qualify to pay income tax at a new, lower rate. An SME is defined as a company with a registered and paid-up share capital not over THB 5 million and income from sales and services of THB 30 million or less in the previous accounting years.

The new tax rate for SMEs is calculated as follows:

Year	Taxable Income Bracket (THB)	Rate
2016		0%
2017	THB 0-300,000	0%
	THB 300,001 +	10%

These exemptions do not apply to all current tax audits, companies avoiding tax, companies who have issued or used false tax invoices or currently involved in tax court proceedings. Also, firms which register on time but do not pay the correct tax in the future will be subject to investigation into back taxes.

It is also important to note that if a tax payer requests a refund during the year that it is exempted from an audit, the Revenue Department maintains the right to audit the specific month or year for which the refund is being claimed.

Furthermore, it is possible that, in the near future, the Revenue Department will oblige all tax-payers to use the e-payment system, which will be linked between banks and the tax authorities. It is also planned that banks be required, when considering a company loan application, to only accept the version of the financial statement usually submitted to the Revenue Department.

For any further information, please contact us by e-mail at [info@mbmg-group.com](mailto:info@mbmg-group.com) or call +66 2 665 2536.

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