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Personal Income Tax Deadline looms in Thailand

This 31st March sees the deadline for Thai personal income tax (PIT) submissions – 8th April if you submit your return online – marking the first use of the new tax regime.

New Rates

The main changes to the system are the imposition of new rates of 15% and 20%, which will be implemented on 2013 tax returns. On the right there is a breakdown of the new rates.

Annual Net Income (THB)	Previous Rates	New Rates
0-150,000	Exempt	Exempt
150,001-300,000	10%	5%
300,001-500,000	10%	10%
500,001-750,000	20%	15%
750,001-1,000,000	20%	20%
1,000,001-2,000,000	30%	25%
2,000,001-4,000,000	30%	30%
4,000,001 +	37%	35%

As under the previous system, the new regime does not charge tax up to THB 150,000; thus annual incomes of, for example, THB 1.5 million, 3 million or 5million would result in PIT bills of the below amounts:

Annual Net Income	PIT Payable	
(THB)	Previous Rates	New Rates
1,500,000	285,000	240,000
3,000,000	735,000	665,000
5,000,000	1,405,500	1,315,000

You are liable to pay PIT if you were either resident in Thailand for at least 180 days in 2013 and you received an income exceeding THB 150,000; or were in Thailand for less than 180 days during 2013 but received income from a Thai source.

Allowances and Exemptions

There are several possibilities to receive tax allowances based on your investments and your family situation. Below are just a few of the possible ways to reduce your tax bill – this summary is not exhaustive.

- Personal allowance:

If you do come under the Thai taxation system, you are entitled to a THB 30,000 tax-free personal allowance, as well as THB 60,000 personal expenses allowance.

People over 65 years old are not assessed on the first THB 190,000 they earn.

- Life insurance

  Policyholders could receive a tax allowance for the policy premium (to a maximum of THB 100,000 for each of the taxpayer and spouse). The policy must be contributed to for a minimum of 5 years with 10-year coverage.

- LTFs, RTFs and provident funds

  Investment in Long-Term equity Funds (LTFs), Retirement Mutual Fund (RMFs) and/or provident funds (i.e. employer & employee funds) may entitle you to an allowance of up to 15% of a person's annual income, not exceeding THB 500,000.

The table on the right illustrates the possible savings. For example, a person with an annual salary of THB 5 million, who put THB 1 million of this into an LTF or RTF, could save THB 350,000 on their tax bill.

Taxable Income	Tax Rate (%)	Tax Amount	Accumulated Tax
1 - 150,000	Zero	Zero	Zero
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 – 4,000,000	30%	600,000	965,000
4,000,000 +	35%	350,000*	1,315,000

** = per THB 1 million above THB 4 million*

- Child allowance

  You may be entitled to a child allowance if you have a dependent son or daughter under 20, or under 25 if still in education, and their assessable income is under THB 15,000. This allowance is limited to three children.

  If you and your spouse decide to file your tax returns separately – and you were married in 2013 – each person would typically receive a THB 17,000 per child in education in Thailand and THB 15,000 in education abroad.

Ask advice

With the new system now in place and the various possibilities to claim tax allowances, it's best to contact an advisor.

MBMG Corporate Solutions provides a Tax Return Filing service, which helps you keep your declaration legal, takes away the hassle and looks out for possible tax refunds.

For further details, please contact Todd Guest by e-mail on todd@mbmg-international.com or call +66 2 665 2536.

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