

TAXATION

Deductible expenses to be doubled

WICHIT CHANTANUSORNIRI

The Revenue Department plans to double tax-deductible expenses for individual taxpayers to 120,000 baht in order to alleviate the tax burden.

Director-general Sutthichai Sangkamanee said since the current rate has been in use for a long time, the change should fit well with the changing economic environment and relieve taxpayers' burden from the rising cost of living.

Taxpayers are now entitled to deduct expenses up to 40% of annual taxable income, but the amount must not exceed 60,000 baht.

However, Mr Sutthichai said the increased portion for tax deduction is not automatic. It can be claimed only with tax receipts, which are not currently required.

The purpose is to encourage people to request tax receipts when they buy goods or services, which could help to prevent operators from understating their revenue, he said.



Sutthichai: Tax receipts required

The change is subject to cabinet approval, and a time frame has not been set.

The cabinet late last year approved an overhaul of the personal-income tax structure, expected to take effect for the 2013 tax year ending next month.

Under the new structure, personal-income tax brackets will be increased to seven from five.

Those with yearly income of 150,000 baht or less will be exempt from income tax, which is unchanged from the current system. Those in the second-lowest bracket, earning between 150,000 and 300,000 baht, will have their tax rate halved to 5%.

The change will also cut the highest income tax rate to 35% from 37%.

Mr Sutthichai recently said the new tax structure will be implemented as scheduled, although the amended law has not been deliberated by parliament, as the Finance Ministry may issue an executive decree instead.

Separately, he said the Finance Ministry has not been able to force vendors of applications available for online downloading to pay value-added tax (VAT), as most of them are located abroad.

Peerapat Poshyanonda, a partner at the accounting firm PwC, said there is no law stipulating that application vendors are required to pay VAT to countries in which purchases are made.