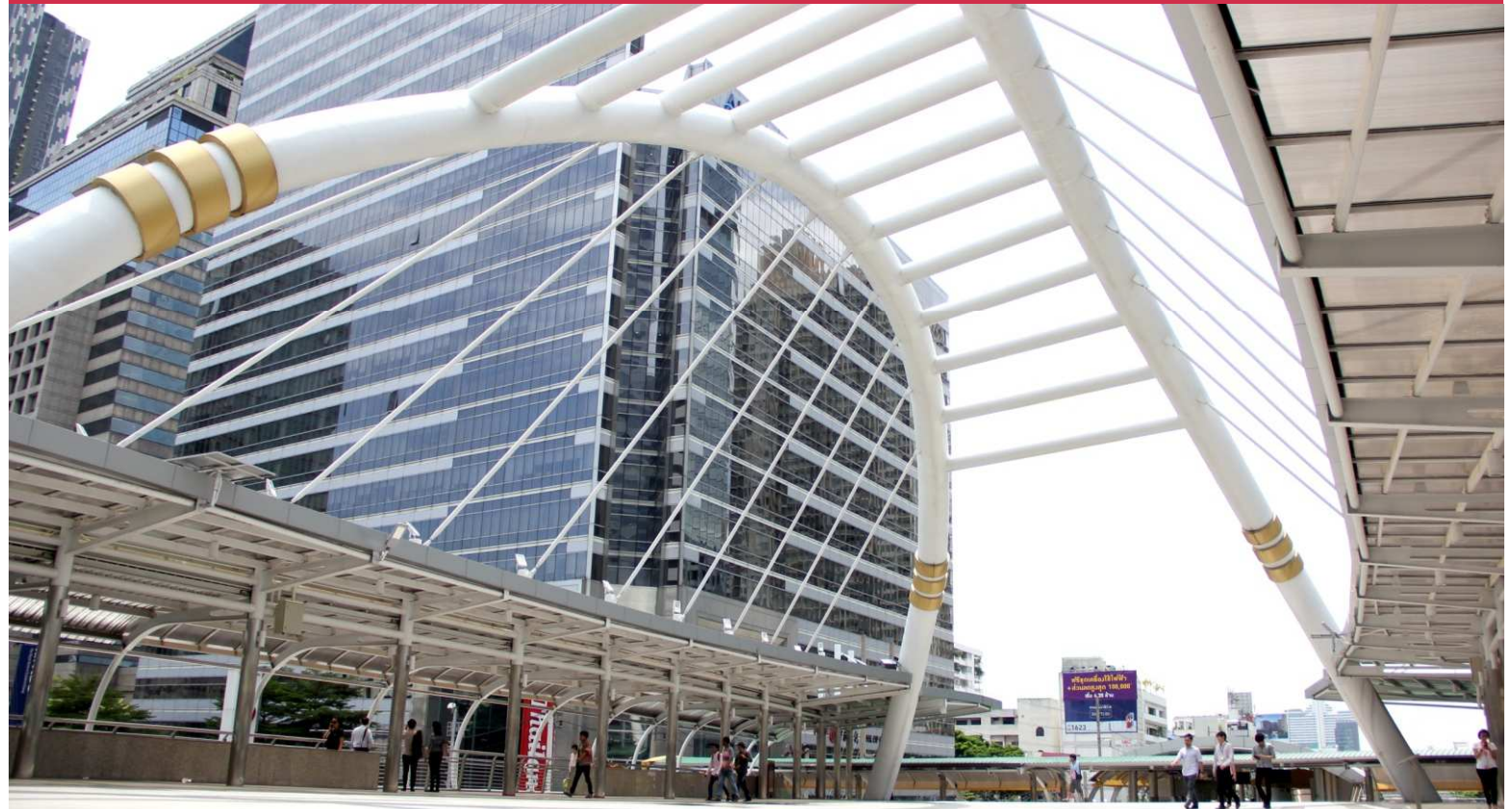


Update of new tax laws and regulations

Major developments in 2013

29-30 October 2013

*15th Annual
Conference
Maximise
Shareholder Value
through Effective
TAX Planning 2014*



Agenda

Thailand-Taiwan Tax Treaty

Flood relief measures

- Debt restructuring

Corporate income tax (CIT)

- Corporate income tax rates – reduction
- Extension of tax measures for SME

Agenda

Value added tax (VAT)

- Additional information required on tax invoices, debit notes, credit notes, output and input VAT reports

Withholding tax (WHT)

- Lease of ships used in international transportation
- Incomes from Sukuk

Others

- Double deduction of donations to educational institutions
- Double deduction of donations to sports organizations

Thailand-Taiwan Tax Treaty

1

Thailand-Taiwan Tax Treaty

Effective date: 19 December 2012

Taxable year: 1 January 2013

Type of Income	Thai WHT rates	Tax treaty rates (Maximum)
Dividend	10%	5%/10%
Interest	15%	10%/15%
Royalties	15%	10%
Capital Gains (shares)	15%	0%

Flood Relief Measures

2

1. Debt Restructuring

Royal Decree No. 548

- **Exemption:** CIT, VAT, SBT and Stamp duty
- **Entitlement:** Debt restructuring of the debtors affected by floods according the debt restructuring framework prescribed by the Bank of Thailand.
- **Effective date:** debt restructure agreement entered and transactions executed during 22 July 2011 and 31 December 2015

1. Debt Restructuring

Ministerial Regulation No. 298

- **Amendment to the Ministerial Regulation No. 186**
- **CIT - Bad debt written-off**
 - By financial institutions and other creditors
 - For debt forgiveness to debtors affected by floods
 - Under debt restructuring framework prescribed by the Bank of Thailand
 - Executed during 25 July 2011 and 31 December 2015
 - **Don't have to follow normal bad debt written-off procedures under Clause 4, 5, and 6 of the Ministerial Regulation No. 186**

1. Debt Restructuring

Director General Notification on VAT No. 188

- **Amendment to DGN-VAT No. 85**
- **Output VAT - Bad debt written-off**
 - By financial institutions and other creditors
 - For debt forgiveness to debtors affected by floods
 - Under debt restructuring framework prescribed by the Bank of Thailand
 - Executed during 25 July 2011 and 31 December 2015
 - **Don't have to follow normal bad debt written-off procedures under Clause 3, 4, and 5 of to DGN-VAT No. 85**

Corporate Income Tax (CIT)

3

1. Corporate income tax rate – reduction

Royal Decrees Nos. 530, 555, 564

- Listed and non-listed companies

Accounting period	CIT rate
For accounting periods beginning between 1 January 2013 and 31 December 2014 (i.e. for two accounting periods)	20%

- Small and medium enterprise (SME)

Net profit (THB)	CIT rate
	Accounting periods beginning on or after 1 January 2013
0 - 300,000	Nil
300,001 - 1,000,000	15%
Over 1,000,000	20%

Conditions:

1. Paid-up capital on the last day of any accounting period \leq THB 5 million, **and**
2. Annual income from sale of goods and services \leq THB 30 million.

2. Extension of tax measures for SMEs

Royal Decrees Nos. 561 - 563

Tax measures for SMEs

1. CIT exemption on sale of machinery that is replaced
2. Additional deduction of 50% of difference in wages paid
3. Alternative depreciation for machinery acquired

Conditions of SMEs

- Paid-up capital on the last day of any accounting period \leq THB 5 million, **and**
- Annual income from sales of goods and services \leq THB 30 million.

2. Extension of tax measures for SMEs

Royal Decrees Nos. 561 - 563

1. CIT exemption on sale of machinery that is replaced

Benefits:

**Income from sale of
old machinery used
in manufacturing
goods**

=

**CIT
Exempt**

Conditions:

- Sale of old machine between 1 Jan – 31 Dec 13
- NBV of the old machine = not deductible for tax
- Old machines are not entitled to any tax privileges under BOI, energy savings scheme, etc.
- Purchase of new machine, not more than one year before or after the sale of old machine
- New machine is brand new, same category as old machine and has more production efficiency

2. Extension of tax measures for SMEs

Royal Decrees Nos. 561 - 563

2. Additional deduction of 50% of difference in wages paid

Wages not exceeding THB 300
per day paid from 1 January
2013

Minus

Minimum wage rate per
Notification or previous
minimum wage rate, whichever
is higher

=

**Difference in
wages paid**

Benefits:

- Additional deduction of 50% of the difference in wages paid

Entitlements:

- Wages paid to employees not less than THB 300 per day between 1 January and 31 December 2013

2. Extension of tax measures for SMEs

Royal Decrees Nos. 561 - 563

3. Alternative depreciation for machinery acquired

Benefits:

- 100% (1 year); or
- 20% (5 years)

Conditions:

- Machinery is acquired for manufacture owned products or for the provision of manufacturing services
- Machinery must be new and ready for use between 1 January 2012 and 31 December 2013.

Not applicable to machinery acquired with tax privileges granted under other laws, e.g. investment promotion (BOI), energy saving, etc.

Value added tax (VAT)

4

1. Additional information required on VAT documents

Director General Notification on VAT Nos. 194-197

Tax invoices, debit notes, credit notes

Seller Information	Purchaser Information
<ul style="list-style-type: none">• “Head office” in the case where seller sells goods or provides services from its head office**	<ul style="list-style-type: none">• Tax ID number*
	<ul style="list-style-type: none">• “Head office” in the case where the address of the head office** is specified
<ul style="list-style-type: none">• “Branch No...” in the case where seller sells goods or provides services from a branch**	<ul style="list-style-type: none">• “Branch No...” in the case where the address of a branch** is specified

* Applicable only to a purchaser who is liable to income tax or who is a payer of income with the duty to withhold tax

** As per VAT registration certificate

1. Additional information required on VAT documents

Director General Notification on VAT Nos. 194-197

Output and input VAT reports

Seller: Output Report	Purchaser: Input Report
<ul style="list-style-type: none">• Tax ID number of purchaser	<ul style="list-style-type: none">• Tax ID number of seller
<ul style="list-style-type: none">• “Head office” or “Branch No....” of purchaser, as mentioned in tax invoices, debit notes or credit notes	<ul style="list-style-type: none">• “Head office” or “Branch No....” of seller, as mentioned in tax invoices, debit notes or credit notes

1. Additional information required on VAT documents

Director General Notification on VAT Nos. 194-197

Effective dates

- **For tax invoices:** that are issued from 1 January 2014 onwards
- **For VAT debit notes and credit notes:** that refer to tax invoices issued from 1 January 2014
- **For output and input VAT reports:** follow the above tax invoices, debit notes and credit notes

Withholding tax (WHT)

5

1. Lease of ships used in international transportation

Royal Decree No 560

- **Entitlement:**

- Reduced rate of 1% WHT on payments for lease of ships used in international transportation to non-resident companies

- **Condition:**

- Lease of vessels is allowed according to the law governing marine commercial promotion

- **Effective date:**

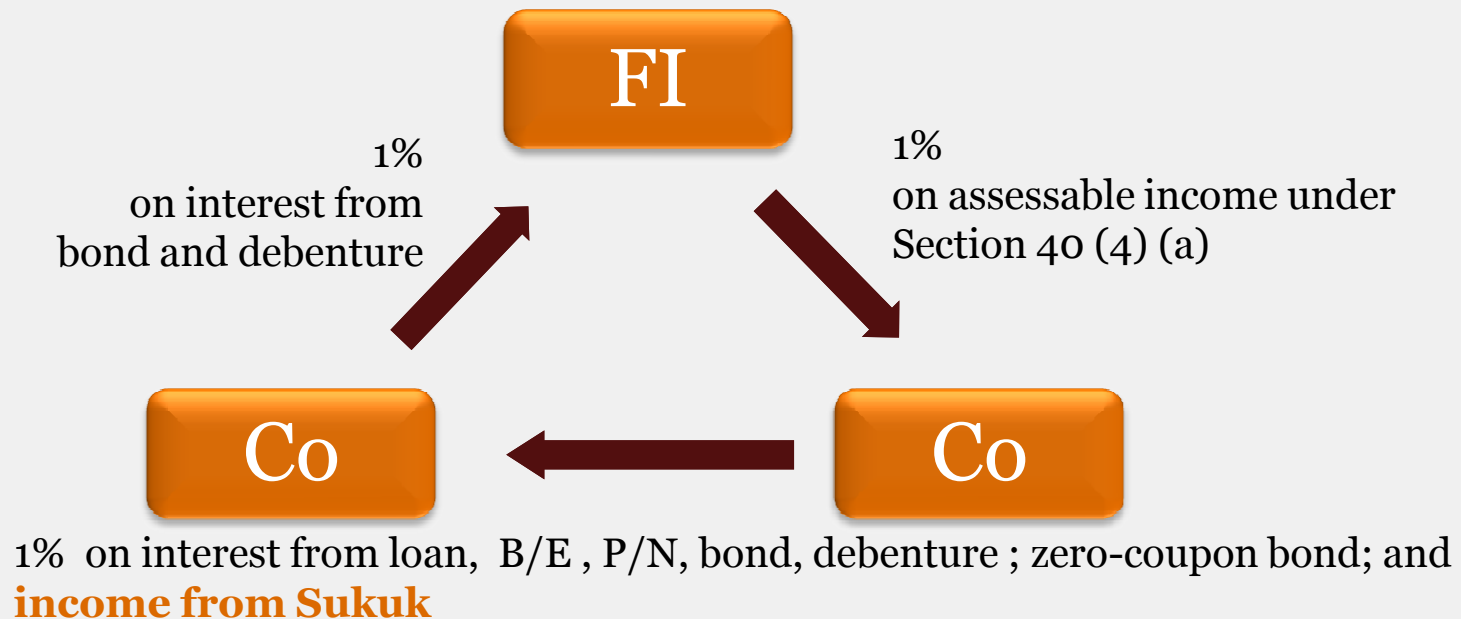
- For lease payments made between 30 March and 31 December 2013

2. Income from Sukuk

The Departmental Regulation No Taw Paw 205/2556

WHT on assessable income under Section 40 (4)(a) of the Revenue Code

Domestic



Others

6

1. Double deduction for donations to educational institutions ***Royal Decree No 558***

	Corporate	Individuals
Benefits	<ul style="list-style-type: none">• Double deduction• This donation + donations for educational support projects and similar under other Royal Decrees must not exceed 10% of net profit before donations under Section 65 ter (3)	<ul style="list-style-type: none">• Double deduction• This donation + donations for educational support projects under other Royal Decrees must not exceed 10% of net income
	<ul style="list-style-type: none">• No PIT, CIT, VAT, SBT or SD imposed on proceeds from transfer of property or executing instruments. But, donor cannot deduct the cost of the property as deductible expenses for income tax purposes	

Remark: If exercised the right under this RD, must not exercise the right under RD No 420

1. Double deduction for donations to educational institutions ***Royal Decree No 558***

	Corporate	Individuals
Form of donation	<ul style="list-style-type: none">• Cash or assets	<ul style="list-style-type: none">• Cash only
Effective period	<ul style="list-style-type: none">• 1 Jan 2013 – 31 Dec 2015	1 Jan 2013 – 31 Dec 2015

“**Educational institution**” means an educational institution of the State, a private school (excluding non-formal school) and a private university.

2. Double deduction for donations to sports organizations ***Royal Decree No 559***

	Corporate	Individuals
Benefits	<ul style="list-style-type: none">• Double deduction• This donation + donations for educational support projects and similar under other Royal Decrees must not exceed 10% of net profit before donations under Section 65 ter (3)	<ul style="list-style-type: none">• Double deduction• This donation + donations for educational support projects under other Royal Decrees must not exceed 10% of net income
	<ul style="list-style-type: none">• No PIT, CIT, VAT, SBT or SD imposed on proceeds from transfer of property or executing instruments. But, donor cannot deduct the cost of the property as deductible expenses for income tax purposes	

2. Double deduction for donations to sports organizations *Royal Decree No 559*

	Corporate	Individuals
Form of donation	• Cash or assets	• Cash only
Effective period	• 1 Jan 2013 – 31 Dec 2015	1 Jan 2013 – 31 Dec 2015

Any amount remaining after having utilized the double deduction allowed under RD 559 may be deducted under RD 428.

Contact

Supavadee Lipiwathana

Director

Tel: +66 (0) 2344 1340

supavadee.lipiwathana@th.pwc.com

Pattra Putthivarodom

Senior Manager

Tel: +66 (0) 2344 1128

pattra.putthivarodom@th.pwc.com

Thank you