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Thai Tax 2026/27 Booklet



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Foreword

This booklet has been prepared to provide general information on Thailand's tax system and primary assistance to those investing in Thailand and it should not be regarded as a basis for ascertaining a liability to tax in specific circumstances. The information is based on the tax laws and practices as of 15 October 2026. Further professional advice should always be obtained from our tax and legal services practice before acting on any matters contained in this publication.



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Personal Income Tax

Personal Income Tax

Resident status

An individual is regarded as a tax resident if they reside in Thailand one or more times for an aggregate period of 180 days or more in any tax year.

Foreign-sourced income

The Revenue Department issued Paw 161/2566 and Paw 162/2566 on personal income tax for Thai residents who bring assessable income into Thailand from abroad.

Under this instruction, individuals residing in Thailand must include that assessable income when calculating income tax under Section 48 of the Revenue Code in the tax year in which the assessable income is brought into Thailand. This applies to individuals who:

- spend an aggregate period of 180 days or more in Thailand in any tax year
- earn assessable income from work duties or activities performed abroad or assets located abroad, according to Section 41 paragraph two of the Revenue Code, in that tax year and
- have brought that assessable income into Thailand in any tax year.

However, this instruction does not apply to the assessable income earned before 1 January 2024.

Taxable persons

(a) Natural persons
(b) Unregistered ordinary partnerships
(c) Non-juristic body of persons
(d) Deceased, for all assessable income of the deceased and the estate throughout the year in which death occurred
(e) Estate of the deceased which remains undistributed.

Assessable income

Residents and non-residents are taxed on their assessable income derived from employment or business conducted in Thailand, regardless of whether the income is paid in or outside Thailand.

Residents who derive income from outside Thailand are only subject to tax if the assessable income is earned in any tax year starting from 1 January 2024 and is remitted to Thailand in the same tax year or later.

Assessable income is classified into eight categories:

1. Salaries and wages (including income from stock options, house rent allowance and other fringe benefits)
2. Hire of work, office of employment or service rendered
3. Goodwill, copyright, franchise, patent, other rights, annuity, etc.
4. Interest, dividend, bonus for investors, gain on amalgamation, acquisition or dissolution of a company or partnership, gain on transfer of shares, cryptocurrencies or digital tokens.
5. Lease of property, breach of hire-purchase and instalment sale contract
6. Income from liberal professions, such as law, medicine, engineering, architecture, accountancy and fine arts
7. Income from a contract of work whereby the contractor provides essential materials other than tools
8. Income from business, commerce, industry and income other than as specified in (1) – (7).

Capital gains

Most types of capital gains are taxable as ordinary income. However, the following categories are exempt from tax:

- Gains on the sale of shares in a company listed on the Stock Exchange of Thailand, provided that the sale is made on the Stock Exchange of Thailand, and on the sale of investment units in a mutual fund
- Gains on the sale of non-interest-bearing debentures, bills or debt instruments issued by a corporate entity, except for bonds or debt instruments that are sold for the first time at a price lower than their redemption price to an individual
- Gains on the sale of securities listed on stock exchanges in the ASEAN member countries and traded through the ASEAN Link, excluding securities in the form of treasury bills, bonds, bills or debentures.

Capital losses can’t be offset against capital gains. However, individuals can choose to pay withholding tax at a flat rate of 15% on gains from the sale of bonds, debentures, bills or other debt instruments issued by companies or other juristic persons. They may exclude the gains from assessable income in their annual personal income tax return.

Gift tax

Gifts that are given by a living person are subject to personal income tax under the Revenue Code. The income tax is levied on the value of the assets, or the amount given to parents, ascendants, descendants, a spouse or others that exceeds the prescribed threshold, which depends on the type of gift and donor.

The assets or amounts given that don’t exceed the threshold and will be exempt from personal income tax are:

- Income derived from the transfer of ownership or possessory right in an immovable property without any consideration to a legitimate child, excluding an adopted child, not exceeding Baht 20m for each child in a tax year.
- Maintenance income or gifts from ascendants, descendants or a spouse, not exceeding Baht 20m in a tax year.
- Maintenance income derived under a moral obligation, or gifts made in a ceremony or on occasions in line with established customs from individuals that aren't ascendants, descendants or a spouse, not exceeding Baht 10m in a tax year.
- Income from gifts that will be used by the recipient for religious, educational or public benefit purposes according to the intention of the donor under the criteria and conditions stipulated in ministerial regulations.

Income that exceeds the thresholds above will be subject to 5% personal income tax and shouldn't be included with other income when computing the annual personal income tax liability.

If an immovable property is transferred without consideration by a parent to a legitimate child, the tax will be collected from the transferor at the time the transfer is registered. This takes the form of a 5% withholding tax based on the amount exceeding Baht 20m. The transfer of an immovable property without consideration in other cases would be subject to withholding tax at the normal progressive personal income tax rates according to the prescribed criteria and conditions.

Exemptions

Certain types of income are exempt from personal income tax. For income from employment, per diems, travel expenses and certain fringe benefits, such as medical treatment, are tax exempt. The exemptions also include maintenance income derived under a moral obligation (subject to a threshold – see gift tax above), corpus of a legacy or inheritance (see the section on inheritance tax below) and certain capital gains as noted above.

Subject to certain conditions, the following gains or benefits are exempt from tax: income from registered provident funds, retirement mutual funds, long-term equity funds, super saving funds, national saving funds including amounts derived from insurance, the Thailand ESG Fund or social security funds; interest on a deposits with Thai banks or savings co-operatives; and returns from deposits in Thailand according made under Islamic principles.
Profit sharing distributed by a fixed income mutual fund to individual investors is exempt from tax.

Computation

An individual's taxable income is calculated after applying all relevant deductions and allowances to their assessable income. Income tax is then charged at the progressive tax rates set out below.

If an individual earns Baht 120,000 or more in assessable income, excluding employment income, the tax payable must be at least 0.5% of that income.

Deductible expenses

The total personal expense deduction depends on the category of assessable income:

- For income under the categories of assessable income (1) and (2), including goodwill, copyright and other rights under (3), a deduction of 50% is allowed up to a maximum of Baht 100,000.
- For income under item (5), the deduction rates range from 10% to 30% depending on the type of rented property.
- For income under items (6), (7) and (8), the deduction rates range from 30% to 60% depending on the type of income or type of business.

Expenses related to goodwill, copyright and other rights under item (3) and assessable income under items (5)-(8) can be deducted on an actual basis if satisfactory evidence of the expenditure is provided to the Revenue Department.

Allowances

There are two allowance categories after the deduction of expenses:

1. Personal allowances	**Baht**
• Taxpayer	60,000
• Spouse (if spouse has no income)	60,000
• Legitimate child of the taxpayer or the spouse (without limit), each	30,000
• Additional allowance for legitimate child of the taxpayer or the spouse from the second child onwards who was born in or after 2018, each	30,000
• Taxpayer's adopted child (maximum 3), each (If there are legitimate and adopted children together, a maximum of only 3 children is allowed)	30,000
• Parental care, each	30,000
• Care of disabled or incapacitated family members, each	60,000
• Care of a disabled or incapacitated person other than a family member	60,000

In addition, a resident of Thailand who is 65 years old or older is entitled to a personal income tax exemption up to Baht 190,000 of their income.

2. Specific allowances

- Life insurance premiums of up to Baht 100,000 paid by a taxpayer on their own life are deductible, provided the policy runs for at least ten years and the insurer operates a life insurance business in Thailand. If the policy includes a savings plan offering an annual return exceeding 20% of the annual premium, the full premium becomes non-deductible.

  Deposits with banks that resemble life insurance, with a minimum term of ten years, are deductible up to Baht 100,000 per tax year. However, the combined total of these deposits, qualifying life insurance premiums and health insurance premiums must not exceed Baht 100,000 in any tax year.

  In addition, life insurance premiums for a taxpayer's spouse who doesn't earn income are deductible up to Baht 10,000, provided the marital status remains unchanged throughout the tax year.

- Health insurance premiums are deductible, up to a maximum of Baht 25,000, if paid by the taxpayer to a life or non-life insurance company in Thailand for their own health. However, the deduction for this premium together with the life insurance premiums and deposits with banks that resemble life insurance mustn't exceed Baht 100,000 in total.

- Health insurance premiums of up to Baht 15,000 paid to a life or non-life insurance company in Thailand for the taxpayer's parents or the parents of their spouse are deductible.

- To promote long-term savings for retirement, deductions are allowed for investments in approved funds and pension life insurance. Taxpayers may invest in one or more of these options, subject to a combined annual limit of Baht 500,000. The following investments are eligible for tax deductions, subject to specified limits:
  - Pension life insurance premiums paid to Thai insurers, up to 15% of assessable income subject to income tax, capped at Baht 200,000.
  - Contributions to a registered provident fund, up to 15% of wages, with a maximum of Baht 500,000.
  - Investments in a retirement mutual fund, up to 30% of assessable income subject to income tax, capped at Baht 500,000.
  - Investments in the national savings fund, up to a maximum of Baht 500,000.

- Mortgage interest on the purchase or construction of a residential property in Thailand is deductible up to a maximum of Baht 100,000.

- Expenses paid by the taxpayer or their spouse for antenatal care and childbirth are deductible up to Baht 60,000 per pregnancy.

- Contributions to the government's social security fund are also deductible.

- An investment in a Thai ESG fund can be deducted from personal income tax, provided it doesn't exceed 30% of the assessable income and is capped at a total of Baht 100,000. This deduction applies to investments made between 21 November 2023 and 31 December 2032. To qualify, the investor must hold the fund units for at least eight years.

  However, special conditions apply to the period 1 January 2024 to 31 December 2026. During this period, the maximum deductible amount increases to 300,000, while still limited to 30% of assessable income. Also, the required holding period is reduced to a minimum of five years. Between 1 January 2027 and 31 December 2032, the deduction conditions will revert to the original terms, with the maximum deduction returning to Baht 100,000 and the minimum holding period of eight years.

- Spending on eligible visual artwork in Thailand—made to qualifying artists or entities between 1 January 2025 and 31 December 2027—can be deducted up to a maximum of Baht 100,000.

- Actual costs of equipment and installation of solar power generation system on a roof or building paid to a VAT-registered entities between 3 March 2026 and 31 December 2028 with e-tax invoice issued is deductible up to a maximum of Baht 200,000.

- Investment in high-efficiency or 5-star efficiency label machinery, equipment and energy-saving material paid to a VAT-registered entities between 3 March 2026 and 31 December 2028 with e-tax invoice issued is deductible at a rate of 50%.

Donations

- The following donations are deductible, provided the combined total does not exceed 10% of net income (assessable income after allowances and deductions):
  - Donations to educational institutions, public healthcare facilities, religious institutions or approved charities: to qualify for tax deductions, from 1 January 2026, all donations to temples, as well as to organisations, charitable institutions, hospitals, and educational institutions designated by the Minister, must be made through the e-Donation system to qualify for a tax deduction. Donations to entities that are not subject to this requirement can still be made through normal channels unless otherwise required by law.
  - E-donations to the Royal Forest Department to support the Community Forest Partnership for Climate Action Programme run by the Ministry of Natural Resources and Environment, between 1 January 2023 and 31 December 2027.
  - Cash donations to political parties, or contributions in cash, assets or other benefits to support

political party fundraising activities, up to Baht 10,000.

- Traditional donations and e-Donations to the Royal Thai Air Force in support of the construction of the pagoda to enshrine the Buddha's relics in Phra Mahathat Nabhamethanidol Nabhapolbhumisiri, Chiang Mai, between 1 January 2025 and 31 December 2027.

- Donations in the following categories are eligible for a double tax deduction, provided the combined amount doesn't exceed 10% of net income (the assessable income after allowances and deductions)
  - Support for education, e.g. buildings, computers, books, teachers, under projects approved by the Ministry of Education
  - State hospitals
  - E-donations to the Equitable Education Fund between 3 January 2024 and 31 December 2028
  - E-donations to the Office of Knowledge Management and Development (public organisation) between 1 January 2025 and 31 December 2026.
  - E-donations for charitable activities or public benefit projects to the Thai Red Cross Society or any of the 27 organisations or foundations between 1 January 2025 to 31 December 2027.
  - E-donations for charitable activities or public benefit projects to any of the nine organisations or foundations between 26 May 2026 to 31 December 2027.
  - E-donations to the Sports Authority of Thailand, Provincial Sports Committees, Provincial Sports Associations, sports associations, or the National Sports Development Fund from 1 January 2025 to 31 December 2027.
  - E-donations to the educational institutes from 1 January 2025 to 31 December 2027.
  - E-donations of money or assets made to social enterprises from 1 January 2024 onwards.
  - E-donations to social enterprises promotion fund from 1 January 2024 to 31 December 2028, as approved by the Cabinet Resolution dated 21 July 2026.

Current personal income tax rates

Net income (Baht)	Tax rates
0 – 150,000	Exempt
150,001 – 300,000	5%
300,001 – 500,000	10%
500,001 – 750,000	15%
750,001 – 1,000,000	20%
1,000,001 – 2,000,000	25%
2,000,001 – 5,000,000	30%
Over 5,000,000	35%

Tax credits

Taxpayers are entitled to claim a credit against their annual tax liability for tax withheld at source.

Individuals who are domiciled and resident in Thailand may elect to treat income tax withheld at source on dividends from Thai-incorporated companies as a credit against their tax liability. In doing so, the underlying corporate income tax already paid on the distributed profits is added to the dividend income. This grossed-up amount is then combined with other sources of income, and the tax credit is deducted from the total tax liability.

Foreign tax can't be credited against Thai tax unless permitted under a double tax treaty.

Withholding tax

All individuals paying assessable income must withhold income tax at source, according to the following rules:

- For income under categories (1) or (2), the payer must:
  - Multiply the amount paid by the number of payments to estimate the annual income
  - Deduct applicable expenses and allowances
  - Calculate the tax on this amount using the personal income tax rates, and
  - Divide the total tax by the number of payments to determine the withholding tax per payment.

- For income under categories (3) and (4), the individual must withhold tax at the prevailing income tax rates. Exceptions to this rule include:
  - Interest withheld at 15%
  - Dividends withheld at 10% and
  - Profits or benefits from holding digital tokens, or gains from transferring cryptocurrencies or digital tokens, withheld at 15%.

- However, profit sharing or benefits received from 1 January 2024 onwards are exempt, provided that the taxpayer doesn't claim a refund or credit for the tax withheld, which is set at 15%.

- Personal income tax on capital gains derived from digital assets between 1 January 2025 and 31 December 2029 is exempt, provided the capital gains are derived from trading digital assets, including cryptocurrencies and digital tokens, through legally licensed businesses including exchanges, brokers and dealers

- A final withholding tax rate of 17% will be applied to income earned by employees working in industries that qualify for income tax exemptions under national competitiveness laws and investment promotion (BOI) laws. This rate also applies to employees who work in tax-exempt businesses operating within special economic zones in the Eastern Economic Corridor (EEC), effective from 25 March 2025 to 31 December 2029. To qualify, the employment contract must have started between 25 March and 31 December 2025

- Withheld tax must be remitted to the respective amphur (district) office within seven days after the last day of the month in which the payment was made.

Companies, juristic partnerships or other juristic persons must withhold tax on the following payments of assessable income:

Payment type	Withholding rate
Lease of assets (category 5)	5%
Professional fees (category 6)	3%
Hire of work (categories 7 and 8)	3%
Advertising fees (category 8)	2%
Sales promotion rebates/benefits (category 8)	3%
Service fees (excluding certain services, category 8)	3%
Transportation (excluding public transport)	1%
Prizes from contests, competitions, lucky draws (category 8)	5%
Genuine diamonds or uncut gemstones (category 8)	1%
Rice purchased by exporters (category 8)	0.5%
Aquatic animals purchased by exporters or manufacturers (category 8)	1%
Income paid to non-residents (categories 2–6)	15%
Dividends paid to non-residents	10%

For payments exceeding Baht 10,000 made by central or local government under categories (5) – (8), a 1% withholding tax applies to each payment.

The withholding tax rates of 5%, 3%, and 2% have been temporarily reduced to 1% for payments of assessable income to individuals and juristic persons (excluding foundations and associations), provided that the tax is remitted through the e-Withholding Tax system. This measure applies from 1 January 2026 to 31 December 2027.

Taxpayers who have had income tax withheld may pay any shortfall or request a refund for over-withheld amounts. Refund claims must be submitted to the Revenue Department within three years from the legal deadline for filing the tax return (or by 31 March of the year following the year in which the tax was withheld).

Tax administration

Thailand uses a self-assessment system for collecting taxes. Taxpayers must declare their tax liabilities in the prescribed tax returns and pay the tax due at the time of filing.
The following individuals must file income tax returns for income earned in the preceding tax year irrespective of whether there's any tax due:

- Individuals who have no spouse and earn more than Baht 60,000 of income
- Individuals who have no spouse and earn more than Baht 120,000 of income under category (1) (salaries and wages)
- Individuals who have a spouse and earn more than Baht 120,000 income
- Individuals who have a spouse and earn more than Baht 220,000 of income under category (1) (salaries and wages).

Each husband or wife earning income can choose to file their income tax return either separately or jointly with their spouse.

The tax year is the calendar year. All individuals liable for tax must file hardcopy tax returns no later than 31 March of the following year and online tax returns no later than 8 April. Also, those taxpayers who derive income from the lease of property, liberal professions (medicine, law, engineering, architecture, accountancy and fine arts), contractual work and other businesses, commerce or industries must file a mid-year tax return by 30 September for income derived during the first half of the tax year to 30 June. Tax paid at the time of the mid-year filing can be credited against the annual tax liability.

Penalties and surcharge

Taxpayers can be penalised if they are deemed to owe additional tax because they filed an inaccurate return or failed to file a return. The penalty rate is 100% for an inaccurate return and 200% for failure to file a return. The assessment officer can decide to reduce the penalty by 50% if the taxpayer submits a written request and it's determined there was no intention to evade tax and the taxpayer cooperated fully during the tax audit.

Anyone who fails to pay or remit tax on time is subject to a surcharge of 1.5% per month, or part thereof, on the outstanding amount. The surcharge is capped at the amount equal to the tax due.

Tax investigation and assessment

The Revenue Department is authorised to request documents and records for inspection for up to two years. This period may be extended to five years if there's evidence of tax evasion, reasonable grounds to suspect evasion or if the tax audit is conducted in connection with a tax refund.

Under the Civil and Commercial Code, however, the Revenue Department retains the right to assess tax for up to ten years.

Appeal

If a taxpayer disagrees with the assessment, they may:

1. appeal to the Board of Appeal within 30 days of receiving the assessment notice.
2. if dissatisfied with the Board's ruling, appeal to the Tax Court within 30 days of receiving that decision
3. following the Tax Court's judgement, appeal to the Special Appeal Court within 30 days. The Special Appeal Court's is considered final.
4. a further appeal to the Supreme Court may be permitted if the issue is deemed to be significant and the Supreme Court grants approval.

Important note: Filing an appeal doesn't suspend the obligation to pay tax. If payment isn't made within the legally prescribed timeframe, the amount will be considered in arrears—unless the taxpayer has been granted permission by the Director-General to defer payment pending the outcome of the appeal or judgement. In such cases, payment must be made within 30 days of receiving the final decision.

Corporate Income Tax

Corporate Income Tax

Resident status

A company's residence is determined by its place of incorporation. Any company incorporated under Thai laws is considered a resident company. The concept of management and control isn't statutorily defined in Thai tax legislation. Resident companies are subject to tax in Thailand on a worldwide income basis.

Taxable entities

- Companies and juristic partnerships
- Joint ventures, foundations and associations
- Mutual funds established as juristic persons under Thai or foreign law
- Companies incorporated under foreign law:
  - carrying on business in Thailand (e.g. branch)
  - not carrying on business in Thailand but deriving specified income from or in Thailand
- Foreign government agencies or other juristic persons organised under foreign laws carrying on business in Thailand.

Taxable income

- A company or juristic partnership incorporated in Thailand is subject to corporate income tax on all profits derived from domestic and foreign sources.
- A company incorporated under a foreign law and carrying on business in Thailand (e.g. a branch) is subject to tax on the profit arising from the business carried on in Thailand and on the after-tax profit repatriated to the head office.
- The term 'carrying on business in Thailand' is broad and includes the presence of an employee, representative or go-between that results in the foreign company deriving income or gains in Thailand.
- A company incorporated under a foreign law and not carrying on business in Thailand, but which derives certain categories of income in Thailand, is subject to a final withholding tax (unless otherwise exempt under a double tax treaty). Examples of these categories of income are:
  - brokerage
  - service fees
  - royalties
  - interest, dividends, capital gains
  - rent of property.

Tax on gross income

Foundations and associations as well as foreign companies carrying on the business of international transportation services and certain mutual funds are subject to tax on gross income.

The gross receipts, other than registration fees, membership fees or donations of a foundation or association are subject to 10% income tax. The rate is reduced to 2% if the gross receipts are income under category (8) of the schedule of assessable income.

Foreign airlines and shipping companies carrying on business in Thailand are subject to the following income tax:

- carriage of passengers: taxed at 3% of the fares, fees or other benefits collectible in Thailand, before any deductions
- carriage of goods: taxed at 3% of freight, fees or other benefits collectible in Thailand or abroad for goods transported from Thailand, before any deduction.

Mutual funds established under the Securities and Exchange Act are subject to corporate income tax at 15% on gross income from interest and discounts. This excludes:

- retirement mutual funds (RMF) and
- mutual funds established for the sale of their units to the Social Security Fund, National Savings Fund, Government Pension Fund, provident funds and RMF.

Capital gains

There's no specific legislation governing capital gains in Thailand. In general:

- capital gains earned by companies are treated as ordinary revenue for tax purposes
- capital gains on the sale of investments derived from or in Thailand by a foreign company not carrying on business in Thailand are subject to 15% withholding tax, deducted at source by the purchaser—unless exempt under a double tax treaty
- gains from the sale of government bonds earned by non-residents are also subject to 15% withholding tax, unless reduced or exempt under a double tax treaty

Exemptions

- The following income categories are exempt from corporate income tax:
  - Dividends received by a company listed on the Stock Exchange of Thailand from another Thai company, provided that the shares are held for at least three months before and three months after the dividend was received.

- Dividends received by a non-listed company from another Thai company provided that the company receiving the dividend holds at least 25% of the total shares with voting rights, without any direct or indirect cross-shareholding, and has held the shares for at least three months before and three months after the dividend was received. However, where the shares are held for this period, but the 25% shareholding and cross-shareholding conditions aren't met, only one-half of the dividend is exempt from tax.

  If there's an amalgamation (merger) or an entire business transfer (EBT), the new or surviving company can include the period of ownership of any predecessor company that was part of the amalgamation or EBT when counting the above three-month period.

- Dividends received from foreign investments are exempt if:
  - the Thai company has held at least 25% of the voting shares in the foreign company for a minimum of six months prior to receiving the dividend
  - the dividend is paid from net profits that were subject to tax in the foreign country at a rate of not less than 15%.

  If a 'special law' in the foreign country provides a reduced tax rate or exemption on those profits, the Thai company may still qualify for the tax exemption.

- Dividends or share of profits received by a Thai company or a foreign company carrying on business in Thailand from an unincorporated joint venture.

- Interest on foreign currency loans received by a financial institution of a foreign government organised under a specific law and wholly owned by the foreign government.

- Interest on government bonds, Bank of Thailand bonds and Financial Institution Development Fund bonds received by a foreign company not carrying on business in Thailand.

- Profit sharing received from a fixed income mutual fund by both Thai and non-Thai corporate investors.

- Profit sharing derived from an investment in other mutual funds established as juristic persons (excluding property funds) by a Thai company (100% exemption for a listed company and 50% exemption for a non-listed company) provided that the Thai company has held the fund units for three months before and after the distribution of the profit sharing.

- Capital gains received by a Thai company and a foreign company carrying on business in Thailand from the sale of fund units in a fixed income mutual fund subject to the condition that

the cost of the investment and expenses in relation to the exempt income are not claimed as tax deductible expenses.

- The following taxpayer categories are exempt from corporate income tax:
  - Companies granted exemption from tax for a period by the Board of Investment under the investment promotion law and the competitive enhancement law
  - Specified foundations and organisations
  - Foreign organisations under mutual agreements and diplomatic organisations.

- The Securities and Exchange Commission (SEC) may grant a tax exemption to special purpose vehicles (SPV) involved in securitisation projects. However, the operation and allocation of cash inflows for settling debts and expenses must strictly follow the plan approved by the SEC. Also, dividends may not be paid to the SPV shareholders until all remaining assets and benefits have been transferred back to the originator of the securitisation project and the SPV has been dissolved.

Tax rates

- The standard rate of corporate income tax is 20%.
- The corporate income tax rates for small and medium enterprises (SME) are as follows:

Net profit (Baht)	Tax rate
0 – 300,000	Nil
300,001 – 3,000,000	15%
Over 3,000,000	20%

To be eligible for the reduced rates of tax, SMEs must meet the following conditions:
- Paid-up capital on the last day of any accounting period must not exceed Baht 5m
- Income from the sale of goods and provision of services must not exceed Baht 30m in any accounting period.

Branch income

Branches of foreign companies pay income tax at the normal tax rate on locally earned profits only. Branch profits remitted to the foreign head office are subject to an additional tax of 10%.

Functional currency

Companies may maintain their accounting books and records—including calculations of net profit and tax payable—in a foreign functional currency, provided they have formally notified to the Director-General of the Revenue Department.

When adopting or changing the functional currency, all currencies, assets, liabilities and other items in the financial statements as of the closing date of the accounting period preceding that in which the functional currency is adopted or changed (brought-forward balances) must be converted into the new functional currency. The conversion must follow recognised accounting principles and be audited and certified by an authorised auditor.

The following methods apply when calculating gains or losses on foreign exchanges during the accounting year.

- Any currency, asset or liability received or paid during the accounting period must be converted into the functional currency using the market rate on the date of receipt or payment.

- Outstanding currencies, assets and liabilities as of the closing date of the accounting period must be converted into the functional currency using one of either:
  - the mid-market rate
  - the average buying or selling rate of commercial banks, as calculated by the Bank of Thailand.

Any change in the functional currency or the exchange rate method used requires prior approval from the Director-General. Foreign exchange gains or losses resulting from a change in the functional currency or from converting tax payable in the functional currency into Thai baht for payment purposes, are disregarded for tax purposes.

Tax assessments, penalties, surcharges and refunds will be issued in the functional currency. However, all payments must be made or received in Thai baht, using the mid-market exchange rate published by the Bank of Thailand on the last official day before the tax payment date or the date the refund is granted.

Computation of net profit

Net profit must be calculated on an accrual basis. This generally follows the accounting practice, with certain exceptions.

Deductions

- Expenses exclusively incurred for generating profit or conducting business are deductible, unless otherwise restricted by the Revenue Code.
- Royalties, management fees and interest expenses are deductible if they are exclusively incurred for generating profit or business-related and reasonable in amount.
- Donations to the following organisations are deductible up to 2% of net profit:
  - Approved charities or for education, sport or public benefit, including the Technology Development Fund for Education, and qualified social enterprises: to qualify for tax deductions, from 1 January 2026, all donations to temples, as well as to organisations, charitable institutions, hospitals, and educational institutions designated by the Minister, must be made through the e-Donation system to qualify for a tax deduction. Donations to entities that are not subject to this requirement can still be made through normal channels unless otherwise required by law.
  - The Royal Forest Department for the Community Forest Partnership for Climate Action between 1 January 2023 to 31 December 2027. A deduction is granted for e-Donations in cash only.
  - The Royal Thai Air Force in support of the construction of the pagoda to enshrine the Buddha's relics in Phra Mahathat Nabhamethanidol Nabhapolbhumisiri, Chiang Mai, between 1 January 2025 and 31 December 2027. A deduction is granted for traditional donation and e-Donation.
  - Qualified social enterprises for donations of money or assets made through the e-Donation system from 1 January 2024 onwards, as approved by the Cabinet Resolution dated 21 July 2026.
  - The Social Enterprises Promotion Fund for e-donations made between 1 January 2024 and 31 December 2028, as approved by the Cabinet Resolution dated 21 July 2026. A 200% deduction applies.
- Donations to political parties are deductible up to Baht 50,000.
- The following expenses qualify for double deduction (an additional 100% deduction):
  - Up to Baht 50,000 for books or electronic devices purchased for an in-house library
  - Employee training at approved educational or training institutions or in-house training programmes.
  - Wages paid to retired employees of a corporate entity or individuals registered with the Labour Department who are aged 60 or more. The eligible expenses for the additional deduction are limited to wages not exceeding Baht 15,000 per person per month. No additional deduction is allowed for wages paid to anyone earning more than Baht 15,000 per month.
  - Expenses on research and development (R&D) for technology and innovation, when hiring government agencies or private sector providers approved by the Director-General of the Revenue Department, provided the R&D is conducted in Thailand.
  - Expenses or investments for the following assets, paid between 1 January 2026 and 31 December 2027:
    - E-document preparation and receiving systems, computer software, equipment for storing

e-certificates, computers or other equipment used together with computers to prepare, deliver, receive or store e-tax invoices or e-receipts for the business.
However, this benefit isn't available to service providers that prepare and remits e-information or to developers of computer software, whether for sale or for providing as a service to others.

- Tax remittance systems, computer software, equipment for storing e-certificates, computers or other equipment used together with computers to remit taxes of the business. This benefit is available to corporate entities liable to remit income tax, withholding tax or VAT to the Revenue Department using the e-Withholding tax method, and to service providers that remit the tax.

- Expenses paid to a service provider that prepares and remits e-information, expenses for e-certificates and for the use of cloud storage services, specifically for the preparation, delivery, receipt or storage of e-tax invoices or e-receipts for the business.

- Expenses paid to a service provider that remits tax, expenses for e-certificates and for the use of cloud storage services, specifically for using the e-Withholding tax method of remittance for the business.

- Expenses paid by a service provider to ETDA for information system assessment services, including fees and other related service charges, specifically for service providers of e-Tax Invoice and e-Receipt, e-Filing, e-Stamp Duty, and e-platform special accounts.

- The following expenses and donations are eligible for deduction together with an additional 100% deduction, provided the combined total doesn't exceed 10% of net profit before deducting donations for charity, public benefit and for education or sport:
  - Expenses paid to support educational programmes under projects approved by the Ministry of Education, e.g. buildings, computers, books, teachers
  - Expenses paid in support of learning and amusement activities, e.g. to construct and maintain children's playgrounds, parks or privately owned sports fields which are open to the public free of charge
  - Donations as cash or assets to educational institutions in either the public or private sector for providing books or electronic devices to promote reading
  - Donations to the Safe and Creative Media Development Fund and funds relating to art, culture, archives and archaeology
  - Donations to the Justice Fund
  - Donations to state hospitals.

- The following expenses and donations are eligible for deduction together with an additional 200% deduction, provided the combined total doesn't exceed 10% of net profit before deducting donations made for charity, public benefit and for education or sport.
  - A 200% deduction applies to e-donations in cash or assets to the Equitable Education Fund between 1 January 2024 and 31 December 2028.
  - A 200% deduction applies to e-donations in cash or assets to the Office of Knowledge Management and Development (public organisation) between 1 January 2025 and 31 December 2026.
  - A 200% deduction applies to e-donations in cash or assets to the Thai Red Cross Society or medical and public health foundations between 1 January 2025 and 31 December 2027.
  - A 200% deduction applies to e-donations in cash or assets for charitable activities or public benefit projects to any of the nine organisations or foundations between 26 May 2026 to 31 December 2027.
  - A 200% deduction applies to e-donations to the Sports Authority of Thailand, Provincial Sports Committees, Provincial Sports Associations, sports associations, or the National Sports Development Fund from 1 January 2025 to 31 December 2027.
  - A 200% deduction applies to e-donations to the educational institutes from 1 January 2025 to 31 December 2027.

- Corporate entities operating in targeted industries—under legislation aimed at enhancing national competitiveness—are entitled to an additional 50% tax deduction on salaries paid to highly skilled employees in science, technology, engineering or mathematics, as specified in the employment contract.

- Corporate entities operating within targeted industries—those that qualify for income tax exemptions under national competitiveness laws and investment promotion (BOI) laws—and tax-exempt businesses within special economic zones in the Eastern Economic Corridor (EEC) are entitled to a 150% income tax exemption on salary expenses paid under employment contracts to qualifying individuals. This exemption applies between 25 March 2025 and 31 December 2029. To qualify, the employment contract must have started between 25 March and 31 December 2025.

- A 150% additional deduction for employee education or training expenses for courses certified by the government authority as prescribed by the Director-General.

- A 50% deduction is available for investment in high-efficiency or five-star efficiency label machinery, equipment and energy-saving material paid to VAT-registered entities between 3 March 2026 and 31 December 2028 with e-tax invoice issued.

- A 100% deduction is available for a company with paid-up capital not exceeding Baht 5m and revenue not exceeding Baht 30m. The deduction is available on the expenses for buying or hiring for development or use of computer program, computer hardware, smart device, or digital service, but excluding sales of computer or hardware to a service provider duly listed in the Digital Economy Promotion Agency, for a portion not exceeding Baht 300,000, between 24 June 2025 and 31 December 2027.

Non-deductible expenses

The following are examples of expenses that aren't deductible:

- Additions to provisions and reserves
- Contributions to any fund (except a registered provident fund)
- Private expenses and gifts
- Income tax
- VAT (except in certain cases)
- Fines, penalties and surcharges imposed under all tax laws
- The portion of salary paid to a shareholder which exceeds a reasonable amount
- Artificial or fictitious expenses
- Interest on capital, reserves or funds of the company
- Any disbursement where the identity of the recipient cannot be proved by the payer
- Any expenditure determined on and payable out of the profit after the end of an accounting period
- Bad debt written off from a debtor's account which is not consistent with the rules, procedures and conditions prescribed by ministerial regulations
- Any damages recoverable under an insurance or contract of indemnity.

Depreciation

Depreciation deductions are allowed as a percentage of cost. If a company adopts a rate of deduction under its own accounting method that is lower than the maximum permitted rate, the deduction will be allowed only at the rate adopted by the company. Most companies use the straight-line method, but any generally accepted method—such as sum-of-the-years-digits or double declining—is permitted. The maximum permitted rates are as follows:

	%
Buildings:	
Durable buildings	5
Temporary buildings	100
Cost of acquisition of depletable natural resources	5

Cost of acquisition of lease rights:

If there is no written lease agreement or if there is a written lease agreement containing a renewal clause whereby continual renewals are permitted..... 10

If there is a written lease agreement containing no renewal clause or containing a renewal clause which restricts renewable periods to a definitely limited duration..... (Note 1)

Cost of acquisition of the right in a process, formula, goodwill, trademark, business licence, patent, copyright, or any other right:

If the period of use is not limited..... 10

If the period of use is limited..... (Note 2)

Other assets not above mentioned, excluding land and stock-in-trade..... 20

Notes**:**

1. Percentage equals 100 divided by the sum of years of the original and renewable lease periods.
2. Percentage equals 100 divided by the number of years of use.

Special depreciation methods for certain assets

Machinery and equipment for research and development may initially be depreciated at 40% of cost with the remaining balance being depreciated at the maximum rate of 20% per annum.

Computer hardware and software may be depreciated within three accounting periods.

Special depreciation methods for small and medium enterprises

Companies or juristic partnerships with fixed assets, excluding land, valued at no more than Baht 200m and employing no more than 200 people, are entitled to use the following special depreciation methods:

- Machinery and equipment may be initially depreciated at 40% of cost and the remaining balance at the maximum rate of 20% per annum
- Computer hardware and software may be initially depreciated at 40% and the remaining balance within three accounting periods.
- Factory buildings may be initially depreciated at 25% and the remaining balance at a maximum rate of 5% per annum.

Losses

Net losses may be carried forward for five accounting periods for offset against future profits from all sources. There is no provision for loss carry-back.

Each company's losses are dealt with separately. There's no form of group relief or relief by consolidation. A change to a company's shareholding doesn't affect its tax losses.

Withholding tax on domestic payments

A company, juristic partnership or other juristic persons that pays assessable income to another Thai company, juristic partnership, other juristic persons or a foreign company carrying on business in Thailand (through a branch or permanent establishment) must withhold tax from the following types of income at the applicable rates:

- 3% on royalties for use of intangible assets such as patents, copyrights or any other rights
- 1% on interest paid to all resident corporations (other than a bank or a finance company) and on interest on bonds and debentures paid to a bank or a finance company
- 10% on dividends and share of profits of registered partnerships
- 5% on rent of assets
- 1% on rent of ships, under the law governing the promotion of merchant navy, used for the international carriage of goods
- 3% on fees for professional services
- 3% on fees for hire of work
- 5% on remuneration for hire of work paid to a foreign company without a permanent branch office (see note below)
- 5% on prizes won in contests, competitions, lucky draws or other like activities
- 2% on advertising fees under assessable income category 8
- 3% on rebates or benefits from sales promotion except where goods/services are used for private consumption (not for sale) by the buyer
- 3% on service fees other than fees for hire of work, fares for public transportation, services by hotel and restaurant and life insurance premiums
- 1% on transportation fees
- 1% on non-life insurance premiums
- 1% on payments for genuine diamonds, or other gemstones which have not yet been cut, except where payers are end users
- 0.5% on payments for rice where the payers are exporters
- 0.75% on payments for certain agricultural products, e.g. sheet rubber, cassava, jute or kenaf, maize, sugar cane, coffee beans, oil-palm seeds where the buyers are exporters or manufacturers of any

product from these agricultural products
- 1% on payments for aquatic animals, live or otherwise, where the payers are exporters or manufacturers of any product from aquatic animals.

Note: A permanent branch office isn't the same as a 'permanent establishment'. A foreign company is considered to have a permanent branch office if it:
- has ownership of an office in Thailand
- carries on other business in Thailand besides engaging in contract work, e.g. purchase and sale of goods
- has a registered provident fund set up for the benefit of its employees in Thailand.

The withholding tax rates above have been temporarily reduced from 1 January 2026 to 31 December 2027 provided that the tax is remitted via the e-Withholding tax system, as follows:
- Reduction from 5% to 1% on payments for:
  - rental of assets under category (5), excluding rental of ships used for international carriage of goods
  - prizes won in contests, competitions, lucky draws or similar activities under category (8)
- Reduction from 3% to 1% on payments for:
  - income under category (2), e.g. hire of work, service rendered
  - goodwill, copyright or any other rights under category (3)
  - professional fees under category (6)
  - hire of work under categories (7) and (8)
  - provision of services under category (8), excluding advertising, non-life insurance premiums and transportation
  - prizes, discounts or any benefits given for the purpose of sales promotion under category (8).
- Reduction from 2% to 1% on payments for advertising fees under category (8).

Tax credits

Thai companies can use foreign tax paid on business income or dividends received as a credit against the corporate income tax liability. However, the credit must not exceed the amount of Thai tax applicable to the income.

Credit is also available for any Thai tax withheld at source (as noted above) and for half-year tax paid.

Withholding tax on foreign payments

A final withholding tax is imposed on the remittance of income to foreign companies not carrying on business in Thailand for:

- brokerage, fees for services 15%
- royalties 15%
- interest 15%
- dividends 10%
- capital gains 15%
- rental of property 15%
- liberal professions 15%

The above taxes may be reduced or exempt under double tax treaties.

Double tax treaties

Thailand has agreed double tax treaties with various countries. The applicable rates of withholding tax under these treaties are below:

Country of recipient	Dividends (%)	Interest (%)	Royalties* (%)
Armenia	10	10/15 (1)	15
Australia	10	10/15 (1)	15
Austria	10	10/15 (1)	15
Bahrain	10	10/15 (1)	15
Bangladesh	10	10/15 (1)	15
Belarus	10	10/15 (2)	15
Belgium	10	10/15 (1)	5/15 (3)
Bulgaria	10	10/15 (1)	5/15 (4)
Cambodia	10	10/15 (1)	10(5)
Canada	10	10/15 (1)	5/15 (6)
Chile	10	10/15(1)	10/15(7)
China	10	10/15 (1)	15
Cyprus	10	10/15 (8)	5/10/15 (9)
Czech Republic	10	10/15 (1)	5/10/15 (10)
Denmark	10	10/15(1)	5/15 (3)
Estonia	10	10	8/10(11)
Finland	10	10/15 (1)	15
France	10	3/10/15 (12)	0/5/15 (13)
Germany	10	0/10/15 (14)	5/15 (3)
Hong Kong	10	10/15 (15)	5/10/15 (16)
Hungary	10	10/15 (1)	15
India	10	10	10
Indonesia	10	10/15 (1)	15
Ireland	10	10/15 (15)	5/10/15 (17)
Israel	10	10/15 (1)	5/15 (18)
Italy	10	0/10/15 (19)	5/15 (3)
Japan	10	0/10/15 (20)	15
Korea, Republic of	10	10/15 (15)	5/10/15 (21)
Kuwait	10	10/15 (1)	15
Laos	10	10/15 (1)	15
Luxembourg	10	10/15 (1)	15

Country of recipient	Dividends (%)	Interest (%)	Royalties* (%)
Malaysia	10	10/15 (1)	15
Mauritius	10	10/15 (1)	5/15 (4)
Myanmar	10	10	5/10/15 (22)
Nepal	10	10/15 (1)	15
Netherlands	10	10/15 (1)	5/15 (3)
New Zealand	10	10/15 (15)	10/15 (23)
Norway	10	10/15 (1)	5/10/15 (24)
Oman	10	10/15 (25)	15
Pakistan	10	10/15 (1)	0/10/15 (26)
Philippines	10	10/15 (1)	15
Poland	10	10/15 (1)	0/5/15 (27)
Romania	10	10/15 (1)	15
Russia	10	10/15 (28)	15
Seychelles	10	10/15 (1)	15
Singapore	10	10/15 (15)	5/8/10 (29)
Slovenia	10	10/15(1)	10/15 (30)
South Africa	10	10/15 (1)	15
Spain	10	10/15 (1)	5/8/15 (31)
Sri Lanka	10	10/15 (1)	15
Sweden	10	10/15 (1)	15
Switzerland	10	10/15 (1)	5/10/15 (32)
Taiwan	5/10 (33)	10/15 (1)	10
Tajikistan	10	10	5/10 (3)
Turkey	10	10/15 (1)	15
Ukraine	10	0/10/15 (34)	15
United Arab Emirates	10	10/15 (1)	15
United Kingdom	10	10/15 (1)	5/15 (3)
United States	10	10/15 (15)	5/8/15 (35)
Uzbekistan	10	10/15 (1)	15
Vietnam	10	10/15 (1)	15

* In many of Thailand's double tax treaties, royalties are defined to include the use of, or the right to use, industrial, commercial or scientific equipment. This income wouldn't be treated as taxable business profits unless there's a permanent establishment. Also, certain consultancy and technical services that involve the transfer of 'know-how' may be classified as royalties rather than business profits.

Notes: The numbers in the brackets '( )' in the table above refer to the notes below:

1. 10% applies to interest paid to a recipient that's a bank or financial institution, including insurance companies.

2. 10% applies to interest paid (a) to a recipient that's a bank or financial institution, including insurance companies, or (b) on debt arising from a sale on credit of any equipment, merchandise or services.

3. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work.

4. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work excluding cinematograph films and films, tapes or discs for radio or television broadcasting.

5. Fees for technical services, which fall under Article 13, are also subject to 10% tax. Fees for technical services are payments for managerial, technical or consultancy services. Under a protocol signed on 7 September 2017, if the services fall under Articles 12 (royalties) and 13, Article 13 applies.

6. 5% applies to copyright royalties and other similar payments for the production or reproduction of any literary, dramatic, musical or artistic work excluding royalties for motion picture films and works for television.

7. 10% applies to royalties paid for the use of, or the right to use, any copyright of literary, artistic or scientific work, or for the use of, or the right to use, industrial, commercial or scientific equipment.

8. 10% applies to interest paid (a) to banks or financial institutions, including insurance companies, (b) in connection with credit sales of industrial, commercial or scientific equipment or (c) credit sales of any merchandise.

9. 5% applies to royalties paid for the use of or the right to use any copyright of literary, dramatic, musical, artistic or scientific work including software, cinematograph films or films or tapes used for radio or television broadcasting. 10% applies to royalties paid for the use of or the right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.

10. 5% applies to royalties paid for the alienation or the use of or the right to use any copyright of literary, artistic or scientific work excluding cinematograph films or films or tapes used for radio or television broadcasting. 10% applies to the alienation of any patent, trademark, design, or model, plan, secret formula or process.

11. 8% applies to royalties for the use of or the right to use industrial, commercial or scientific equipment. 10% applies to royalties paid in all other cases.

12. 3% applies to interest paid on loans or credits granted for four years or more with the participation of a financing public institution to a statutory body or to an enterprise in relation to the sale of any equipment or to the survey, the installation or the supply of industrial, commercial or scientific premises and of public works. 10% applies to interest paid to any financial institution.

13. The zero rate applies to royalties paid to a contracting state or state-owned company for films or tapes. 5% applies to royalties for the alienation or the use of or the right to use any copyright of literary, artistic or scientific work.

14. The zero rate applies to interest paid to any financial institution wholly owned by the other contracting state, a 'land', a political subdivision, a local authority or a local administration. Specifically, this includes the Deutsche Bundesbank or the Kreditanstalt für Wiederaufbau in the case of the Federal Republic, and the Bank of Thailand in the case of Thailand. 10% applies to interest paid to a recipient that's a bank or financial institution, including insurance companies.

15. 10% applies to (a) interest paid to any financial institution, including insurance companies and (b) interest paid on debt from credit sales of any equipment, merchandise or services, unless between individuals not dealing with each other at arm's length.

16. 5% applies to royalties paid for the use or the right to use any copyright of literary, artistic or scientific work and the 10% rate for the use or the right to use any patent, trademark, design or model, plan, secret formula or process.

17. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work, including software, and motion pictures and works on film, tape or other means of reproduction for radio or television broadcasting. 10% applies to the use of or the right to use industrial, commercial or scientific equipment or any patent.

18. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work excluding cinematograph films or films or tapes used for radio or television broadcasting.

19. The zero rate applies to interest paid to any financial institution wholly owned by the other contracting state, an administrative subdivision, or a local authority. 10% applies to interest paid to a recipient that's a bank or financial institution, including insurance companies.

20. The zero rate applies to interest paid to any financial institution wholly owned by the government. 10% applies to interest paid to a recipient that's a bank or financial institution, including insurance companies.

21. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work including software, and motion pictures and works on film, tape or other means of reproduction for use in connection with radio or television broadcasting. 10% applies to the use of or the right to use any patent, trademark, design or model, plan, secret formula or process.

22. 5% applies to royalties paid for the use of, or the right to use, any copyrights of literary, artistic or scientific work. 10% applies to royalties for the consideration for any services of a managerial or consultancy nature, or for information concerning industrial, commercial or scientific experience.

23. 10% applies to royalties paid for:
    - the use of or the right to use any copyright
    - the use of, or the right to use, any industrial, scientific or commercial equipment
    - the use of, or the right to use, any motion picture film, videotapes or other recording for television broadcasting, or tapes and other recordings for radio broadcasting
    - the reception of, or the right to receive, visual images or sounds—whether separately or together—transmitted to the public by satellite, cable, optic fibre or similar technology
    - the use of, or the right to use, visual images or sounds—whether separately or together—transmitted by satellite, cable, optic fibre or similar technology in connection with television or radio broadcasting.

24. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work. 10% applies to royalties paid for the use or the right to use industrial, commercial or scientific equipment.
25. 10% applies to (a) interest paid to banks or financial institutions, including insurance companies and (b) interest from a loan or debt claim that is guaranteed by the government.

26. The zero rate applies to royalties paid to a contracting state or a state-owned company for films or tapes. 10% applies to royalties paid for the alienation or the use of or the right to use any copyright of literary, artistic or scientific work.

27. The zero rate applies to royalties paid to a contracting state or a state-owned company with respect to films or tapes. 5% applies to royalties paid for the alienation or the use of or the right to use any copyright of literary, artistic, or scientific work, excluding cinematograph films or tapes used for television or broadcasting.

28. 10% applies to interest paid to (a) any institution that is a resident of Russia and has a licence to carry on banking operations, and (b) any financial institution, including insurance companies, which is a resident of Thailand.

29. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work including cinematograph films, or films or tapes used for radio or television broadcasting. 8% applies to royalties paid for the use of or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment.

30. 10% applies to royalties paid for the use of, or the right to use, any copyright of literary or artistic work including motion pictures, live broadcasting, film, tape or other means of the use or reproduction in connection with radio and television broadcasting, and for the use of, or the right to use industrial, commercial or scientific equipment.

31. 5% applies to royalties paid for the use of or the right to use any copyright of literary, dramatic, musical, artistic or scientific work excluding cinematograph films or films or tapes used for radio or television broadcasting. 8% applies to royalties in consideration of financial leasing for the use of, or the right to use, industrial, commercial or scientific equipment.

32. 5% applies to royalties paid for the alienation or use of, or right to use, any copyright, artistic or scientific work, excluding cinematograph films or films or tapes used for radio or television broadcasting. 10% applies to the alienation of any patent, trademark, design or model, plan, secret formula or process.

33. 5% applies if the recipient holds at least 25% of the capital of the company paying the dividend.

34. The zero rate applies to interest paid to any other financial institution established and owned by the government to promote trade and investment. 10% applies to interest paid to banks or financial institutions, including insurance companies.

35. 5% applies to royalties paid for the use of or the right to use any copyright of literary, artistic or scientific work including software, motion pictures and works on film, tape or other means of reproduction for radio or television broadcasting. 8% applies to royalties paid for the use of or the right to use industrial, commercial or scientific equipment.

Group taxation

There’s no group taxation in Thailand.

Holding companies

There’s no specific legislation on holding companies.

Thin capitalisation

Under current tax law, there are no thin capitalisation or prescribed debt to equity rules in Thailand.

Transfer pricing rules

Specific transfer pricing provisions were incorporated into the Revenue Code with effect from accounting periods beginning on or after 1 January 2019. Previously, the Revenue Department had relied on the general income tax provisions and its transfer pricing guidelines to oversee compliance in related-party transactions.

The transfer pricing legislation is broadly aligned with the OECD's arm's length principle. It defines related parties, sets out requirements for reporting transfer pricing information and imposes penalties for failure to comply with the relevant disclosure obligations.

Arm's length principle

The transfer pricing rules adopt the arm's length principle. Revenue officers have the power to uplift or reduce taxpayers' revenue or expenses to reflect the arm's length pricing and assess additional taxes, penalties and surcharges. Where transfer pricing adjustments result in a tax shortfall, a secondary adjustment may apply, resulting from imposing tax on a constructive transaction, either as a deemed dividend or interest on a deemed loan.

If a transfer pricing assessment results in a tax refund, the taxpayer can claim the refund within 60 days of receiving the tax assessment letter or within three years from the statutory deadline for filing the tax return.

Comparability framework

The arm's length principle is applied by comparing the conditions in controlled transactions (between related parties) and uncontrolled transactions (between independent parties). A controlled transaction is comparable to an uncontrolled transaction if there are no material differences between the two transactions affecting price or profit, or if adjustments can be made to eliminate the differences.

There are five comparability factors that should be considered for a comparability analysis:

(i) contractual terms
(ii) functions performed, assets employed and risks assumed
(iii) characteristics of property transferred or services provided
(iv) economic circumstances and
(v) business strategies.

Acceptable transfer pricing methods

The Revenue Department endorses five methods for determining arm's length pricing:

- comparable uncontrolled price
- resale price
- cost plus
- transactional net margin and
- transactional profit split method.

Other methods may be used only if the taxpayer can prove that the five endorsed transfer pricing methods are inappropriate. In such cases, taxpayers must notify the Director-General of the Revenue Department in writing within the fiscal period that the other method is used. Supporting documentation must also be available upon request.

Benchmarking studies

When conducting a benchmarking analysis, internal comparables (similar transactions with unrelated parties) must be considered before any external comparables (similar transactions between independent third parties).

Subordinate regulations permit local and foreign data sources for benchmarking against external comparables. However, further guidance is expected on when foreign comparables may be accepted.

Definition of related party

A company or juristic partnership is considered a related party if:

- one party directly or indirectly holds at least 50% of the entire capital of the other party
- the same shareholders or partners directly or indirectly hold at least 50% of the entire capital in both entities
- one party has a capital, management or control relationship with another party so they can't operate independently, as defined by Ministerial Regulations.

Transfer pricing reporting requirements

Taxpayers with an annual turnover of more than Baht 200m must prepare a transfer pricing report. There are two levels of transfer pricing information to be reported:

1. Partial disclosure – Taxpayers must complete and submit a transfer pricing disclosure form online to the Revenue Department when filing their annual tax return

2. Full disclosure – Taxpayers must prepare and keep full transfer pricing documentation on file for the next five years after filing the disclosure form so it's available upon request.

These requirements apply to accounting periods beginning on or after 1 January 2021. The documentation focuses on the transfer pricing local file and aligns closely with the OECD standards.

Taxpayers who fail to meet the reporting requirements, including inaccurate or incomplete disclosures, may be fined up to Baht 200,000 per reporting level.

Country-by-country reporting requirements

Country-by-country reporting (CbCR) applies to entities whose accounting periods began on or after 1 January 2021.
The following entities must file the CbCR online with the Revenue Department:

1. The ultimate parent entity (UPE) of a Thai-headquartered MNE group
2. A foreign entity operating in Thailand that meets one of the following conditions:
    - Its UPE isn't required to file a CbCR in its jurisdiction
    - No exchange agreement exists between Thailand and the UPE's jurisdiction of tax residence
    - There has been a systematic failure to exchange CbCRs.

Foreign companies may designate a Thai entity as a surrogate parent to file CbCR on their behalf, subject to certain conditions.

The CbCR must be filed within 12 months of the financial year-end for Thai UPEs, or within 60 days of request for entities under local filing conditions.

Failure to file the CbCR on time may result in a fine of up to Baht 2,000.

Thailand signed the Multilateral Competent Authority Agreement on the Exchange of CbCRs (CbC MCAA) on 9 December 2022, enabling automatic exchange of CbCRs between participating jurisdictions. Entities with activated exchange relationships are exempt from CbCR local filing.

Thai representative entities must also notify the Revenue Department of the group's CbCR filing location via Thailand's CbCR online portal within 12 months of the financial year-end.

Advance pricing agreements (APAs)

Thailand accepts bilateral APAs, generally covering up to five accounting periods. Bilateral APA roll-back requests are permitted if the conditions of the roll-back period match those of the APA period.

Only Thai-incorporated companies or partnerships engaged in transactions with treaty party affiliates may apply for an APA.

Expected transfer pricing subordinate regulations

Further guidance is expected on:

- the interpretation of ‘relationship’ and ‘control’ under the third criterion of the definition of related parties
- the use of foreign comparables in benchmarking analyses.

The multilateral instrument (MLI)

On 9 February 2022, Thailand signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). As a member of the OECD’s BEPS Inclusive Framework since 2017, Thailand is committed to implementing the comprehensive BEPS package, including the following four minimum standards:

- Action 5: Counter harmful tax practices
- Action 6: Prevent tax treaty abuse
- Action 13: Transfer pricing documentation
- Action 14: Make dispute resolution mechanisms more effective

The Ministry of Finance has selected the following articles as applicable to Thailand:

- Article 5: Amend the elimination of double taxation provisions
- Article 6: Amend the wording in the title and preamble to prevent treaty misuse
- Article 7: Add a new article on testing the purpose of transactions to be used when considering privileges under double tax treaties
- Article 12: Amend the article on permanent establishment (PE)
- Article 13: Amend the article on PE to exempt PE status
- Article 14: Amend the article on PE to include measures that prevent contracts from being split
- Article 15: Amend the article on PE to add a definition for related entities
- Article 16 and 17: Revise affiliated enterprises in accordance with the OECD Model Tax Convention (2017).

Thailand currently has 61 double tax agreements in force. Of these, 58 are designated as ‘covered tax agreements’ in Thailand’s instrument of ratification, and 43 are ‘matched’ with the other jurisdiction. The matched agreements include those with Australia, China, Hong Kong, Ireland, the UK and the USA. The agreements with the Netherlands, Norway and Taiwan aren’t covered tax agreements.

Tax administration

Thailand operates a self-assessment tax system. Companies are responsible for preparing and filing their tax returns by the statutory deadlines and paying the taxes due at the same time.
The tax year for a company is its accounting period, which must be 12 months long. Exceptions apply for the first accounting period after incorporation, the period of dissolution or where approval has been granted for a change in the accounting period by both the Revenue Department and the Business Development Department.

Corporate income tax is paid twice a year. A half-year return must be filed within two months after the end of the first six months of the accounting period. Tax is calculated on half of the estimated annual profit, except for listed companies, banks, certain financial institutions, which must use actual net profit for the first six months. The annual tax return must be filed within 150 days of the accounting period's closing date. Credit is given for tax paid in the half-year return.

Penalties, surcharge and appeal

Taxpayers who fail to comply with tax administration requirements, are subject to the same penalties, surcharges and appeal procedures as stated in the personal income tax section.

Pillar Two

Pillar Two

The Pillar Two global minimum tax rules

On 14 December 2021, the OECD/G20 Inclusive Framework on BEPS, published the Global Anti-Base Erosion (GloBE) rules (commonly referred to as the Pillar Two rules). The rules established a coordinated system of taxation to ensure large multinational enterprises (MNE) groups pay taxes of at least 15 % in each jurisdiction in which they operate.

Many jurisdictions have enacted the Pillar Two rules into national legislation, effective from 1 January 2024. The rules are complex and continually evolving, which poses several practical challenges for MNEs in determining the impact and aiming to achieve full compliance.

Thailand's implementation of the Pillar Two rules

On 26 December 2024, the Top-up Tax Emergency Decree, B.E. 2567 (2024) (the Decree), Thailand's Global Minimum Tax law, was officially promulgated in the Royal Gazette. The Decree is effective for fiscal years starting on or after 1 January 2025.

Notably, while still under the purview of the Ministry of Finance and enforced by the Revenue Department, this Decree operates independently of the Thai Revenue Code.

Key components of the Draft Act are as follows:

Taxable individuals

The Decree is applicable to Thai entities that are members of an MNE group with total consolidated revenues in Thai baht that's equivalent to EUR 750m or more for at least two of the four preceding fiscal years. Similar to the GloBE Rules, the Decree excludes governmental entities, international organisations, non-profit organisations, pension funds, investment entities that are an ultimate parent entity (UPE), and certain other juristic persons from the scope of the law.

Charging mechanisms

The Decree closely follows the guidance issued by the OECD under the GloBE rules. It proposes that the following three tax-charging mechanisms are applicable to taxpayers who fall within the scope of the rules:

(i) Domestic Top-up Tax (DTT)

The DTT charges a top-up tax to Thai constituent entities if the MNE group's Thailand's effective tax rate (ETR) is below 15%

(ii) Income Inclusion Rule (IIR)

Thai constituent entities—including ultimate parent entities (UPE), partially owned parent entities (POPE) and intermediate parent entities (IPE)—are liable for top-up tax on foreign constituent entities they hold, if the ETR in the relevant foreign jurisdiction is below 15%

(iii) Undertaxed Payments Rule (UTPR)

Thai constituent entities are subject to top-up tax if the MNE group has residual top-up tax that's not collected through a qualified domestic top-up tax (QDMTT) or a qualified IIR, and a portion of that tax is allocated to Thailand.

Calculating the top-up tax

The mechanism for calculating the top-up tax proposed under the Decree aligns with the GloBE rules. However, the Decree leaves out the detailed adjustments to determine the net GloBE income or loss and the adjusted covered tax. These details are left to be addressed in supplemental ministerial regulations. Jurisdictional top-up tax is calculated using the following formula:

$$\text{Jurisdictional Top up tax} = (A \times B) + C\text{-}D$$

Where :

(A) is the excess profit of the jurisdiction, which is determined by subtracting the jurisdiction's substance-based income exclusion from its net GloBE income.

(B) is the top-up tax percentage of the jurisdiction, which is the difference between the jurisdiction's ETR and the minimum rate of 15%.

(C) is the additional current top-up tax, which is determined under specially defined circumstances.

(D) is the domestic top-up tax paid under a QDMTT regime of the jurisdiction.

Tax administration

As Thailand operates a self-assessment tax system, Thai taxpayers that fall within the scope of the Decree must submit the following returns to the Revenue Department within 15 months of the end of the fiscal year, based on the accounting period of the UPE:

(1) Notification – this must identify the MNE group to which the Thai entities in scope belong, the designated entity responsible for filing the GloBE Information Return, and the jurisdiction of both the UPE and the designated entity.

The Decree provides that if the MNE group has more than one Thai entity, one Thai entity could be designated to file on behalf of another, subject to certain designation procedures and appropriate record within the Notification.

(2) GloBE Information Return (GIR) – this is the primary information return detailing all of the MNE group's Pillar Two assessment for all jurisdictions and entities. However, the Decree also provides two primary reliefs to reduce the administrative burden of filing the GIR.

   a. First, the Thai entity of an MNE group would not need to file the GIR if another Thai entity of the same group has already filed the GIR to the Thai Revenue Department. This follows the designation protocols, similar to the Notification.
   b. Second, the Thai entity would also not need to file the GIR if it is already filed by the UPE or another designated filing entity in a jurisdiction with an automatic exchange of information protocol with Thailand which covers the GIR.

      Currently, Thailand has signed the Multilateral Competent Authority Agreement on the Exchange of GloBE Information (GIR MCAA) to facilitate the exchange of the GIR under the global minimum tax framework. The OECD officially included Thailand in the list of signatories to the GIR MCAA on 8 September 2026, however formal activation of the exchange relationships are still pending. Assuming Thailand completes its activation of the GIR MCAA before the compliance deadline, if the MNE group files in another jurisdiction listed on the GIR MCAA, a local filing of the GIR would not be required in Thailand.

(3) Top-up Tax Return and Payment – If there is tax liability arising for the Thai taxpayer in Thailand, regardless of the charging mechanism, a Top-up Tax Return must be submitted along with the corresponding top-up tax payment. A nil return would not have to be filed under the Decree.

For the first year in which the MNE group falls within the scope of the Decree, the submission deadline is extended to 18 months from the end of the fiscal year, based on the UPE's accounting period.

Under the Decree, there are no registration requirements for Thai taxpayers that fall in scope of the Decree.

Penalties and surcharge

Taxpayers who incorrectly file the GIR or the top-up tax return will be subject to a penalty of 100% of the tax shortfall. Those who fail to file the GIR and/or top-up tax return will be subject to a penalty of 200% of the shortfall.

In addition, failure to make a payment, or an incomplete payment would result in an additional 1.5% surcharge per month, which aligns with the domestic rules under the income tax law.

Penalties can be reduced or waived with Ministerial approval, and the surcharge can be reduced to 0.75% per month, subject to the procedures and criteria prescribed by the Director-General,

Refund

The timeframe for claiming refunds for any excess top-up tax paid is three years from the last day of the deadline for filing the respective tax return.

Statute of limitations

For failing to file a tax return accurately or completely, the Revenue Department may issue a summons requiring the taxpayer to respond to questions within five years of the date of filing the top-up tax return or the GloBE Information Return. This could be extended by an additional two years.
The statute of limitations for the top-up tax is ten years from the date of filing.

Value Added Tax

Value Added Tax

Basis of taxation

Value added tax (VAT) is a non-cumulative broad-based consumption tax levied on the supply of goods or provision of services in Thailand by VAT operators or import of goods into Thailand.

For domestic transactions, VAT is calculated on the total price of the goods delivered or services provided. A service is considered to be supplied in Thailand if it's performed in Thailand, regardless of where it's used, or if it's performed abroad but used in Thailand. In principle, registered VAT operators may credit input VAT on business-related purchases of goods or services against their output VAT.

Taxpayers

Generally, unless specifically exempt, every person who conducts business in Thailand is liable to pay VAT, regardless of whether the business is conducted by an ordinary person, group of persons, partnership, company or any other juristic persons. This includes:

- manufacturers, importers, wholesalers, retailers and any other individuals who sell goods during their business or professional activities
- individuals providing services
- agents in Thailand of foreign suppliers who sell goods and provide services during their business.

Registration

Persons who have an annual turnover of more than Baht 1.8m must register as VAT operators. Only registered VAT operators are entitled to a credit or refund of input VAT.

Exemptions

- Individuals and business activities exempt from VAT include:
  - taxpayers with total sales of less than Baht 1.8m
  - sale of unprocessed agricultural products
  - sale of goods or products related to agriculture, e.g. fertilisers, animal feed and pesticides
  - sale of newspapers, magazines and textbooks
  - sale of animals whether dead or alive

  (Note 1 below applies to all of the above)
- Educational services, including government and private schools
- Artistic and cultural services

- Medical, auditing and court practice services
- Healthcare services including government and private hospitals and clinics
- Research and technical services
- Libraries, museums, zoos and amateur sports
- Public performers
- Domestic transportation (see note 2 below)
- International transportation by land
- Rental of immovable property
- Services of government agencies and local government which send all revenue before expenses to the government
- Religious activities and public charities
- Imported goods brought into a duty-free zone that are exempt from import duties under the law
- Goods exempt from import duties pursuant to Chapter 4 of the Customs Tariff Code
- Imported goods processed by the Customs Department and returned abroad.

Notes:

1. Businesses undertaking these activities are eligible to register as VAT operators.
2. Businesses undertaking local transportation by aircraft or ship as well as transportation of fuel oil through pipes in Thailand are eligible to register as VAT operators. Local transportation by ship includes transportation between sea and rivers within Thailand.

Tax rates

- The standard rate of VAT is 10% but the government has the power to reduce the rate. The current reduced rate of 7% is valid until 30 September 2027.
- A 0% rate applies to:
  - exported goods
  - services provided in Thailand but used, either partly or wholly, in a foreign country
  - international transportation by aircraft or ship
  - the sale of goods or services to government agencies or state enterprises under foreign aid programmes
  - the sale of goods or services to the United Nations or its specialised agencies as well as embassies and consulates general
  - the sale of goods and services between bonded warehouses or between enterprises located in a duty-free zone or between bonded warehouses and enterprises located in a duty-free zone.

Computation

VAT operators must charge VAT on the sale of goods or the provision of services. This is called output tax. The tax paid by VAT operators upon the purchase of goods or services is called input tax. Input tax is creditable against output tax to calculate the amount of tax due:

Tax due = output tax – input tax

If output tax exceeds input tax, the difference must be paid to the Revenue Department. Conversely, if input tax exceeds output tax, taxpayers are entitled to a refund or credit for the excess.

Reverse charge VAT

When a foreign supplier provides goods or services in Thailand, or provides services abroad that are used in Thailand, the Thai payer of the invoice is responsible for remitting the applicable VAT. This VAT must be paid within seven days of the last day of the month in which the payment was made. The VAT remitted under the reverse charge mechanism is treated as input tax and may be credited in the same way as other input tax incurred by the payer.

Tax invoices

VAT-registered operators must issue tax invoices showing the value of goods or services provided together and the VAT charged. All required details must be completed as prescribed by law. If a tax invoice contains incomplete or incorrect information, the operator may be unable to claim the input tax.

Overseas digital service providers

Non-resident electronic service providers and platform operators earning more than Baht 1.8m annually from non-VAT registered customers in Thailand must register for VAT, file VAT returns and pay VAT (without deducting input tax) via the Revenue Department's online system. These taxpayers aren't required to issue tax invoices or maintain tax reports.

The term 'electronic service' refers to intangible property delivered via the internet or other electronic networks, where the service is substantially automated and reliant on information technology. Examples include online games, mobile apps and online advertising. It doesn't include goods sold online and imported into Thailand.

An 'electronic platform' is a market, channel or other process used by multiple service providers to deliver electronic services to customers.

VAT becomes payable when payment for the service is received.

Other considerations regarding digital services include:

- Permanent establishment (PE): VAT registration alone doesn't determine whether a non-resident electronic service provider or platform has a PE in Thailand.
- Determining use of an e-service in Thailand: Service providers and platforms may rely on customer data routinely collected during business operations to determine whether a service is used in Thailand. This may include:
  - payment methods (e.g. credit card, bank account details)
  - residence (e.g. home address, billing address)
  - access (e.g. mobile country code of SIM card, IP address).

Tax administration

Returns

VAT operators must file monthly tax returns no later than the 15th day of the following month.

Documents and records

VAT operators must maintain tax invoices received and copies of tax invoices issued, as well as supporting documents and records. For instance, VAT operators must properly maintain bookkeeping and records of goods and raw materials at the place of business at all times.

Penalties and surcharge

For non-compliance with VAT obligations, the following penalties apply:

- Failure to register for VAT or continuing business after VAT registration is revoked: a penalty of 200% of the tax due (minimum Baht 1,000 per month)
- Failure to file monthly VAT returns on time: a penalty of 200% of the tax due
- Miscalculation of tax in the return filing: a penalty of 100% of the underpaid tax
- Misstatement of the output or input tax: a penalty of 100% of the deficient output tax or excess input tax
- Failure to issue a tax invoice to a purchaser: a penalty of 200% of the tax due
- Failure to prepare required reports: a penalty of 200% of the tax due
- Surcharge for underpaid tax: an additional 1.5% per month, capped at the amount of tax due.

Specific Business Tax

Specific Business Tax

Because it can be difficult to determine the added value of certain businesses—particularly in the financial sector—Thailand introduced specific business tax (SBT) as an alternative to VAT. SBT is levied on gross revenue at fixed rates and operates alongside the VAT regime.

Taxpayers

The following individuals conducting SBT-applicable transactions in the ordinary course of business must register as SBT operators:

- Individuals, including a non-juristic body of persons
- Corporate entities
- Government agencies or cooperatives

Businesses subject to SBT and applicable rates

	%
• Commercial banking, financial and credit foncier business	3.0*
• Life insurance	2.5
• Pawnshop brokerage	2.5
• Sale of immovable property, real estate	3.0
• Sale of securities in the stock exchange	0.1**
• Business with regular transactions similar to commercial banking	3.0

* The SBT rate for certain banking income has been reduced from 3% to 0.01%.

** Currently exempt from SBT

An additional municipality tax of 10% is applied on top of the SBT rate.

The sale of futures contracts in under the Agricultural Futures Exchange of Thailand (AFET) and the sale of derivatives under the Thailand Futures Exchange (TFEX) are exempt from SBT.

Tax administration

Businesses subject to SBT must file monthly tax returns no later than the 15th day of the following month.

Penalties and surcharge

- The penalty for failing to register for SBT is 200% of the tax due.
- The penalty for failing to file monthly SBT returns is 200% of the tax due.
- The penalty for incorrect or underpayment of tax in a monthly tax filing is 100% of the tax underpaid.
- For underpaid tax, there's an additional surcharge of 1.5% per month capped at the amount of tax due.

Stamp Duty

Stamp Duty

Basis of taxation

Stamp duty is levied on the execution of 28 types of documents and instruments listed in the stamp duty schedule under the Revenue Code.

Rates

Stamp duty rates vary according to the nature of the documents or instruments. Most contracts and agreements are subject to a rate of Baht 1 per Baht 1,000 of value, while many commercial and other documents are subject to a fixed amount per instrument. Duty must be paid at the rate specified in the schedule.

Documents and instruments subject to stamp duty

- Contracts/agreements
  - Lease of land or buildings
  - Hire purchase
  - Hire of work
  - Loan
  - Partnership contract
- Financial or commercial documents
  - Transfer of shares or debentures
  - Bill of exchange
  - Promissory note
  - Bill of lading
  - Share or debenture certificate
  - Cheque or traveller’s cheque
  - Letter of credit
  - Receipt for interest bearing bank deposit
  - Carrier’s receipt
  - Suretyship
  - Pledge
  - Warehouse receipt
  - Delivery order
- Agency or power of attorney
- Duplicate of original document

- Award given by arbitrator
- Memorandum or Articles of Association of a limited company
- Proxy for voting
- Policy of insurance
- Receipt for transfer of rights in immovable property which gives rise to its registration
- Receipt for sale, transfer of ownership or hire purchase of a vehicle

Payment of stamp duty and surcharge

In general, the person receiving payment under the instrument is responsible for paying the stamp duty. Payment is made by affixing stamps to the document and crossing them out. However, certain high-value instruments require payment in cash to the Revenue Department, including:

- lease of land, buildings, other construction or floating rafts with rental of Baht 1m or more
- hire of work agreement with remuneration of Baht 1m or more.

Stamp duty must be paid within 15 days of the date the instrument is executed in Thailand. Exceptions apply to certain taxpayers, such as financial institutions and insurance companies, who must pay stamp duty in cash twice monthly:

- by the 22nd for instruments executed during the first half of the month
- by the 7th of the following month for those executed during the second half of the prior month.

For electronic instruments, stamp duty must be paid in cash via the Revenue Department's online system. Filing and payment can be made before execution or within 15 days after the date of execution. The system has been available for electronic and paper instruments since 1 January 2026.

Failure to pay the stamp duty or affix stamps on time may result in a surcharge of 200% to 600% of the duty payable. Unstamped documents or instruments are inadmissible as evidence in a civil lawsuit.

Customs Duties

Customs Duties

Basis of taxation

Customs duties are imposed under the Customs Act and the Customs Tariff Decree, and apply to both imports and a limited number of exports.

Imported goods are classified using the Harmonised Commodity Description and Coding System (commonly known as the Harmonised System). Thailand follows the ASEAN Harmonised Tariff Nomenclature (AHTN) 2022, which is based on the Harmonised System 2022.

Duties are charged on either a specific or ad valorem basis — whichever results in the higher amount. Ad valorem rates range from 0% to 80%.

Exemptions from import duties are available for certain goods as specified in the Customs Tariff Decree. Preferential duty rates may apply to goods imported from countries that have a free trade agreement (FTA) with Thailand.

Currently, Thailand has FTAs with:

- ASEAN member states (Singapore, Vietnam, Malaysia, Indonesia, Philippines, Cambodia, Laos, Myanmar, and Brunei)
- Regional Comprehensive Economic Partnership (RCEP – which includes ASEAN member states plus China, Korea, Japan, Australia and New Zealand)
- Australia
- Chile
- India
- Japan
- New Zealand
- Peru

Also, as a member of ASEAN, Thailand has preferential trade agreements with:

- Australia and New Zealand
- China
- Hong Kong
- India
- Japan
- Korea

Generally, the value of imports is based on their cost, insurance and freight (CIF), while exported goods are based on their free on board (FOB) amount.

Thailand follows the World Trade Organisation (WTO) valuation agreement, which uses the transaction value, which uses the transaction value as the primary basis for customs valuation. This refers to the price actually paid or payable for goods sold for export, subject to certain adjustments.

Additions to the transaction value may include:

- royalties and licence fees related to the goods and paid as a condition of sale
- proceeds from subsequent resale of the goods in Thailand
- value of goods or services provided by the buyer, such as design or development fees related to the imported goods.

If the declared price is evidently low or is unlikely to be the true value of these goods, Thai Customs will likely dispute the declared price.

Customs controls and procedures

Customs procedures for goods arriving in Thailand—by any mode of transport—are broadly aligned with international standards. Importers must submit an entry form together with supporting documents such as the bill of lading, invoice and packing list via the Customs paperless system.

Customs duties become payable upon the arrival of the vessel carrying the imported goods. Goods may be stored in a Customs warehouse for up to 45 days without submitting an import entry, and for up to 60 days if an import entry has been submitted.

Before the goods are released, landing and storage charges must be paid.

Customs incentive schemes

Thailand offers a range of customs incentive schemes, each with its own specific conditions and duty privileges, including:

- Duty and tax compensation (tax coupons)
- Duty drawback for imported raw materials used in export production
- Duty drawback for re-export in the same state
- Free zones (Customs or Industrial Estate Authority of Thailand free zones)
- Manufacturing bonded warehouses
- General bonded warehouses
- Board of Investment (BOI) promotion

- Preferential import duties under FTAs.

Offences and penalties

While customs offences are typically criminal in nature, enforcement typically focuses on recovering tax arrears and imposing fines. Offences include:

- non-compliance with customs procedures
- false declarations and
- smuggling and evasion of customs duties (the most serious offence).

Statutory penalties are governed by the Customs Act. If the offender and Customs agree to settle without prosecution, penalties are applied according to the settlement criteria set by the Director-General of the Customs Department.

A typical fine for duty evasion ranges from 50% to 200% of the duty shortfall for each import entry. A VAT penalty may also be applied proportionally based on the duty fine. Duty and VAT surcharges are capped at the amount of the shortfall.

For import licensing errors can be resolved by surrendering the goods or paying a fine in lieu based on their value. Penalties for smuggling offences are calculated as a multiple of the value of the goods.

Excise Tax

Excise Tax

Basis of taxation

Excise tax is a form of consumption tax applied to the sale of selected goods and services, whether manufactured locally or imported. Tax liability arises for locally manufactured goods, when they leave the factory, and at the time of importation for imported goods (Customs Department collects excise taxes on behalf of the Excise Department).

Excise tax (ET) is calculated using either ad valorem rates—a percentage of the suggested retail price (SRP) and/or specific rates—based on quantity or weight. The formula by product:

- Motor vehicles, motorcycles and cosmetic products: SRP x ET rate
- Petroleum oil products: specific rate x quantity
- Non-alcoholic beverages and tobacco products: (SRP x ET rate) + (specific rate x quantity)
- Alcoholic beverages: (SRP x ET rate) + (specific rate x quantity x degree of pure alcohol).

Taxable goods and services

Goods/services	Ad valorem rate (%)	Specific rate
Petroleum and petroleum products	0	Baht 0–7.5 per litre or kilogramme
Certain non-alcoholic beverages	0 to 14	Baht 0–44 per litre (depending on sugar contents)
Certain electrical appliances	0	-
Batteries	0 to 8	-
Crystal glassware	0	-
Motor vehicles	0 to 50	-
Motorcycles	0 to 25	-
Boats	0	-
Perfume products and cosmetics	0 to 8	-
Woolen carpets	0	-
Marble and granite	0	-
Ozone depleting substances/CFCs	0 to 30	-
Alcoholic beverages	0 to 22	Baht 0–1,000 per litre of pure alcohol
Cigarettes containing tobacco	0 to 42	Baht 0–1.25 per piece or gram
Playing cards	0	Baht 2–30 per 100 cards
Entertainment services	0 to 10	-
Racecourses and lotto	0 to 20	-
Golf courses	0 to 10	-
Telecommunications business	0	-

In addition to excise tax, an interior tax of 10% of the excise tax payable is levied. Health tax and Thai Public Broadcasting Service tax (TPBS tax or TV tax) may apply to specific products such as cigarettes and alcoholic beverages.

Manufacturers and importers of excisable products must file the SRP notification form before removing /importing the products. They must also submit a monthly inventory report in accordance with excise notification requirements.

Petroleum Income Tax

Petroleum Income Tax

Basis of taxation

International oil companies may conduct exploration and production activities in Thailand under a concession, a production sharing contract or a service contract.

Taxation of income from petroleum operations depends on the type of arrangement: 1) concessionaires and production sharing producers are taxed under the Petroleum Income Tax Acts (PITA), and 2) service contract operators are taxed under the Revenue Code, not under PITA.

Companies taxed under the PITA are exempt from taxes and duties on income imposed under the Revenue Code and under any other laws. The exemption applies to income subject to PITA and to dividends paid out of income subject to the PITA.

Taxable income

Concessionaires are taxed at 50% of their annual net profit from petroleum operations. This includes profits from the transfer of concession interests and other related activities. Deductions are allowed for ‘ordinary and necessary’ business expenses, as well as depreciation on capital expenditure, petroleum royalties (under PITA 1, only royalties on exported crude oil are deductible; for domestic sales, a credit may be claimed), and other allowable charges. Certain expenses, such as interest, are specifically disallowed.

Production sharing producers are taxed at 20% of annual net profit from petroleum operations, including income from the transfer of rights, annuities or other recurring income.

Functional currency

Petroleum companies subject to PITA, including companies under production sharing contracts, may—with the approval of the Director-General of the Revenue Department—adopt a foreign functional currency and maintain accounting records in a foreign language.

Where adopted, the foreign functional currency must be used for calculating net profit subject to petroleum income tax. Taxes, penalties and surcharges will also be assessed in that currency.

Tax administration

Annual tax returns must be filed within five months from the end of the accounting period at the local Revenue Office. Half-year tax returns are required for all petroleum companies except those under the PITA 1 regime.

Penalties and surcharge

Failure to file accurate and timely returns may result in penalties and surcharges. However, these may be waived or reduced at the discretion of the Revenue Department if no wilful evasion is found.

Where the foreign functional currency is used, the Revenue Department will assess taxes, penalties and surcharges in that currency.

Local Taxes

Local Taxes

Basis of taxation

Thailand is divided into 77 provinces, each administered by a local autonomous authority—a municipality. Municipalities, including Bangkok and Pattaya, impose two major local taxes: land and building tax and signboard tax.

Land and building tax

The following individuals or entities are subject to the tax:

- Owners of land or buildings (individuals or juristic persons)
- Users or possessors of state-owned land or buildings
- Individuals acting on behalf of the taxpayer (e.g. executor, heir, legal guardian, representative of a juristic person, co-owner).

Ownership or possession as of 1 January each year triggers the tax obligation. If land and buildings are owned separately, each owner is taxed on their respective property.

The following properties are subject to the tax:

- Land including mountains and water basins
- Buildings used for residence, storage, industry or commerce
- Condominium units with title deeds under the Condominium Act
- Rafts used for residence or commercial benefit.

The following properties are exempt from the tax:

- Government (or state)-owned property used for public purposes, and not for profit
- Diplomatic or international agency premises, including embassies, consulates, the United Nations, UN specialised agencies or offices
- Thai Red Cross property
- Religious property not used for profit
- Public cremation grounds without remuneration
- Charitable foundations or organisations not established for profit, as prescribed by the Minister of Finance
- Privately owned property used by the government for public purposes, under the criteria and conditions prescribed by the Ministry of Finance
- Common areas in condominium
- Land designated for public utilities under the law on land development and the law on the Industrial

Estate Authority of Thailand
- Other exemptions under ministerial regulations.

Tax base and tax rates

The tax is based on the appraised value of the land, buildings or condominium units used for collecting fees under the Land Code. The tax to be paid = the appraised value – the exempt portion (see below) multiplied by the tax rate.

The statutory maximum rates range from 0.15% to 3% depending on the use. The actual rates are published in a royal decree.

In addition, municipalities may set higher rates but within statutory maximum limits.

The following properties are eligible for a 50% or 90% reduction in the tax rates:

Eligible for 50% reduction

- Residential property with buildings, construction or condominiums that's inherited or registered before 13 March 2019, which is used for residential purposes by individual (natural person) owners or by owners or occupants whose names appear on the house registration
- Power plants and associated land or buildings
- Dams for electricity generation and connected areas
- Water treatment plants and related facilities used for water production.

Eligible for 90% reduction

- Foreclosed property held by financial institutions and asset management companies (as specified by royal decree) for less than five years
- Housing or industrial projects under development for a period not exceeding three years from the date of receiving approval for land allocation
- Land or construction that's part of a condominium development for a period not exceeding three years from the date of receiving approval for construction
- Industrial estates under development for a period not exceeding three years from the date of receiving approval for establishment
- Land or building for development for which entrepreneurs have obtained approval under the land development law, condominium law or the Industrial Estate Authority of Thailand law, which remains unsold for two years after 13 March 2019
- Land or construction for the purpose of higher educational institutions

- Land or construction for private schools, such as formal schools, religious schools, and mosque-based Islamic education centres
- Land or buildings for general public interest, such as sports grounds, zoos, theme parks, parking facilities for the Mass Rapid Transit Authority of Thailand and public bus parking lots
- Airport runways, taxiways, and aprons
- Roads, elevated expressways and concession highways.

If land and buildings are used for multiple purposes, tax is assessed proportionally based on the usage, under the criteria set by the Ministry of Finance and Ministry of Interior.

The local municipality must announce the appraised value of land and buildings, the tax rates to be collected, and other necessary details for the tax collection before 1 February each year, according to the criteria set out in the ministerial regulation.

Tax exemptions

Agricultural land or buildings owned by individuals, valued at no more than Baht 50m is exempt from the tax.

Residential land and buildings owned by individuals with house registration (on 1 January in any year) and valued at no more than Baht 50m are exempt from the tax.

If an individual owns only the building—valued at no more than Baht 10m—and uses it for residential purposes, with their name on the house registration on 1 January in any year, they are also exempt from the tax.

Tax assessment and tax payment

The land and building tax is levied on an annual (calendar year) basis and classified as ‘tax assessed by the authorities’ where the local municipality sends a tax assessment letter to the taxpayer before the end of February of each year. The taxpayer must pay the assessed tax before the end of April each year.

For 2026, the Ministry of Interior has extended the implementation timeline for this law. The tax assessment letter will be issued by the end of April 2026, and taxpayers must pay the tax by the end of June 2026.

Signboard tax

An annual signboard tax is imposed on signs or billboards, which display a name, brand names or trademark used in conducting trade or other business activities for the purpose of generating income, or advertising.

Owners of signboards are liable to pay signboard tax, which varies according to the size of the sign and the language displayed. The Signboard Tax Act of 1967 prescribes maximum rates per 500 sq. cm as follows: Baht 10 for signs displaying Thai characters only, Baht 100 for signs with Thai characters mixed with foreign characters or with other images or symbols, and Baht 200 for signs that contain no Thai characters, or that contain partial Thai characters positioned below, or otherwise subordinate to, foreign characters. Current applicable rates per 500 sq. cm are set by the Ministerial Regulations on Signboard Tax Rates of 2020: Baht 5–10 for all-Thai signage, Baht 26–52 for mixed Thai and foreign signage, and Baht 50–52 for foreign-only signage or where Thai text appears below foreign text.

The following signboard categories are exempt from the signboard tax:

- Signs of government agencies under the law on state administration organisation, and of state organisations established under the law on establishment of state organisations or under other laws
- Signs of the Bank of Thailand, Government Savings Bank, Bank for Agriculture and Agricultural Cooperatives, Government Housing Bank, and Industrial Finance Cooperation of Thailand
- Signs of private schools, institutions, and signs displayed within the buildings and premises of such private school and institutions
- Signs of religious bodies or charitable organisations and associations or foundations
- Signs displayed within the area of temporary or occasional events
- Signs displayed in theatre or within its premises, for advertising the theatre
- Signs displayed on goods or its packaging
- Signs of agricultural operators selling their owns products
- Signs attached to a person or an animal
- Signs displayed inside a building used for commercial purposes or other business activities, or within a private building, provided that the sign is for generating income and each sign does not exceed the size specified in the Ministerial Regulation, but not including signs under the law on commercial registration.

Owners of signboards must file tax returns in March of each year and pay the signboard tax within 15 days of receiving the tax assessment notification.

Failure to file a tax return incurs a surcharge of 10% of the signboard tax payable.

Failure to pay signboard tax within the prescribed time also incurs a surcharge of 2% per month of the tax payable. Additionally, failure to pay signboard tax may result in the local authorities seizing and selling the property of such signboard owner to cover the outstanding signboard tax.

Inheritance Tax

Inheritance Tax

Individuals or juristic persons who receive an inheritance from a testator are subject to inheritance tax. This applies to:

- Thai nationals
- non-Thai nationals with a domicile in Thailand under the immigration law
- non-Thai nationals receiving an inheritance which is an asset located in Thailand.
- Juristic persons registered or incorporated in Thailand, or those in which more than 50% of shares are held by or which are controlled by Thai nationals. This include non-Thai juristic person receiving an inheritance which is an asset located in Thailand.

The inheritance recipient is subject to inheritance tax only on the value of the inheritance received from each testator that exceeds Baht 100m, regardless of whether the inheritance is received in a single occasion or in multiple occasions.

The inheritance tax rate is generally 10% of the taxable value of the inheritance. However, if the inheritance recipient is an ascendants or descendants of the testator, the tax rate shall be 5% of the net taxable value of the inheritance.

The inheritance tax is payable within 150 days of receiving the inheritance that gives rise to the tax liability. The inheritance received by the spouse of a testator is outside of the inheritance tax scope.

Property subject to inheritance tax includes immovable property, securities governed by the Securities and Exchange law, bank deposit accounts and similar financial assets, where the testator retains the right to reclaim or withdraw funds from financial institutions or individuals holding the money, registered vehicles and other financial assets prescribed by Royal Decrees.

Tax Incentives

Tax Incentives

The Board of Investment (BOI)

The BOI operates under the Investment Promotion Act of 1977 (including amendment 4, 2017) and the Competitive Enhancement Act of 2017, with authority to grant incentives and privileges to qualified investments.

Under the Investment Promotion Act, eligible investors must be a limited company, foundation or cooperative established under Thai law. However, under the Competitive Enhancement Act, only limited companies are eligible.

To ease restrictions and encourage foreign investment, the BOI applies the following rules:

- Agriculture, animal husbandry, fishery, mineral exploration and mining and businesses under Schedule 1 of the Foreign Business Act, 1999: Thai nationals must hold at least 51% of registered capital.
- Manufacturing projects: foreign investors may hold majority or full ownership.
- The BOI may set specific shareholding conditions where appropriate.

The amended Investment Promotion Act offers a maximum corporate income tax exemption period of 13 years. The Competitive Enhancement Act extends the exemption period to a maximum of 15 years. It also provides for a competitive enhancement fund of Baht 10bn which aims to lure high-value investors in industries using advanced technologies, geared towards innovation and research and development.

However, obtaining privileges under both Acts isn't feasible. Investors can only use the privileges under one of the Acts.

The BOI provides tax and non-tax incentives under both Acts as well as various guarantees and protection measures. These vary with the nature and importance of the activities, project locations and other criteria.

The BOI has also designated activities under Investment Promotion Act as targeted core technologies. They are entitled to corporate income tax exemption without any cap for up to 13 years. Other eligible activities are entitled to a corporate income tax exemption without a cap for up to eight years.
The targeted core technologies are:

- biotechnology
- nanotechnology
- advanced material technology
- advanced electronic parts (i.e. manufacture of wafer)

The other eligible activities are:

- BGG industries
- advanced manufacturing, such as automotive, electronical industries
- basic and supporting, such as steels, chemical and public utilities industries
- creative, digital and high value services, such as software development, logistics industry

The following tax benefits may be granted to qualifying investment projects:

Import duty relief

- Full or partial exemption on imported machinery
- Exemption on raw and essential materials imported for manufacturing for export
- Up to 90% reduction on import duties for raw materials used in domestic production, provided comparable materials aren't sufficiently available in Thailand
- Exemption on items imported for research and development

Corporate income tax incentives

- Tax exemption (with or without a cap) equal to or more than the amount invested, excluding the cost of land and working capital, for up to 13 or 15 years. This depends on the applicable law, project type and location
- 50% reduction in the corporate income tax for up to five years following the end of the tax holiday
- Exclusion of dividends received from promoted enterprises from taxable income during the exemption period and for six months after

Location-based incentives

- Double deduction of transportation, electricity and water supply costs for ten years from the date revenue is first earned
- Additional 25% deduction on infrastructure installation or construction costs, on top of standard depreciation. This may be claimed in one or multiple years within ten years from the start of revenue generation.

Additional merit-based incentives, based on the value of the project, are available. The aim is to motivate investors applying under the Investment Promotion Act to invest in or spend on activities that will benefit the country or industry as a whole.

Merit on decentralisation

The BOI grants an additional decentralisation merit for businesses located in 20 targeted provinces, which includes the following incentives:

- An additional three-year corporate income tax exemption may be granted on top of standard incentives, provided the total exemption period doesn't exceed 13 years. For activities receiving an eight-year tax holiday (excluding targeted core technologies), a 50% reduction in corporate income tax applies to net profits from the promoted activity for five years after the exemption period ends—or from the date income is first earned, if no tax holiday was granted.
- Investors may claim a double deduction for expenses related to transportation, electricity, and water supply for a period of ten years from the date revenue is first generated from the promoted activity.
- A 25% additional deduction is allowed for infrastructure installation or construction costs, in addition to standard depreciation. This deduction may be applied to net profits in one or multiple years within ten years from the date revenue is first earned.

Merit on research and development

The BOI may grant an additional investment cap of up to 300% of the approved expenses incurred for internal R&D, advanced employee training, or the development of local suppliers. In addition, a further tax exemption for up to five years (not exceeding 13 years in total) may be granted.

Merit on industrial area development

The BOI may grant an additional one-year corporate income tax exemption for eligible activities located within an industrial estate or promoted industrial zone. However, the total exemption period must not exceed eight years, except for targeted core activities, which are entitled to a maximum of 13 years exemption with no cap on the exempted amount.

Other incentives, guarantees and protection measures

In addition to tax benefits, the BOI offers a range of non-tax incentives to supported enterprises. These include permission to bring in foreign nationals for investment feasibility studies, employ foreign technicians and experts for promoted projects, own land for the purpose of carrying out promoted activities, and remit foreign currency abroad freely.

The BOI provides guarantees against nationalisation, competition from new state enterprises, state monopolisation of the sale of products like those produced by the promoted project, price controls and tax-exempt imports by government agencies or state enterprises.

Protection measures include surcharges on imports, import bans on products that compete with those produced by promoted enterprises, and discretionary relief measures, including tax relief, as authorised by the Chairman of the BOI.

Free Zones in Thailand: IEAT and Customs Free Zones

Thailand offers two types of free zones to promote industrial and commercial activities: the IEAT Free Zone under the Industrial Estate Authority of Thailand Act, and the Customs Free Zone (CFZ) under the Customs Department. Both zones provide significant tax and regulatory benefits to qualifying operators.

IEAT free zone

Designated for industrial, commercial, and related activities that support national economic, security, environmental, or public welfare objectives, IEAT Free Zones offer the following privileges:

- **Tax exemption on machinery and construction materials:** Import duties, VAT, and excise tax are exempt on machinery, equipment, tools, and components essential for production or commercial use, as well as materials used in constructing or installing factories or buildings. Note: Consumer products and vehicles are not exempt.
- **Tax exemption on raw materials:** Raw materials imported into the zone for production or commercial use are exempt from import duties, VAT, and excise tax. This includes materials sourced from: other IEAT free zones, BOI-promoted exporters, bonded warehouses, imports under bank guarantee for re-export, and items exempt under other laws.
- **Regulatory exemptions for export production:** Goods imported into the zone for export-related processing (e.g. mixing, assembling, packing) are exempt from laws governing import/export controls, standards, and labelling—except for Customs regulations.
- **Domestic sales treated as imports:** Goods manufactured in the zone and sold within Thailand are treated as imported goods and subject to import duties and VAT. Sales between IEAT zone operators may be subject to VAT at either the standard or zero rate
- **Preferential duty rates:** Goods meeting origin and manufacturing criteria may qualify for preferential duty rates when entering the Thai domestic market.

Customs free zone (CFZ)

CFZs are designed to support export-oriented industrial and commercial operations. Companies must apply for approval from the Director-General of the Customs Department and enter into a guarantee agreement, comply with customs regulations, and pay an annual fee.

To qualify as a CFZ, a company must apply for approval by the Director-General of the Customs Department. Once approved, the company must enter into a guarantee agreement with the Customs Department, comply fully with all customs regulations and pay an annual fee as prescribed by law.

Operators in CFZs are granted the following rights and privileges:

- **Tax exemption on machinery and equipment:** Import duties, VAT, and excise tax are exempt on machinery, equipment, tools, and components essential for industrial or commercial use. Transfers from other CFZs also qualify.
- **Tax exemption on raw materials:** Raw materials imported for production or commercial use are exempt from duties and taxes. Eligible sources include: other CFZs, BOI-promoted exporters, bonded warehouses, imports under bank guarantee for re-export, items exempt under other laws
- **Regulatory exemptions for export production:** Goods imported for export-related processing are exempt from laws on standards, quality control, and labelling, subject to rules set by the Director-General.
- **Domestic sales treated as imports:** Goods manufactured in a CFZ and sold in Thailand are treated as imported goods and subject to duties and VAT. Sales between CFZ operators may be subject to VAT at either the standard or zero rate.
- **Preferential duty rates:** Goods meeting origin and manufacturing criteria may qualify for preferential duty rates when entering the Thai domestic market.

Goods stored in either IEAT or CFZs are subject to a two-year storage limit, extendable by one additional year with approval. Approval must be obtained within 30 days before the expiry of the initial period. Failure to secure an extension within this timeframe will result in the goods being subject to import duties and taxes.

Eastern Economic Corridor (EEC)

The EEC is a strategic initiative aimed at accelerating Thailand's future growth by promoting innovation and advanced technologies in targeted industries. It focuses on developing new economic cities within the provinces of Rayong, Chonburi, and Chachoengsao.

EEC promoted companies are granted corporate income tax exemptions and/or reduction privileges for up to 13 years.

Under the investment promotion law, the BOI has designated specific zones within the EEC for enhanced incentives:

- Eastern Airport City (EECa)
- Eastern Economic Corridor of Innovation (EECi)
- Digital Park Thailand (EECd)

- Medical Hub Thammasat University (Pattaya) (EECmd)
- Genomics Thailand (EECg)

Only investors in eligible activities granted tax incentives for five or more years (excluding those on the negative list), targeted core technologies, or enabling services may apply. Applications were required by 30 December 2022, except for those in special zones with no deadline.

The BOI provides the following tax incentives:

- BOI standard incentives
- Additional corporate income tax exemption up to two years for certain activities
- 50% corporate income tax reduction for three years after the end of the tax holiday.

However, the EEC incentives can't be used together with those under the merit-based industrial area development scheme.

The EEC Act also grants a flat personal income tax rate of 17% to experts with specialised skills working in designated EEC zones. This is applicable to both expatriates and Thai nationals employed in target industries.

International business centres (IBC)

The IBC regime replaces the former ROH, IHQ, and ITC schemes. It supports Thai-incorporated companies providing services to affiliated enterprises or engaging in international trade.

To qualify as an IBC, a company must:

- be a Thai-incorporated entity
- provide management, technical, support or treasury services to affiliates or for undertaking international trade
- have paid-up capital of at least Baht 10m on the last day of each accounting period
- employ at least ten full-time skilled personnel for the IBC (or at least five if the IBC acts only as a treasury centre)
- incur minimum annual expenses of Baht 60m paid to Thai recipients.

Management, technical, support services comprise:

- general management, business planning, and business coordination
- procurement of raw materials and parts
- research and development of products
- technical support
- marketing and sales promotion
- personnel management and training

- financial advice
- economic and investment analysis and research
- credit control and management.

Treasury management services comprise:

- management of a treasury centre under exchange control law
- baht-based borrowing and lending as permitted under exchange control law.

An international trading business buys and sells goods, which may include the provision of services related to the goods purchased and sold. These services include:

- procurement of goods
- storage of goods while awaiting delivery
- packing and packaging
- transportation of goods
- insurance of goods
- technical advice and services and product training

Qualifying income includes:

- income from the provision of management, technical, support services, or treasury management to its associated enterprises
- royalties from associated enterprises resulting from research and development conducted in Thailand by the IBC or other entities hired by the IBC, according to the rules, procedures, and conditions prescribed by the Director-General of the Revenue Department.

The following tax benefits are available for 15 accounting periods:

- Reduced rates of corporate income tax on qualifying income:
  - 8% if the IBC has incurred expenditure of at least Baht 60m paid to recipients in Thailand during the accounting period
  - 5% if the IBC has incurred expenditure of at least Baht 300m paid to recipients in Thailand during the accounting period
  - 3% if the IBC has incurred expenditure of at least Baht 600m paid to recipients in Thailand during the accounting period
- Exemption from tax on dividends derived by the IBC from its affiliates
- Exemption from withholding tax on dividends paid by the IBC to a non-resident company out of profits derived from qualified service income subject to the reduced rate of tax
- Exemption from withholding tax on interest paid by a treasury centre on borrowed funds which are re-lent to affiliates
- Exemption from specific business tax on income received by a treasury centre

- 15% personal income tax for expatriate full-time staff employed by and working for the IBC. If the company conducts other businesses besides the IBC, more than 70% of the company's revenue must be derived from the IBC.

Compared to the previous ROH/IHQ regimes, the IBC regime no longer differentiates between offshore and onshore income for tax purposes. So, IBCs are no longer required to provide services to a minimum number of offshore affiliates, and there's no cap on the amount of onshore income that qualifies for reduced tax rates. However, the expenditure thresholds required to access these reduced rates have been significantly increased.

However, if an existing ROH/IHQ has converted to become an IBC, it can enjoy a reduced tax rate of 8%, provided that it meets the original minimum expenditure requirement of Baht 15m.

If an IBC fails to meet the prescribed rules and conditions or otherwise doesn't qualify as an IBC in any accounting period, its tax benefits will be revoked for that specific year. If the company fails to meet the conditions for more than one accounting period, or lacks the essential characteristics of an IBC, all the tax benefits will be terminated retroactively from the first accounting period.

The taxable profit and loss of an IBC must be calculated separately between the IBC and non-IBC businesses and between (i) headquarters and treasury management services, and (ii) royalties. Common expenses must be allocated based on the proportion of revenue of the IBC and non-IBC businesses.

Tax losses must be maintained separately, as follows:

- Headquarters and treasury management services
- Royalties
- Non-IBC business.

Tax returns must be filed separately for each of the above services.

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Our services

Tax Mergers and Acquisitions

- Tax due diligence
- Deal structuring
- Tax-efficient group reorganisation
- Post deal services/project implementation and management

Tax Structuring and General Advice

- International tax services
- Value chain transformation - alignment of tax and operational models
- Group tax planning/tax optimisation programmes
- Finance and treasury

Pillar Two Services

- Tax training and advisory on Pillar Two rules
- Impact assessment and operational readiness services
- Pillar Two compliance services

Tax Reporting & Strategy

- Tax strategy and operations:
  - Tax Management Maturity Model (T3M)
  - Tax strategy and function design
  - Tax governance and risk management
- Tax technology:
  - ERP systems for tax
  - Tax data management and analytics
  - Automated tax processes and workflows
- Tax accounting services
  - Tax provision outsourcing and support
  - Deferred tax accounting services
  - Accounting for uncertainty in income tax (FIN 48) services
  - Tax accounting consulting
  - Tax accounting training and advice

Corporate income tax (CIT) services

- Corporate income tax return review / assistance with the return preparation

Tax compliance review (Tax health check)

- Tax compliance review / tax health check

Indirect Tax Services

- Indirect tax advice and planning
- Indirect tax compliance review

Business Process Outsourcing Services

- HR outsourcing and payroll services include the following:
  - Monthly payroll administration and withholding tax
  - Annual personal income tax return and withholding tax
  - Other HR and payroll related
- Accounting and tax outsourcing services include the following:
  - Statutory financial statements
  - Bookkeeping
  - Tax compliance outsourcing
  - Accounting staff secondment
  - Other finance functions, e.g. treasury management, processing of customer billings, processing of vendor invoices

Transfer Pricing

- Transfer pricing compliance review and documentation
- Assistance with transfer pricing reporting obligation
- Transfer pricing benchmarking
- Transfer pricing advisory
- Transfer pricing dispute resolution
- Advance pricing agreement assistance
- Value chain transformation (VCT)
- Operational transfer pricing (OTP)

Tax Controversy & Dispute Resolution

- Tax dispute prevention techniques
- Tax audit management
- Tax dispute resolution alternatives
- Strategic planning of tax audit and disputes
- Tax risk management

Financial Services

- Tax services for financial services industry - banks, capital markets, insurance, funds, real estate
  - Tax compliance services, e.g. tax return review and preparation, tax risk identification, tax investigation assistance
  - Tax advice on new and existing financial products/transactions
- Tax structuring through financial functions to achieve group tax effectiveness
- Tax advice on trouble debt restructuring

Legal and BOI Services

Legal Services

- Corporate registration, secretarial services and business establishments
- Commercial contracts & licenses including foreign business license
- Employment, labour dispute
- Real estate, land due diligence, properties, trademark registration
- M&A, legal due diligence, business restructuring
- Investment incentives and licences
- Litigation, dispute and resolution
- Personal data protection law

BOI Services

- Legal compliance and planning:
  - Determine best strategy for seeking investment promotion for new and existing investment projects, as well as project location
  - Negotiate with officials to find the optimum solution
  - Ensure that various aspects of environmental, labour and technology requirements of BOI are satisfied
  - Post-implementation support to ensure conditions imposed by BOI are maintained for every type of incentive received
- Tax compliance and planning:
  - Cost of capital, capacity, raw materials and scrap planning
  - Segregation of BOI and non-BOI activities
  - Segregation of future projects
  - Transfer pricing during and after a tax holiday period
- Accounting analysis and financial modelling:
  - Choice of depreciation methods
  - Inventory valuation methods
  - Types of forward contracts used to cover FX risks
  - Leasing alternatives
  - Debt vs. equity evaluation from tax and financing perspective

Japan Business Desk

PwC Japan Business Desk (JBD) works closely with PwC professionals to offer practical tax and legal advice to Japanese clients operating in Thailand. The JBD team has extensive experience in advising on foreign investment regulations and all tax and legal aspects of projects in Thailand. In particular, JBD can support Japanese clients by analysing Thai and foreign business issues and finding solutions using PwC channels. JBD also acts as a channel that Japanese clients can go through to contact PwC professionals in other lines of service.

China Business Desk

Our China Business Desk comprises professionals with English, Chinese and Thai language ability who can help Thai subsidiaries of Chinese companies in understanding Thai regulatory, tax and reporting requirements. With member firms in the regional network, we offer a complete range of tax services from tax consulting, tax compliance and tax investigation assistance services.

Customs and Trade

- Competitiveness improvement through strategic customs, excise and trade planning
  - Free trade agreements
  - Customs supply-chain business modelling
  - Tariff engineering (reviewing the optimum way to import on tariff classification)
  - Optimising use of customs incentive schemes (e.g. free zones, bonded warehouses, Board of Investment (BOI) promotion, duty drawback for re-exported goods, duty and tax reimbursement for exports)
  - Managing impact of the US reciprocal tariffs
  - Excise tax structuring, excise suggested retail price
  - International trade and export control planning
- Customs, excise and trade compliance and risk management
  - Customs and excise compliance review
  - Audit and investigation support
  - Managing customs valuation and transfer pricing documentation
  - Review compliance and managing export of dual use goods
    (e.g. assisting in drafting Internal Compliance Programmes (ICP) on export controls, assisting in applying for export licenses)
  - Assisting in applying for advance customs rulings
  - End-to-end voluntary disclosure support
  - Origin review and process improvement
  - Review compliance and managing import and export of restricted goods (e.g. hazardous substances) and non-core importations (e.g. business and technical documents and computer software)
  - On-site customs training

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