

INTRODUCTION TO TAXATION



Type of Taxes

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- ☐ Personal Income Tax (PIT) → 5%-35%
- ☐ Corporate Income Tax (CIT) → normally 20%
- ☐ Value-Added Tax (VAT)
Goods and Services Tax (GST) } 7%
- ☐ Others

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Personal Income TAX (PIT)

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- ☐ A direct tax levied on income of a person
- ☐ Taxpayers
 - ☐ Resident = Residing in Thailand more than 180 days in any tax (calendar) year (pay tax on income from sources in Thailand as well as on the portion of income from foreign sources that is brought into Thailand)
 - ☐ Non-resident = Subject to tax only on income from sources in Thailand

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Assessable Income for PIT

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- ☐ Divided into 8 categories:
 - ☐ 40(1) Income from personal services rendered to employers (Salaries)
 - ☐ 40(2) Income by virtue of jobs, positions or services rendered (Wages)
 - ☐ 40(3) Income from goodwill, copyright, franchise or other rights...
 - ☐ 40(4) Income in the nature of dividends, interest on deposits with banks in Thailand...

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Assessable Income for PIT (cont.)

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- ❑ 40(5) Income from letting of property and from breaches of contracts, installment sales or hire-purchase contracts
- ❑ 40(6) Income from liberal professions
- ❑ 40(7) Income from construction and other contracts of work
- ❑ 40(8) Income from business, commerce, agriculture, industry, transport or any other activity not specified earlier

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Deductions

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Types of Assessable Incomes	Deductions
40(1) Income from personal services rendered to employers	50% but not exceeding 100,000 Baht
40(2) Income by virtue of jobs, positions or services rendered	
40(3) Incomes from goodwill, copyright, franchise or other rights	40% but not exceeding 100,000 Baht
40(4) Incomes from dividends, interests or shares of profits	No deduction allowed
40(5) Incomes from renting, leasing, installment sales or hire-purchase contracts	10% - 30% depending on types of property
40(6) Incomes from liberal professions	60% for medical profession 30% for others
40(7) Incomes from construction and other contracts of work	Actual expense or 70%
40(8) Incomes from business, commerce, agriculture, industry, transport or some other activities	Actual expense or 65% - 85% depending on types of income

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Examples of Allowances

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Types of Tax Allowances	Amount
Personal allowance	60,000 Baht
Spouse allowance	60,000 Baht
Child allowance (No limitation on the number of children)	30,000 Baht
Parents allowance (Parents must be above 60 years old and earn less than 30,000 Baht per year.)	30,000 Baht for each of taxpayer's and spouse's parent
Life insurance premium	Amount actually paid but not exceeding 100,000 Baht
Home mortgage interest	Amount actually paid but not exceeding 100,000 Baht
Charitable contributions	Amount actually donated but not exceeding 10% of the income after deductions and other allowances

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Progressive Tax Rates

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Taxable Income (Baht)	Tax Rate (%)
1 - 300,000 (Exempt for 1 - 150,000)	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 5,000,001	35

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Equation for Taxable Income

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$$\text{Net Taxable Income} = \text{Assessable Income} - \text{Deductions} - \text{Allowances}$$

Tax Calculation

	Amount (Baht)
Salary	1,000,000
Income from medical profession	1,500,000
life insurance premium (20 years)	30,000
home mortgage interest	50,000

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Tax Calculation

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	Amount (Baht)
40(1) Salary	1,000,000
<u>Less</u> Deduction	<u>100,000</u>
(50%, but not more than 100,000)	
40(6) Income from medical profession	1,500,000
<u>Less</u> Deduction (60%)	<u>900,000</u>
<u>Net assessable income</u>	<u>1,500,000</u>
<u>Less</u> Tax allowances	
Personal allowance	60,000
Life insurance premium (20 years)	30,000
Home mortgage interest	<u>50,000</u>
<u>Net Taxable income</u>	<u>1,360,000</u>

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Tax Calculation

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Taxable Income (Baht)	Tax Rate (%)	Calculation	Tax liability Amount (Baht)
1 - 150,000	exemption	150,000 x 0%	0
150,001 - 300,000	5	150,000 x 5%	7,500
300,001 - 500,000	10	200,000 x 10%	20,000
500,001 - 750,000	15	250,000 x 15%	37,500
750,001 - 1,000,000	20	250,000 x 20%	50,000
1,000,001 - 2,000,000	25	360,000 x 25%	90,000
Total tax liability			205,000

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Corporate Income Tax (CIT)

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- ☐ A company or a juristic partnership incorporated under Thai law.
 - ☒ Limited company
 - ☒ public company limited
 - ☒ Limited partnership
 - ☒ Registered partnership
- ☐ A company or a juristic partnership incorporated under foreign law.
- ☐ Others

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Tax Rates

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Taxpayers	Tax Base	Tax Rate (%)
Small company (company with paid-up capital less than 5,000,000 Baht at the end of each accounting period)	Net profit less than 300,000 Baht	0
	Net profit from 300,000 Baht but not exceeding 3,000,000 Baht	15
	Net profit over 3,000,000 Baht	20
Listed company (SET or Mai)	Net profit	20

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Value-Added Tax(VAT)

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- Taxable person → person/entity who supplies goods or services with revenue > 1,800,000 Baht/year
- Tax rate = 0% or 7%
- Submit tax form with in 15 days of the following month

VAT Equation

$$\text{VAT Liability} = \text{Output VAT} - \text{Input VAT}$$

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Vocabularies

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Assessable Income	เงินได้พึงประเมิน
Charitable contributions	เงินบริจาค
Child Allowance	ค่าลดหย่อนบุตร
Corporate Income Tax (CIT)	ภาษีเงินได้นิติบุคคล
Customs Department	กรมศุลกากร
Excise Department	กรมสรรพสามิต
Exemption	การยกเว้นภาษี
File Tax Return	การยื่นแบบแสดงรายการ
Home mortgage interest	ดอกเบี้ยเงินกู้ยืมเพื่อซื้อ เช่าซื้อ หรือ สร้างอาคารอยู่อาศัย
Input VAT	ภาษีซื้อ
Life Insurance Premium	เบี้ยประกันชีวิต
Output VAT	ภาษีขาย
Parents Allowance	ค่าอุปการะเลี้ยงดูบิดามารดา
Personal Allowance	ค่าลดหย่อนส่วนตัวของผู้มีเงินได้
Personal Income Tax (PIT)	ภาษีเงินได้บุคคลธรรมดา
Resident	ผู้มีถิ่นที่อยู่ในประเทศไทย

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Vocabularies

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Revenue Department	กรมสรรพากร
Source of income	แหล่งเงินได้
Specific Business Tax	ภาษีธุรกิจเฉพาะ
Stamp Duties	อากรแสตมป์
Tax Allowance	ค่าลดหย่อน
Tax Base	ฐานภาษี
Tax Credit	เครดิตภาษี
Tax Deduction	ค่าใช้จ่าย
Tax Invoice	ใบกำกับภาษี
Tax Payment	การชำระภาษี
Tax Rate	อัตราภาษี
Taxable Income	เงินได้สุทธิก่อนคำนวณภาษี
Taxable Person	ผู้มีหน้าที่ชำระภาษีเงินได้
Taxable Year	ปีภาษี
Value Added Tax (VAT)	ภาษีมูลค่าเพิ่ม
Withholding Tax	ภาษีเงินได้หัก ณ ที่จ่าย

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