

Doing Business in Thailand – Personal Income Tax

New personal income tax provisions for 2013

2012 saw the beginning of a significant reduction of the corporate income tax in Thailand. The long established 30% rate was reduced to 23% in the year 2012 and further 20% in the year 2013. Now, for 2013, did the Thai government decide to also reduce the personal income tax for Thai tax residents.

The old rates applicable for the year 2012 are:

NET INCOME	TAX RATE
0 – 150,000	exempted
150,001 – 500,000	10.00%
500,001 – 1,000,000	20.00%
1,000,001 – 4,000,000	30.00%
4,000,001 + X	37.00%

The new system creates more tax brackets and further reduces the tax rates for certain tax brackets. The new rates for 2013 are as follows:

NET INCOME	TAX RATE
0 – 150,000	exempted
150,001 – 300,000	5.00%
300,001 – 500,000	10.00%

500,001 – 750,000	15.00%
750,001 – 1,000,000	20.00%
1,000,001 – 2,000,000	25.00%
2,000,001 – 4,000,000	30.00%
4,000,001 + X	35.00%

In addition to the implementation of the above-mentioned new tax rates, the government was forced to apply a ruling of the constitutional court. Previously it was required for married couples to combine the income of husband and wife for personal income tax purposes. Such regulation was considered unconstitutional. It was ruled that husband and wife should be able to file their taxes separately.

For income sourced from employment the married couple can now choose to file their tax return jointly or separately. Please note that in case of a separate tax filing both remain liable for unpaid taxes of the other spouse.

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