



BDO TaxFlash

Thailand

10 April 2008

Economic Stimulus Package Legislation Enacted

On 4 March 2008, the Cabinet approved an economic stimulus package containing a number of tax measures aimed at reducing the tax burden for both individuals and companies. Legislation has now been passed by Parliament and published in the Government Gazette to give effect to some of the tax measures. Details of the tax measures now passed into law are set out below.

Tax Free Threshold for Individuals Increased

With effect from the 2008 tax year, the first Baht 150,000 of an individual's net income shall be exempt from personal income tax. Previously, the exemption applied to the first Baht 100,000 of an individual's net income. The net income of an individual is determined after deducting allowable deductions and allowances from the individual's assessable income.

Employers should ensure that they take into account the increased tax free threshold of Baht 150,000 when calculating the monthly withholding tax to be deducted from employees' salaries. The withholding tax that has been over deducted in the months of January to March 2008 in respect of an employee can be adjusted against the withholding tax to be deducted from the employee's salary in December 2008.

Corporate Tax Rates Applicable to Small and Medium Enterprises Amended

The corporate income tax rates applicable to juristic companies and partnerships which have paid up capital not exceeding Baht 5,000,000 on the last day of their accounting period have been amended as follows:

Net Taxable Profit	New Tax Rate	Previous Tax Rate
First Baht 150,000	0% (Exempt)	15%
Baht 150,001 to 1,000,000	15%	15%
Baht 1,000,001 to 3,000,000	25%	25%
Baht 3,000,001 and above	30%	30%

The new tax rates shall apply to the net taxable profits for accounting periods commencing on or after 1 January 2008.

Specific Business Tax and Transfer Fees Imposed on Sale of Immovable Property Reduced

The rate of Specific Business Tax ("SBT") to be imposed on the sale price of immovable property has been reduced from 3.3% to 0.11%. The reduced rate of 0.11% only applies where the immovable property sold is registered between 29 March 2008 and 28 March 2009.

The fees payable on the registration of the transfer and mortgage of immovable property has also been reduced from 2% and 1% respectively to 0.01% in respect of the following:

- land, building, or land with building in accordance with the Land Allocation Act, or land allocated by the Government or Governmental organisations which have the authority and duty to allocate land under the law, and such buildings must be of the following type:
 - detached house;
 - attached house;
 - shop house; or
 - commercial buildings.
- an entire condominium building which is registered as a condominium under the Condominium Law.
- a unit in a condominium building which has registered a Condominium juristic person.

The reduced fees of 0.01% shall apply only to transfers and mortgages registered between 29 March 2008 and 28 March 2009.

In addition, the fee for registration of the transfer of an office building shall be reduced from 2% to 0.01%. The reduced fee of 0.01% shall only apply to the registration of the transfer of office buildings from 29 March 2008 to 28 March 2009 where the office building transferred comprises an office building or land with a building thereon which has been issued a construction permit or has been issued with a receipt acknowledging receipt of a construction permit application, which specifies that the building is an office building, pursuant to the Building Control Act.

BDO Comment

Legislation is currently being prepared to give effect to the remaining tax measures included in the economic stimulus package. We will continue to keep you informed of the enactment of the remaining tax measures.



Contact us

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If you have any questions or would like further information regarding the matters discussed in this newsletter, please contact **Andrew Jackomos** by email at andrew.jackomos@bdo-thai.com or **Paul Ashburn** at paul.ashburn@bdo-thai.com

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