



Doing business in Thailand 2026

forv/s
mazars

“Forvis Mazars, a leading audit and advisory firm, providing services with a personal touch in response to the local and global needs of our clients and people, Our talented professionals will work in partnership guidelines with our clients to capture future opportunities in a growing market with the aim to both do the right thing and create long-term economic prosperity”



Rob Hurenkamp
Managing partner,
Forvis Mazars, Thailand



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Who we are

Forvis Mazars at a glance

Forvis Mazars is a leading global professional services network operating under a single brand with just two members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in more than 100 countries and territories.

With a legacy spanning more than 100 years, Forvis Mazars is a natural extension of each firm's heritage. At our core is our commitment to providing a different perspective and an unmatched client experience that feels right, personal, and natural. As a network of just two firms, we respect and reflect the range of perspectives, knowledge and local understanding of our people and clients. We take the time to listen to deliver consistent audit & assurance, tax, advisory and consulting services worldwide.

We nurture a deep understanding of our clients' industries, delivering greater insight, deeper specialism, and tailored solutions through people who listen to understand, are responsive, and consult with a purpose to deliver value.

Forvis Mazars is built to deliver robust, nuanced, and individual answers for our clients. Global to see the big picture and local to understand it. We provide advice that builds our clients' confidence and prepares them for what's next.

Combined we are:

- \$5bn combined revenue (2023)
- 100+ combined countries and territories
- 400+ combined offices & locations
- 1,800+ combined partners
- 40,000+ combined team members

Doing business in Thailand



Who we are Our team in Thailand

At Forvis Mazars, we redefine collaboration and deliver insights to help you prepare for what's next, combining global reach with deep local knowledge.

As an independent member of Forvis Mazars Global, operating in over 100 countries and territories, our Thailand practice provides accounting outsourcing, audit, tax, legal, and financial advisory services. With a team of more than 400 professionals and a diverse, multinational staff, we act as a vital bridge between Thai businesses and their global counterparts. Our senior advisors include Australian, British, Dutch, French, Indian, Japanese, Korean, Chinese, and Thai nationals, offering international expertise combined with local insight to support clients at every stage of their growth.



400+

Staff

9

Nationalities

9

Languages

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General information



Focus on

General information

Opportunities and possible obstacles for foreign investors

The Thai government has long maintained an open market-oriented economy and encouraged foreign direct investment. Following the 1997-98 Asian financial crisis, the Government embarked on an International Monetary Fund-sponsored economic reform programme, designed in part to promote a more competitive and transparent climate for foreign investors. Although protracted, the reform process continues to move ahead, and Thailand remains committed to economic reform and an open investment regime.

The Foreign Business Act of 1999 governs most investment activities by foreign nationals. It opened additional business sectors to foreign investment and increased maximum ownership stakes permitted in some sectors above the standard 49% limitation. It continues to restrict foreign-majority participation in certain types of businesses, but this restriction excludes the majority of manufacturing ventures.

Area and population

Thailand is one of the largest countries in Southeast Asia. It shares borders with Myanmar to the west, the Lao PDR to the north and northeast, Cambodia to the east, and Malaysia to the south. The population of Thailand is estimated at 67 million. With a population of over 10 million, the capital city of Bangkok is the most important city, economically and politically.

Government and law

Thailand is a constitutional monarchy, with the Prime Minister as the head of government, and a hereditary monarch as the head of state. The judiciary is independent of the executive and the legislative branches.

Thailand is divided into 77 provinces (changwats), which are gathered into five groups of provinces by location. There are also two specially governed

districts - the capital Bangkok (Krung Thep Maha

Nakhon) and Pattaya. For administrative purposes, each province is divided into districts (amphurs) and the districts are further divided into sub-districts (tambons).

Thailand's legal system combines principles of traditional Thai and Western laws. Its members are nominated by the Senate and appointed by the King. The Courts of Justice have jurisdiction over criminal and civil cases, and are organized in three tiers:

- Court of First Instance
- The Court of Appeals
- The Supreme Court of Justice

Administrative courts have jurisdiction over suits between private parties and the Government, and cases in which one government entity is suing another.

Currency

The Thai baht ("THB") is the currency of Thailand. One baht is divided into 100 satang. Issuing currency is the responsibility of the Bank of Thailand.

Economy

The economy of Thailand is a newly industrialized country one which is heavily export-dependent, with exports accounting for more than two-thirds of GDP.

Thailand's main exports are machinery (including computers), electronic equipment, vehicles, rubber, and gems.

Electrical machinery, mineral fuels, and other machinery (including computers) are the top three import products of Thailand.

To encourage export activities, a number of tax incentives are available. The exportation of goods is zero rated for purposes of value-added tax (VAT), whilst custom duties already paid will be refunded on materials imported for the production of goods which are then exported.

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The Ministry of Commerce designates classes of goods that are subject to import controls, which usually take the form of permits and licences.

Applications for a licence must be accompanied by a supplier's order, confirmation, invoice, and other pertinent documents. Goods subject to import controls include medicine, minerals, explosives, fireworks, antiques, and cosmetics. Customs duty is also levied on some types of goods imported into Thailand.

Finance

Thailand has a substantial number of financial institutions, both private and government owned. Financial institutions in Thailand offer a full range of financial services under the supervision of the Bank of Thailand. In general, Thai banks are reluctant to lend money to start-up companies and small international entities. Normally, collateral is needed to secure external funding. The collateral can be in the form of a title deed of land, a bank guarantee from a parent company, or a guarantee via the Thai Credit Guarantee Corporation. In addition, Thailand is a member of the World Bank and the Asian Development Bank.

Immigration law

Visas

All people, other than those in transit and Thai nationals, are required to obtain a visa in order to enter Thailand. Foreign nationals who intend to remain in Thailand to work or conduct business must comply with visa requirements, in addition to obtaining a work permit. Visa categories include:

1. Tourist - Foreigners who obtain a visa from a Thai embassy or consulate will be granted a stay of 60 days. Renewals, at the discretion of the Immigration Office, are normally granted for up to 30 days at a time.
2. Visitor in transit/on arrival - Nationals of many countries are able to enter Thailand without a visa and remain for 30 days or 60 Days per visit.

Foreigners entering the country with a visa exemption will be granted a one-time, 30-day extension of stay. This extension begins after the initial 30-day period.

3. Immigrant - A person wishing to immigrate to Thailand may apply for a certificate of permanent residence. However, the conditions for qualifying as an immigrant are quite restrictive, being covered by annual immigration quotas and other conditions fixed for each country by the Ministry of the Interior.
4. Non-quota immigrant - This category includes former residents who have lost their residence status, but who have reapplied to resume their residency, and who are able to provide a convincing reason for granting this type of visa.
5. Non-Immigrant - Foreigners seeking a prolonged stay or looking to work in Thailand, should obtain non-immigrant visas for themselves and all family members before entering Thailand. The visa is generally granted for an initial stay of 90 days, but it may be extended to up to one year and is renewable each year. A foreigner holding this type of visa is entitled to apply for a work permit. Holders of a transit, tourist, non-immigrant O (nonThai spouse), or education visa cannot apply for a work permit.
6. Ninety-day report – Foreigners granted permission to stay in Thailand must report to the Immigration Office every 90 days or 90 days from the date of most recent entry into Thailand.
7. Giving notification of residence (TM30)
-The owner or landlord of the place where an expatriate lives must notify the Immigration Office of this by submitting Form TM30. In theory, notice should be given within 24 hours of the expatriate entering the country. In practice, if a landlord has already submitted a Form TM30 for a particular foreigner,

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there is no need to submit a new one. This also applies to foreigners who have non-immigrant visas and re-entry permits who are traveling outside of or within Thailand. If the Immigration Office finds that such notice has not been given for an expatriate, the expatriate is subject to a maximum fine of THB 2,000, and cannot extend a visa or have a 90-day report approved.

Work permit

The most recent revision of the Foreign Employment Act (Foreigners' Working Management Emergency Decree, No. 2, B.E. 2561) has numerous rules regarding work permits, which are summarized here:

1. With a few exceptions, the law requires all foreign nationals who work in Thailand to have work permits issued by the Department of Employment, Ministry of Labour. Employers in Thailand may apply for a work permit for prospective foreign employees who wish to work in Thailand before the employee starts working.
2. The use of these work permits is restricted to the particular occupation, particular employer, and particular locality for which they are requested. Any change in these restrictions
3. Foreigners temporarily working in Thailand under the act to perform an essential and urgent assignment for a period not exceeding 15 days do not have to apply for a work permit. However, such a foreigner may engage in such work upon notifying the registrar at the Department of Employment in writing within three (3) days of the date on which the foreigner enters Thailand. If the foreigner does not complete the work within this prescribed period, the employer may request an extension for no more than 15 additional days. However, the request for the extension must be made before the original prescribed period has ended.

4. An employer which employs a foreigner must inform the Labour Office of the name and nationality of the foreigner, as well as a job description, within 15 days of the date of Employment. The employer must also inform the Labour Office when the foreigner has resigned. If the foreigner would like to work in Thailand for another company, the current employer must submit a work permit termination form to the labour authorities so that a record of the termination date can be made. The foreigner will then be allowed to apply for a new work permit through another employer.
5. A foreigner seeking permission to work in Thailand under a special law must apply for positions for foreign skilled workers and experts, then apply for individual placement in the approved position by the governmental authority (such as the Board of Investment (BOI), the Industrial Estate Authority of Thailand (IEAT), or the Department of Mineral Fuel (DMF). Such a foreigner may engage in authorized work while the application is being processed.

Thai Permanent Resident

A foreigner who has had a single non-immigrant visa which has been extended for at least three consecutive years may apply to become a Thai permanent resident ("Thai PR"). A foreigner who has held multiple nonimmigrant visas cannot apply to be a Thai PR. There are five categories of Thai permanent residence, as follows:

1. For investment purposes (investments of THB 3 million to THB 10 million in Thailand)
2. For work purposes
3. For family support purposes or for humanitarian reasons: For this category, the applicant must have a relationship with a Thai citizen or foreigner who has already obtained permanent residence, such as a husband or a wife; a father or a mother; or a guardian of a Thai child under 20 years of age.

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4. For working in Thailand as an expert or academic
5. Other categories as determined by Thai Immigration

Applications for Thai permanent residence are usually accepted from October to the end of December each year. The government sets an annual quota of a maximum of 100 persons of each nationality.

The benefits of Thai permanent residence are as follows:

- It is easier to get a work permit.
- It is not necessary to extend a visa annually.
- It is not necessary to file 90-day reports.
- A Thai PR can buy property in Thailand without having to transfer funds from overseas.
- A Thai PR can get a permanent residence certificate and a foreign registration booklet, which can be used as identification with government agencies, banks, and for other official purposes.
- The child of a Thai PR can get Thai citizenship.
- A Thai PR can get a house registration booklet (Ta Bian Ban) or be listed in that of a Thai spouse.
- A Thai PR can be a director of a Thai public company.
- A Thai PR can apply to extend the visa of his or her dependants.
- A Thai PR can apply for Thai citizenship after being a Thai PR for five years

Note: A Thai PR must still apply for a re-entry permit(endorsement) to leave and re-enter Thailand

If the Thai PR leaves the country without a re-entry permit, he will lose his permanent residency status and will have to reapply for such. Re-applying for permanent residence would require the applicant to have another long-term visa for at least 3 years.

Smart VISA

The smart visa project is intended to encourage foreigners to enter Thailand to exchange knowledge with the Thai public and private sectors to enhance business growth. The holder of a smart visa will be able to stay in Thailand for a maximum of 4 years. Dependants (such as a spouse and children) will also be entitled to the same right to live and work in Thailand as the smart visa holder. A person who receives a smart visa will not be required to apply for a work permit, and the period of time for giving notice of continued residence in Thailand will be extended from every 90 days to once a year.

The Long-Term Resident (LTR) Visa

The LTR visa provides both personal income tax and non-tax privileges to expatriates living or doing business in Thailand. Four groups of foreigners are eligible for LTR visas: wealthy global citizens, wealthy pensioners, professionals who work from Thailand, and highly skilled professionals. Spouses and dependents of LTR visa holders also qualify for the visa. The incentives are as follows:

- A Ten-year visa with multiple entries: The LTR visa is granted for five years the first time and can be extended for an additional five years.
- An exemption from applying for a re-entry permit.
- Dependent visas obtainable for family members.
- An exemption from the requirement to hire four Thais for each expatriate employee.
- Dependant visas obtainable for family members.
- Three of the four LTR visa categories are granted a tax exemption on foreign-sourced income, even if the money is brought into Thailand.
- 17% flat tax rate for LTR highly skilled professionals.
- The ability to obtain a digital work permit.
- The ability to use the fast-track privilege at airports.

For more information, please visit: <https://ltr.boigo.th/>

Focus on
Regulation of foreign investment



Focus on Regulation of foreign investment



The Thai government offers a range of incentives to investors, administered by the Board of Investment (BOI) and the Industrial Estate Authority of Thailand (IEAT), and these incentives often come with permission for full foreign ownership. The BOI is promoting an investment scheme from 2023 to 2027. The strategy is centred around three fundamental concepts of high technology, green and smart industries, as well as businesses driven by creativity and innovation. The IEAT carries out the government’s industrial development policy, which includes allocating land for further expansion, improving land conditions, and providing accommodations and facilities to assist entrepreneurs.

Foreign Business Act

The Foreign Business Act (“FBA”) regulates the activities in which companies designated as ‘foreign’ may engage. While some activities are completely prohibited, some may be engaged in with prior approval from a designated government agency, and some do not require any special approval.

Definition of “foreign company”

Under the FBA, a company is considered ‘foreign’ if it meets the following criteria:

1. It is a company incorporated under the laws of another country (including all branches, representative offices, and regional offices of companies abroad operating in Thailand);
2. It is a company incorporated under Thai law, where 50% or more of its shares are held by foreign individuals or entities as described in item 1;.
3. It is a company incorporated under Thai law

where 50% or more of its shares are held by a Thai Company with foreign majority ownership as described in item 2.

The Foreign Business Act has identified three lists of activities in which foreign participation may be prohibited or restricted.

1. Activities stated in List 1 are designated as “businesses that foreigners are not permitted to conduct for special reasons”. Foreign companies are completely restricted from engaging in the activities contained in List 1.
2. Activities stated in List 2 are designated as “businesses related to national safety or security, activities affecting arts and culture, traditional and folk handicraft, or natural resources and the environment”. Foreign companies may only engage in the activities stated in List 2 with prior Cabinet approval.
3. Activities stated in List 3 are designated as “businesses in which Thai nationals are not yet ready to compete with foreigners”.

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Regulation of foreign investment

To engage in activities stated in List 3, the foreign company must apply for and obtain a foreign business license prior to commencing the activity.

There are certain businesses that are not restricted under the above lists which foreigners can operate without having to apply for a business licence, such as manufacturing, exporting, international transportation, etc.

Companies receiving incentives from the BOI are permitted to engage in certain business activities restricted under the Foreign Business Act by obtaining a foreign business certificate prior to conducting business.

Exchange controls

Foreign currency

Foreign currencies can be transferred from or brought into Thailand without limit. With limited exceptions, any person receiving foreign currencies from abroad is required to convert such foreign currency into Thai baht or to deposit the same in a foreign currency account with an authorized financial institution within 360 days. A foreign exchange transaction form must be submitted to authorized commercial banks for each transaction involving the purchase, sale, deposit, or withdrawal of such foreign currency.

The Bank of Thailand issued rules on 28 February 2022 (effective on 18 April 2022) to facilitate outward transfers. An individual who wishes to transfer abroad funds of more than USD 50 million in order to relocate or to send to relatives must obtain approval before transferring the funds. If the purpose of the transfer is to buy real estate abroad, then the funds can be remitted abroad freely. To reduce paperwork and make conducting foreign currency transactions easier, no documentation is required when making an outward transfer of any amount if the “know your business” requirements are met. If they are not met, certain documentation is required when making outward transfers of USD 200,000 or more.

Local currency

There is no restriction on the amount of Thai baht that may be brought into the country. A person travelling to the countries bordering Thailand, as well as Vietnam, is allowed to take out up to THB 2,000,000, and up to THB 50,000 if travelling to other countries. Any amount exceeding Thai baht 450,000 or equivalent to USD 15,000 must be declared to Thai customs before arriving at or departing from Thailand.

All foreign exchange transactions must be conducted through commercial banks and through authorized non-banking institutions that are granted foreign exchange licences by the Minister of Finance, namely authorized money changers, authorised money transfer agents, and authorized companies. Any transactions not conducted through such licensees require approval from the Bank of Thailand, which will be assessed on a case-by-case basis.

Focus on
Government incentives



Focus on Government incentives



The Thai government has provided several incentives to promote business. In the second half of 2018, the investment incentives include those for the Eastern Economic Corridor (EEC) and an International Business Centre (IBC).

Current BOI investment incentives scheme

Thailand's Board of Investment (BOI) has implemented a five-year investment strategy (2023-2027) to restructure and recreate Thailand's economy. Specific goals are as follows:

1. Restructure industry by enhancing prevailing industries and building up new industrial bases for which Thailand has potential, as well as by strengthening the supply chain
2. Accelerate the transition to smart and sustainable industry in the form of new investments and enhancements for existing entrepreneurs.
3. Promote Thailand as an international business hub and a regional trade and investment gateway.
4. Develop the strength and global connectivity of small and medium enterprises (SMEs) and startups.
5. Promote investment based on the potential of an area and create growth inclusively
6. Encourage the enterprise receiving incentives to engage in communal and social development.
7. Promote Thai investment overseas to expand business opportunities and Thailand's role in the global economy.

The BOI grants standard incentives based on the type of activity, up to a maximum of 13 years of tax holidays. The BOI offers additional incentives for investors which have significant expenditures for things such as R&D, advanced technology training, etc. or which locate their factories in zones promoted by the BOI, e. g. the Eastern Economic Corridor (EEC), the Science and Technology Park, etc.

An overview of the BOI incentives is shown in a table below:

Focus on Government incentives

Activity-based incentives

The BOI offers 6 different packages of activity-based incentives, as follows:

Package	Incentives
A1+	<ul style="list-style-type: none"> • A ten to thirteen-year corporate income tax (“CIT”) exemption without a cap • An exemption from import duty for machinery/raw materials • Non-tax incentives
A1	<ul style="list-style-type: none"> • An eight-year CIT exemption without a cap • An exemption from import duty for machinery/raw materials • Non-tax incentives
A2	<ul style="list-style-type: none"> • An eight-year CIT exemption amounting to 100% of the project’s investment (excluding cost of land and working capital) • An exemption from import duty for machinery/raw materials • Non-tax incentives
A3	<ul style="list-style-type: none"> • A five-year CIT exemption amounting to 100% of investment (excluding cost of land and working capital) • An exemption from import duty for machinery/raw materials • Non-tax incentives
A4	<ul style="list-style-type: none"> • A three-year CIT exemption amounting to 100% of investment (excluding cost of land and working capital) • An exemption from import duty formachinery/raw materials • Non-tax incentives
B	<ul style="list-style-type: none"> • An exemption from import duty for machinery/raw materials • Non-tax incentives

Focus on Government incentives

Merit-based incentives

1. Enhancement of competitiveness

(A) Investment capital/expenditures in R&D only: in-house, outsourced in Thailand, or joint R&D with overseas institutions.

Investment capital/expenditures incurred to revenue of the first 3 years, whichever is lower	Additional tax exemption period without a cap
1% or THB 200 million or more	1 year
2% or THB 400 million or more	2 years
3% or THB 600 million or more	3 years
4% or THB 800 million or more	4 years
5% or THB 1,000 million or more	5 years

Note: The total tax exemption period cannot exceed 13 years.

Focus on Government incentives

(B) Investment capital/expenditures in one or more areas in the list of qualified activities

Qualified investments /expenditures	Additional cap	Additional tax exemption period	
		Ratio of investment capital/expenditures incurred to re venue of the first 3 years whichever is lower	CIT exemption period
1. R&D: in house, outsourced in Thailand, or joint R&D with overseas institutions.	300%	<ul style="list-style-type: none"> • 1% or THB 200 million or more 	1 year
2. Donations to technology and human resources development funds, educational institutions, specialised training centres, R&D institutions, or governmental agencies in scientific and technological fields in Thailand, as approved by the BOI.	100%	<ul style="list-style-type: none"> • 2% or THB 400 million or more 	2 years
		<ul style="list-style-type: none"> • 3% or THB 600 million or more 	3 years
3. Skill technology training or internship for students who study in science and technology fields such as Work-integrated, Learning project, Dual Vocational System or Co-Operative Education as approved by the BOI.	200%	<ul style="list-style-type: none"> • 1% or THB 200 million or more 	1 year
4. IP acquisition/licensing fees for commercialising technology developed in Thailand.		<ul style="list-style-type: none"> • 2% or THB 400 million or more 	2 years
5. Advanced technology training		<ul style="list-style-type: none"> • 3% or THB 600 million or more 	3 years
6. Development of local suppliers with at least a 51% Thai shareholding in advanced technology training, and technical assistance.			
7. Product & packaging design: in-house or outsourced in Thailand, as approved by the BO.			

Remark:

- The total tax exemption period cannot exceed 8 years.
- For eligible activities under A+, A1 and A2, the total tax exemption period cannot exceed 13 years.

Focus on Government incentives

(C) Investment capital/expenditures to revenue for the first 3 years not exceeding 1% and less than THB 200 million

Qualified investments/expenditure	Additional cap without additional tax exemption period
1. R&D: in-house, outsourced in Thailand, or joint R&D with overseas institutions	300%
2. Donations to technology and human resources development funds, educational institutions, specialized training centres, R&D institutions, or governmental agencies in scientific and technological fields in Thailand, as approved by the BOI	100%
3. Skill technology training or internships for students who study in science and technology fields such as a work-integrated learning project, a dual vocational system, or cooperative education, as approved by the BOI	200%
4. IP acquisition/licensing fees for commercialising technology developed in Thailand	
5. Advanced technology training	
6. Development of local suppliers with at least a 51% Thai shareholding in advanced technology training, as well as technical assistance	
7. Product & packaging design: in-house or outsourced in Thailand, as approved by the BOI	

Focus on Government incentives

2. Decentralization

Projects located in the 20 provinces with the lowest per capita income (Kalasin, Chaiya-phum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong BuaLamphu, Ubon Ratchatani, and Amnatcharoen) could receive the following benefits :

- Additional years of exemption from corporate income tax;
- Activities in Group A1 and A2 receive an additional 50% reduction in CIT for 5 years after the end of the CIT exemption period;
- Double deductions for the costs of transportation, electricity, and water for 10 years; and
- An additional 25% deduction of the cost of the installation or construction of facilities.

3. Industrial area development

Projects located in industrial estates or promoted industrial zones could receive 1 additional year of exemptions from CIT.

4. Other special policies

Some incentives can be granted based on the following policies:

- Eastern Economic Corridor
- Special Economic Zones such as in Chiang Rai, Nakhon Panom, Tak, Kanjanaburi, Nongkai, Mukdahan, Sa Kaew, Trad, Songklah, and Narathiwat
- Investment incentives policy for industrial development in the southern border provinces and the area of the Model City Project in the southern border provinces of Thailand
- Science and Technology Parks, including Innovation Districts that are promoted or approved by the Board of Investment

Criteria for project approval

Before the project is eligible for BOI incentives it will need to be approved by the BOI. In the approval process the following criteria are used:

1. Development of competitiveness in the agricultural, industrial, and service sectors

- Have added value of at least 20% of revenues, except for projects in agriculture and agricultural products, electronic products and parts, and coil centres, which must have added value of at least 10% of revenues.
- Use modern production processes.
- Projects that have investment capital of THB 10 million or more (excluding the cost of land and working capital) must obtain ISO 9000 or ISO 14000 certification or similar international standard certification within 2 years of the date of commencing full operations. Otherwise, the exemption period for corporate income tax shall be reduced by 1 year.
- For concession projects and the privatization of state enterprise projects, the criteria must be based on the Cabinet's decisions in 1998 and 2004 – the state enterprise cannot apply for investment incentives, a build-transfer-operate or build-operate-transfer project can receive incentives only if it is approved by the BOI before the bidding process takes place, and a build-own-operate project and a state enterprise after privatization can receive incentives

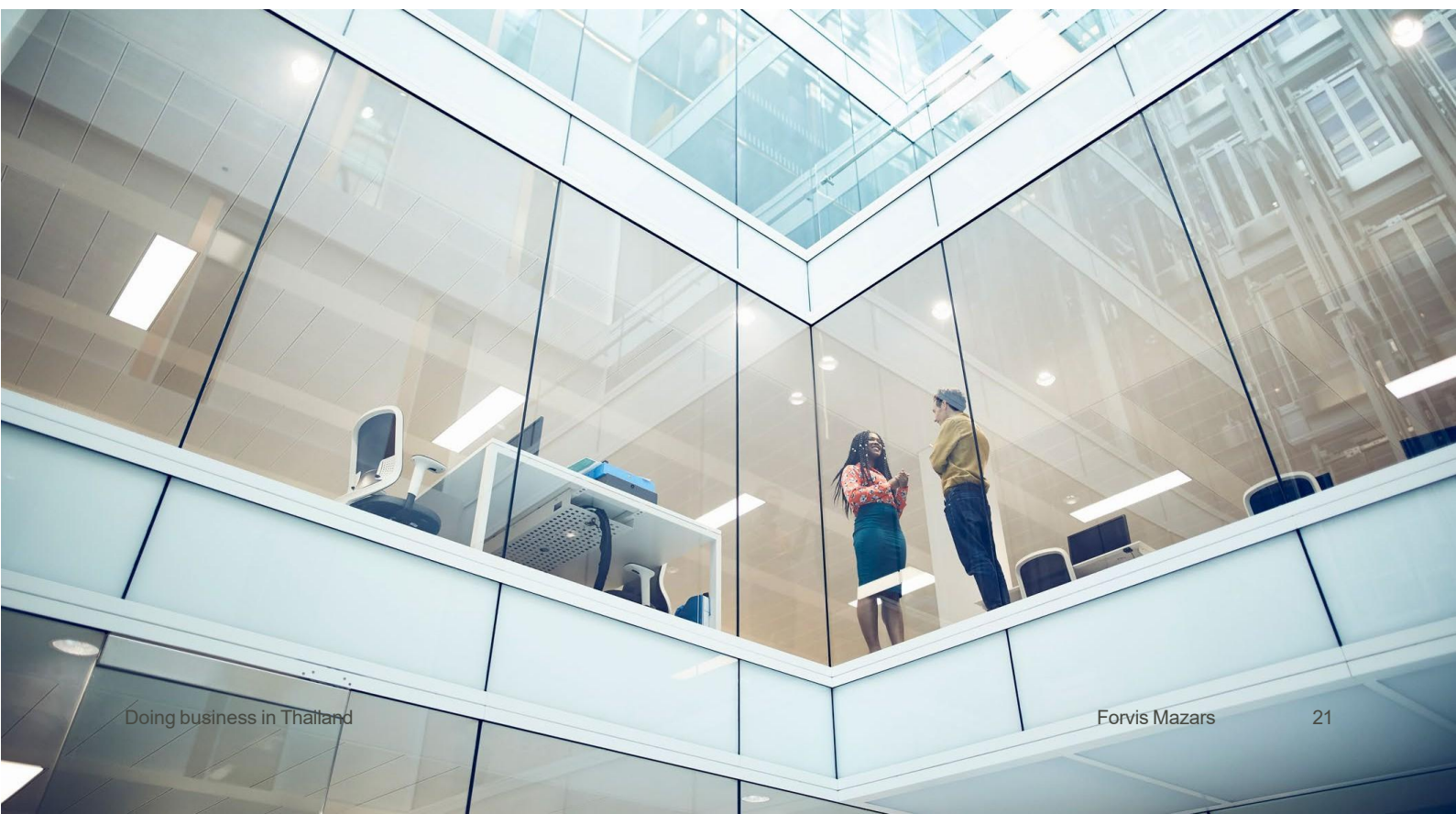
Focus on Government incentives

Criteria for granting approval for imported used machinery

Types of machinery	Can be used	Counted as investment capital	Exemption from import duty
New machinery	Yes	Yes	Yes
Not over 5 years old* (from manufacturing year to importing year)	Yes	Yes	No
Over 5 years old up to 10 years old (only metal stamping machinery)*	Yes	No	No

*Must obtain a machinery performance certificate from trusted institutes identifying machinery efficiency, environmental impact, energy usage, and fair value.

Used machinery that is over 10 years old can be used if a factory is relocated, but does not count as investment capital and is not exempt from import duty. Relocation of a factory refers to the relocation of a production line, either in whole or in part, from a foreign country where the machinery to be used in the project belongs to affiliates or related companies.



Focus on

Government incentives

2. Environmental protection

- Adequate and efficient measures to protect the environment and reduce the environmental impact must be taken. The BOI gives special consideration to the location and pollution treatment measures of a project that has a potential environmental impact.
- Projects or activities of a type and size that are required to submit environmental impact assessments must comply with related environmental laws and regulations or Cabinet resolutions.
- Projects located in Rayong Province must comply with the Office of the Board of Investment's Announcement No. Por 1/2554.

3. Minimum capital investment and project feasibility

- The minimum capital investment requirement for each project is THB 1 million (excluding the cost of land and working capital). For knowledge-based services, such as creative product design and development centres, electronic design, software, R&D and engineering design, the minimum capital investment requirement is based on the minimum salary expense for personnel in the specified field of at least THB 1.5 million a year, according to the conditions for each activity.
- For newly established projects, the debt-to-equity ratio must not exceed 3 to 1. Expansion projects must be considered on a case-by-case basis.
- Projects with an investment value of over THB 2 billion (excluding the cost of land and working capital) must submit a feasibility study.

International Business Centre (IBC)

In response to the Harmful Tax Practices -2017 Progress Report on Preferential Regimes (Inclusive Framework on Base Erosion and Profit Shifting (BEPS): Article 5), the IBC regime has been enacted by the Thai government as a replacement for the previous International Headquarters (IHQ), Regional Operating Headquarters (ROH) and International Trading Centre (ITC) regimes.

An IBC is defined as a company incorporated under Thai law to conduct the business of providing management services, technical services, supporting services, or treasury centre services to its associated enterprise, whether located in Thailand or abroad, or to conduct the business of international trading.

Tax incentives

Under Royal Decree No. 674 issued on 25 December 2018, qualified IBCs will receive the following tax incentives:

1. A reduction of the corporate income tax rate to 8%, 5%, or 3% on the types of income listed below, provided that the IBC meets the minimum local spending requirements of THB 60 million, THB 300 million, or THB 600 million, respectively:

- Income received from the provision of management, technical, supporting, or treasury centre services to associated entities incorporated under Thai or foreign law
- Royalty income derived from all associated entities (both in Thailand and abroad).

2. A withholding tax exemption on dividends paid from associated entities (both in Thailand and abroad).

3. A specific business tax exemption for income received from the provision of treasury centre services to associated entities incorporated under Thai or foreign law.

4. A flat personal income tax rate of 15%, reduced from the normal maximum progressive rate of 35%, will apply to the employment income of an expatriate employee of the IBC.

Focus on Government incentives

Conditions

1. IBCs must be incorporated under Thai law and have paid-up capital of at least THB 10 million at the end of the accounting period.
2. IBCs must have annual operating expenses of at least THB 60 million that are paid to Thai recipients. However, an IBC which has been converted from an ROH/IHQ does not have to meet this condition.
3. IBCs must have at least 10 employees (at least 5 employees for a treasury services centre).

Industrial Estate Authority of Thailand Act

As a state enterprise under the Ministry of Industry, the Industrial Estate Authority of Thailand (IEAT) is responsible for the development and establishment of industrial estates, where factories for various industries are grouped in an orderly and systematic manner. The IEAT also serves as a governmental mechanism to decentralize industrial development to provincial areas throughout the country. Industrial estates are divided into two zones: General Industrial Zones (GIZ) and IEAT Free Zone (FZ).

Investment in a General Industrial Zone (GIZ)

Investors in a GIZ are eligible for the following opportunities, options, and privileges:

1. Permission to conduct service businesses in the GIZ

The IEAT offers industrial operators in a GIZ comprehensive services essential for industrial operations – such as transportation, warehouses, training centres, and clinics.

2. Non-tax privileges for operators in a GIZ

- The right to own land in an industrial estate
- The right to bring in foreign skilled workers, plus their spouses or dependents
- The right to remit money abroad

Investment in an IEAT Free Zone (FZ)

Under the most recent Industrial Estate Authority of Thailand Act, investors in an FZ are entitled to additional tax and other privileges, including the following:



Focus on

Government incentives

1. Operators in an FZ are afforded the privilege of exporting products without any restrictions and with the added convenience of being able to bring merchandise or raw materials into an FZ.

2. Supplies taken into an FZ are entitled to certain additional tax and duty privileges, such as:

- Tax relief for products taken out of an FZ for domestic use or consumption. In contrast to the previous Act, raw material components, if produced domestically, can be granted tax and duty exemptions.
- Operators in an FZ remain entitled to claim privileges specified in the previous Industrial Estate Authority of Thailand Act. These include:
 - Tax privileges, including import/export tax and duty exemptions, as well as exemptions from VAT and excise tax on machinery, equipment, components, raw materials, and supplies used for the production of goods and other merchandise.
 - General privileges, such as the right to own land, the ability to bring in technical experts (and family members and dependents), as well as the ability to remit foreign currency to their home countries.

Petroleum laws

To develop Thailand's natural resources, the Petroleum Act and the Petroleum Income Tax Act of Thailand offer special incentives in relation to petroleum surveying, exploration, and production. Petroleum-related investment incentives include:

1. Import duty - imported machinery, spare parts, and materials required for business or for the use of drilling and oil field service contractors are exempt from tariffs.
2. Land ownership - the business is permitted to own land used for its operation.
3. Immigration - relaxed work permits and visa rules exist for foreign experts, technical staff and their dependents, including contractors.
4. Other incentives - the government will not restrict the export of petroleum, except in very exceptional circumstances, and will also provide a guarantee that it will not nationalize any private industrial activity.



Focus on

Business entities available to foreigners



Thailand recognizes several types of business entities:

- Partnerships
- Limited companies
- Unincorporated joint ventures
- Offices of foreign corporations

Partnerships

There are three types of partnerships in Thailand, differing principally by the liability attached to each.

1. Unregistered ordinary partnerships have partners that are jointly and wholly liable for all obligations of the partnership. This form of partnership is not considered a separate legal entity. Therefore, for tax purposes, the partners are treated as individuals.
2. Registered ordinary partnerships are registered with the Department of Business Development and are considered legal entities which are separate and distinct from the individual partners, and which are taxed as a corporate entity.
3. Limited partnerships consist of one or more partners, whose individual liability is restricted to the amount of capital contributed to the Partnership. One or more of the partners will be jointly liable, without any limitation, for all obligations of the partnership. A limited partnership must be registered with the Department of Business Development and is taxed as a corporate entity.

Limited companies

There are two types of limited companies – private limited companies and public limited companies. The first is governed by the Civil and Commercial Code, whilst the second is governed by the Public Limited Company Act.

Private limited company

A Thai private limited company has basic characteristics similar to Western corporations. A private limited company is formed through a process that leads to the registration of a Memorandum of Association (Articles of Incorporation) and Articles of Association (By-laws). These are the company's registered constitutive documents.

Public limited company

The procedures for setting up a public limited company are similar to those for a private limited company. A Thai public limited company may, subject to compliance with the prospectus, Securities and Exchange Commission (SEC) approval and other requirements, offer shares, debentures, and warrants to the public, and may apply to have its securities listed on the Stock Exchange of Thailand (SET).

Focus on Business entities available to foreigners

	Private limited company	Public limited company
Minimum number of natural persons as promoters*	2	15
Minimum number of shareholders required at all times*	2	15
Minimum number of directors	1	5
Public subscription of shares by prospectus	Not allowed	Allowed*
Public subscription of debentures by prospectus	Allowed*	Allowed*
Registration fee	THB 5,500	THB 2,000-300,000

* Subject to SEC approval.

Appointing directors

Every company must appoint at least one director to act as an agent of the company. The number of directors of a private company is not fixed under Thai law, but set by the shareholders' general meeting. A director is appointed or removed only by a general meeting of shareholders. For public companies, the Board of Directors must comprise at least five directors, with at least half of the total number of directors residing in Thailand. The directors are jointly responsible for ensuring that payment for shares by the shareholders is made, as well as for the proper distribution of any dividend or interest, as prescribed by Thai law. In addition, the directors have a statutory obligation to keep the books and documents prescribed by Thai law and to enforce the resolutions of general meetings.

Unincorporated joint ventures

An unincorporated joint venture may be described, in accordance with general practice, as a group of persons (resident and/or non-resident) entering into an agreement in order to conduct a business activity together. It is not yet recognized as a legal entity under Thai law. However, income from an unincorporated joint venture is subject to corporate taxation under the Thai Revenue Code, which classifies it as a single entity.

Offices of foreign corporations

Branches of a foreign corporation

Foreign companies may carry out certain business activities in Thailand through a branch office.

Under Thai law, a branch is regarded as an extension of the foreign company and does not have a separate legal identity. Nonetheless, the branch must keep accounts exclusively related to its operations within Thailand.

Focus on Business entities available to foreigners

Before establishing a branch, it is important to understand what constitutes income subject to Thai tax. This is because the Revenue Department may consider revenues directly earned by the foreign head office from sources within Thailand as being subject to Thai tax.

Under the FBA, a branch of a foreign corporation is considered a foreign entity, if it intends to conduct a business activity restricted under the FBA, it must first obtain a foreign business license with a minimum required capital of at least THB 3 million or an average of 25% of 3 years' estimated expenses, whichever is higher, to be brought into Thailand, for each restricted business activity. This amount may be subject to change in subsequent Ministerial Regulations.

Representative office of a foreign corporation

Foreign corporations may establish representative offices in Thailand to engage in limited activities that do not generate revenue. These activities are restricted to the following:

1. Sourcing of goods or services in Thailand for the head office
2. Inspecting and controlling the quality of goods that the head office purchases in Thailand
3. Providing advice in various fields relating to products directly sold by the head office to local distributors or consumers
4. Disseminating information about new products and services of the head office
5. Reporting to the head office on local business developments and activities

Under the FBA, a representative office of a foreign corporation is classified as a foreign entity. However, the five designated business activities are unrestricted under the FBA. Consequently, a foreign business license is not required for such an office, although a minimum capital of THB 2 million is necessary to start the operations in Thailand.



Focus on
Setting up and running business entities



Focus on

Setting up and running business entities

Corporate registration procedures

Limited company

1. Before forming a limited company, the chosen corporate name must first be reserved and approved by the Thai Commercial Registrar.
2. A Memorandum of Association must be filed which contains the approved name of the company, its business address, its objectives, the personal details of the promoters and the shares subscribed for by each, and data on the authorized capital of the company.
3. The next step is to hold a statutory meeting of shareholders, during which:
 - the articles of incorporation and by-laws are approved; the board of directors is elected;
 - the transactions and expenditures of the founders are ratified; and the authorized auditor is appointed.
4. The directors may then register the company with the Commercial Registrar.

A limited company that has registered capital of more than THB 5 million must file evidence issued by a commercial bank to prove that share payments have been made to the company's bank account no later than 15 days after incorporation.

Branch, representative office, and regional office

Prior to the new Ministerial Regulations of the Department of Business Development becoming effective in May 2017, foreign corporations wishing to do business in Thailand through a branch, representative office, or regional office had to submit certain required documents, including the application for a foreign business licence.

Currently, in order to set up a representative office or regional office, it is only necessary to apply for a company registration number and corporate taxpayer number from the governmental authorities. However, in order to set up a branch office, it is still necessary to apply for a foreign business licence (except for a branch office which has contracts with the governmental authorities or a state enterprise to render service activities).

Public securities

In order to offer newly issued securities for sale to

the public, companies must apply for approval from the Securities and Exchange Commission (SEC), complying with the rules and regulations issued by the SEC Board according to the Securities and Exchange Act, 2535 B.E. However, existing securities can be offered for sale without the SEC's approval, on the condition that the company discloses information to the SEC prior to offering those securities for sale. Before offering securities to the public, the company or existing shareholders will generally need to file a registration statement and a draft prospectus with the SEC to provide information to potential investors.

Tax registration

An individual who is subject to Thai personal income tax and has no Thai identification number (such as an expatriate employee) must obtain a tax identification number from the Thai Revenue Department within 60 days of the date of deriving taxable income.

A legal entity which is subject to corporate income tax, except for Thai incorporated companies which have a 13-digit registration number issued by the Ministry of Commerce, must obtain a tax identification number from the Thai Revenue Department within 60 days of the date of commencing business in Thailand.

All entities, having an annual turnover exceeding THB 1.8 million must register for VAT within 30 days of the annual turnover exceeding the threshold, unless specifically exempt.

It is possible to apply for VAT registration before the date of commencing business under conditions specified by the Director-General of the Thai Revenue Department.

Licensing a factory

The Factory Act (No. 2) and the Factory Act (No. 3) became effective on 1 May 2019 and 27 October 2019, respectively. These acts amended the previous Factory Act, 2535 B.E. (1992). Under the new legislation, the definition of a factory was updated to mean a building, place, or vehicle using machinery of 50 horsepower or more, or having a minimum of 50 workers, either with or without machinery.

The Factory Act divides factories into three groups:

- Group 1 – factories that can function immediately without licensing.

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Setting up and running business entities

- Group 2 – factories for which notification to officials is required only prior to the start of operations. Operators may commence operations upon acquiring a receipt from the Ministry of Industry stating that their report has been received.
- Group 3 – factories for which a factory licence is required before the establishment of the factory.

The following types of factories are exempted from complying with the Factory Act:

1. A factory belonging to a governmental authority;
2. A factory for study and research;
3. A factory for training at an educational institute;
4. A family-owned factory; and
5. A factory necessary for or related to a non-factory business and located in the same space.

Before the establishment of a factory under Group 3, the operator must obtain a factory license from the Department of Industrial Works, Ministry of Industry. The operator of a Group 3 factory must notify the authorities at least 15 days before a factory test-run commences, and again 15 days before actual manufacturing operations start.

At present, the factory license does not expire until the factory ceases doing business. While the factory license is valid, the licensee must pay an annual fee for the license, as determined by the authorities.

Prior permission from the Ministry of Industry must be obtained for the expansion of a factory, the transfer of machinery to other sites, the transfer of a factory site, as well as the transfer, lease, assignment, or sale of a factory.

Audit and accounting requirements

The financial statements of a legal entity, including a limited company, registered partnership, branch, representative office, and unincorporated joint venture, must be audited by a Thai certified public accountant and submitted to the Revenue Department and the Department of Business Development each fiscal year.

The audited financial statements (AFS) must be prepared in accordance with Thai Accounting

Standards. For private limited companies, as well as listed and non-listed public limited companies, the AFS must be approved by shareholders during a general meeting within four months after the end of the accounting period and subsequently filed with the Department of Business Development within one month of approval. Foreign corporations with branches or representative offices are required to file their financial statements with the same department within 150 days of the close of their accounting period. For public limited companies listed on the Stock Exchange of Thailand or the Market for Alternative Investment, financial statements must also be prepared and reviewed quarterly by Thai auditors.

Shareholding by non-residents

Shareholders in a Thai company can be residents of any country. However, some specific business activities limit the percentage of foreign ownership, as detailed in the Foreign Business Act 1999.

Labour law

Thailand's employment laws, administered by Ministry of Employment, set out working conditions, such as maximum work hours, holidays, sick leave, the minimum wage, and severance pay. The laws, which may significantly affect a firm's decision to do business in Thailand, also give employers some flexibility with regard to managing labour, such as staff recruitment processes, retrenchment policies, and employee transfers.

The maximum number of work hours is eight a day, or 48 a week. The exception is when work is deemed by law to be hazardous, in which case working hours are limited to seven a day, or 42 a week. Overtime compensation must be paid at a rate of between 1.5 to 3 times the normal hourly rates for qualified employees. Employees are entitled to a minimum of 13 national holidays a year, plus a minimum of six vacation days after one year of consecutive work.

Thirty annual paid sick days are standard. An employer may require a doctor's certificate for sick leave that is three consecutive days or more.

Female employees are entitled to 98 days of maternity leave, including 45 days of paid leave. Maternity leave includes leave taken to visit doctors for prenatal care and holidays. Maternity leave includes leave taken to visit doctors for prenatal care and holidays. The employer must provide business

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leave to the employee with a minimum of 3 working days per year.

The Wage Committee appointed under the Labour Protection Act has announced new minimum daily wage rates that differ depending on the area and, in some cases, by industry. The new daily wages are as follows:

THB 400 per day

- Provinces: Bangkok, Chachoengsao, Chonburi, Phuket, Rayong,
- Specific District: Samui District of Surat Thani province
- Specific Industries Nationwide: All hotels with two or three 3-categories, as well as entertainment venues like nightclubs, bars, and karaoke establishments.

THB 380 per day

- Specific Districts: Mueang Chiang Mai District in Chiang Mai province and Hat Yai District in Songkhla province.

THB 372 per day

- Provinces: Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, and Samut Sakhon.

THB 359 per day

- Province: Nakhon Ratchasima.

THB 358 per day

- Province: Samut Songkhram.

THB 357 per day

- Provinces: Khon Kaen, Chiang Mai (excluding Mueang Chiang Mai District), Prachin Buri, Phra Nakhon Si Ayutthaya, and Saraburi.

THB 356 per day

- Province: Lopburi.

THB 355 per day

- Provinces: Nakhon Nayok, Suphanburi, and Nong Khai.

THB 354 per day

- Provinces: Krabi and Trat.

THB 352 per day

- Provinces: Kanchanaburi, Chanthaburi, Chiang Rai, Tak, Nakhon Phanom, Buriram, Prachuap Khiri Khan, Phang Nga, Phitsanulok, Mukdahan, Sakon Nakhon, Songkhla (excluding Hat Yai District), Sa Kaeo, Surat Thani (excluding Samui District), and Ubon Ratchathani.

THB 351 per day

- Provinces: Chumphon, Phetchaburi, and Surin.

THB 350 per day

- Provinces: Nakhon Sawan, Yasothon, and Lamphun.

THB 349 per day

- Provinces: Kalasin, Nakhon Si Thammarat, Bueng Kan, Phetchabun, and Roi Et.

THB 348 per day

- Provinces: Chai Nat, Chaiyaphum, Phatthalung, Sing Buri, and Ang Thong.

THB 347 per day

- Provinces: Kamphaeng Phet, Phichit, Maha Sarakham, Mae Hong Son, Ranong, Ratchaburi, Loei, Si Sa Ket, Sukhothai, Nong Bua Lamphu, Amnat Charoen, Udon Thani, Uttaradit, and Uthai Thani.

THB 345 per day

- Provinces: Trang, Nan, Phayao, and Phrae.

THB 317 per day

- Provinces: Narathiwat, Pattani, and Yala.

As a result of the recently amended minimum daily wage rates, all employers in Thailand must ensure that their employees' monthly salaries are no less than the legal minimum, as defined by their specific location and industry.

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Setting up and running business entities

Staff recruitment and transfers

Employers often recruit staff through advertisements in either Thai or English-language newspapers, and there are several domestic and international personnel recruitment services. Employers may specify criteria, such as preferences in regard to an applicant's age and gender. Employers have the right to transfer staff to other locations, providing the transfer is not ordered with the intent to create personal hardship. An employee's refusal to legitimate transfer can be a legal ground for dismissal.

Social security contributions

The Social Security Act requires all employers to withhold social security contributions of 5% from the monthly salary of all employees, up to a maximum of THB 750 (approximately USD 25) per person a month. Employees registered for social security may file compensation claims for injury, illness, disability, or death if these are not a consequence of work performance, as well as for childbirth, child welfare, retirement, and unemployment.

Severance pay

Severance pay upon termination of employment by the employer is mandatory. The amount is determined based on the length of employment and the current salary. If business conditions necessitate cutbacks, firms have freedom in determining retrenchment policies. There is no 'first in, last out' requirement in Thailand. The amount of severance pay ranges from 30 days' wages for 120 days or more of employment to 400 days' wages for 20 years or more of employment.

Workmen's compensation

The Workmen's Compensation Act requires an employer to provide benefits at rates prescribed by law for employees who suffer injury, illness, disappearance, or death while performing their work. In general, compensation for time not worked is typically paid monthly at 70% of the employee's monthly wages. However, the monthly wage for this

calculation is capped at THB 20,000, resulting in a maximum monthly compensation of THB 14,000.

Actual and necessary medical expenses of up to THB 65,000 (approximately USD 2,039.41) per event for normal cases, and THB 165,000 – THB 300,000 (approximately USD 5,175.66 – USD 9,414.13) for serious or chronic injuries, must be paid.

Employee Welfare Fund

New regulations, effective 1 October 2025, introduce an Employee Welfare Fund to provide financial aid to employees in the event of job termination or death. Businesses with 10 or more employees must participate, with both employees and employers contributing a percentage of wages. The contribution rate starts at 0.25% for the first five years, increasing to 0.5% thereafter. Employers are responsible for remitting these contributions to the fund by the 15th of the following month. Employers are exempt if they already have a provident fund or provide similar assistance under ministerial regulations, but they must still contribute for employees who opt out of their existing plans.

Employers must register their employees with the Department of Labour Protection and Welfare and submit updates if employee information changes. Failure to pay contributions on time incurs a 5% per month penalty. Upon termination, employees receive their accumulated contributions plus interest. In the event of an employee's death, the funds are paid to a designated beneficiary or, if none exists, distributed equally among surviving children, the spouse, and parents. The Department retains the right to recover any funds paid out from the party legally responsible, with 15% annual interest.

Work regulations

Employers who have 10 or more employees must draw up work regulations in Thai and announce them to employees. The work regulations must contain provisions on working conditions, leave, discipline, submission of grievances, and termination of employment.

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Corporate taxes



Focus on

Corporate taxes

The principal taxation law of Thailand is the Revenue Code of 1938. In Thailand, taxes are collected in two ways. There are direct taxes (personal and corporate income taxes, and petroleum income tax) and indirect taxes (value-added tax, excise tax, customs duties, stamp duties, and specific business tax).

Generally, income tax in Thailand is by self-assessment, where tax declarations and payments are assumed to be correct. However, the Revenue Department has the power to audit taxes and taxpayers' financial records. Value-added tax (VAT) is collected upon the consumption of goods and services and is also levied on imports.

Corporate income tax

Corporate income tax (CIT) is a direct tax levied on legal entities (companies) established under Thai law, as well as legal entities established under foreign law that conduct business in Thailand, or which derive certain types of income from Thailand.

The term 'legal entity' means a legal company or partnership operating in Thailand. Companies incorporated in Thailand are subject to corporate income tax on all profits derived from both domestic and foreign sources. The term also includes any unincorporated joint venture, and any trading or profit-seeking activity conducted by a foreign government or its agency, or by any other legal body incorporated under foreign law.

Taxable entities

Corporate income tax is levied on both Thai and foreign companies. A Thai company means a company incorporated in Thailand. A Thai company is subject to tax in Thailand on its worldwide net profit at the end of each accounting period (12 months).

A foreign company means a company incorporated under foreign law. Generally, a foreign company is

treated as conducting business in Thailand if it has an office, a branch, or any other place of business in Thailand, or if it has an employee, agent, or representative that is conducting business in Thailand. A foreign company conducting business in Thailand is subject to CIT only on net profit arising from, or as a consequence of, business conducted in Thailand at the end of each accounting period.

A separate profit remittance tax of 10% of the amount remitted is imposed on foreign companies that remit their Thailand-based profits offshore. Profits include any sum set aside out of profits, as well as any sum which may be regarded as profits.

A foreign company not conducting business in Thailand, but deriving certain types of income from Thailand, such as service fees, interest, dividends, rent, or professional fees, may be subject to CIT on the gross amount received. It is collected in the form of withholding tax, which the payer of income must deduct at the rate shown in the section on withholding tax (payments to non-resident individuals and companies). A foreign company engaged in international transport is also subject to tax only on its gross receipts.

Fiscal year

The usual fiscal year for tax submission is for the 12-month period ending 31 December. However, for the first year of incorporation or with the consent of the Director-General of the Revenue Department, corporate taxpayers may choose an alternative accounting period for the purpose of determining taxable income.

Focus on

Corporate taxes

Determining a company's taxable income

The CIT of a company conducting business in Thailand is calculated from the company's net profit on an accrual basis. A company must take into account all revenue arising from, or as a consequence of, the business conducted in an accounting period, and may deduct all expenses in accordance with the conditions set out in the Revenue Code.

Tax rates

In Thailand, the standard corporate income tax rate in Thailand is 20% of net profits.

Progressive tax rates apply to small and medium-sized enterprises (SMEs*), as follows:

Net profit (Thai baht)	CIT rates
0 - 300,000	Nil
300,001 - 3,000,000	15%
Over 3,000,000	20%

*An 'SME' means a company which has paid-up capital at the end of any accounting period not exceeding THB 5 million, and which has revenue from the sale of goods or the provision of services in any accounting period not exceeding THB 30 million.)

Foreign tax relief

For income derived from countries that do not have a Double Taxation Agreement (DTA) with Thailand, foreign tax credits are allowed. These foreign tax credits are subject to certain criteria and conditions, and can be taken up to the amount of Thai tax that would have been payable had the income been derived in Thailand. The same rules apply in regard to foreign tax relief for countries with which Thailand has DTAs.

Losses and consolidation

Each company is taxed as a separate legal entity. Losses incurred by one affiliate may not be offset against profits made by another affiliate. Losses can only be carried forward for a maximum of five years.

Dividends

Dividends received by a company listed on the Stock Exchange of Thailand from another Thai company are

exempt from tax, provided that the shares are held for at least three months before and three months after the dividend was received.

Exemptions also apply to dividends received by any other company incorporated in Thailand that holds at least 25% of the voting shares in another Thai company, without any cross shareholding, either directly or indirectly, provided that the related shares have been held for a period of at least three months before and three months after the receipt of the dividends.

Where a Thai company holds less than 25% of the voting shares in another Thai company, it will only need to include in its assessable income an amount of 50% of the dividends received. If the conditions for the holding period are not met, a tax exemption or reduction cannot be claimed.

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Corporate taxes

Special deductions

Dividends paid by a foreign company to a Thai company are exempt from CIT if:

- the highest corporate tax rate of the foreign jurisdiction from which the dividend is received is at least 15%;
- the Thai company has a 25% or more equity interest in the foreign entity; and
- the Thai company maintains its shareholding in that company for a 6-month period.

Shares are held for at least three months before and three months after the dividend was received. Exemptions also apply to dividends received by any other company incorporated in Thailand that holds at least 25% of the voting shares in another Thai company, without any cross shareholding, either directly or indirectly, provided that the related shares have been held for a period of at least three months before and three months after the receipt of the dividends.

Special deductions mean a Thai company is allowed to treat specific expenses incurred as additional deductions when computing corporate income tax. Rates of those special deductions vary depending on specific promotion of the government during a specific period of time. Normally, rates of 25%-200% can be found upon the incentives.

Together with further details and conditions prescribed by related laws and regulations, expenses paid during a specific period of 2022 qualified the special deductions are, for example, a purchase of bio-degradable plastic products, an electronic donation for Covid-19 purposes made to Office of the Permanent Secretary – Prime Minister Office, a purchase of Covid-19 antigen self-test kits for employees, etc.

Transfer-pricing law

In Thailand, transfer-pricing provisions were introduced into the Revenue Code effective for accounting periods that started on or after 1 January 2019. The key aspects of the transfer-pricing law are as follows:

1. The Revenue Department's tax auditors are granted the authority to adjust corporate taxpayers' revenue and expenses in relation to related-party transactions that were not at arm's length according to the rules, procedures, and conditions set out in the related Ministerial Regulation.
2. The term "related party" is defined as: (a) a legal entity that either directly or indirectly holds 50% or more of the total shares of another legal entity; (b) a legal entity of which 50% or more of its total shares are held either directly or indirectly by a shareholder or partner that also directly or indirectly holds 50% or more of total shares of another legal entity; or (c) a legal entity that has a dependent relationship with another legal entity in terms of capital, management, or control, to the extent that one entity cannot be operated independently from the other.
3. To relieve the double tax resulting from such adjustments, taxpayers who are deemed to have overpaid taxes on related-party transactions as a result of a transfer-pricing assessment will have the right to file a request for a tax refund within three years of the deadline for filing an annual corporate income tax return within 60 days of receiving notification of the tax assessment results, whichever is later, according to regulations set out by the Director-General.
4. Taxpayers who are deemed to be related parties under the definition, and who have an annual turnover of at least THB 200 million, are required to prepare and file a transfer-pricing disclosure form together with their annual corporate income tax return. This form requires taxpayers to disclose relationships with related parties and the total value of related-party transactions during the accounting period.
5. The Revenue Department's tax auditors are granted the authority to request transfer-pricing documentation from taxpayers within five years of the disclosure form being filed. Taxpayers must submit such

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such documentation within 60 days of receiving notice to do so from the tax auditors, with a possible extension to within 120 days of receiving notice, upon request. The transfer-pricing documentation is due 180 days after receiving notification from the Thai Revenue Department for the first time.

6. Taxpayers that fail to submit the transfer-pricing disclosure form or transfer-pricing documentation by the due date, or that submit the form or documentation with incorrect or incomplete information, are subject to a maximum fine of THB 200,000.
7. In September 2021, the Revenue Department outlined the information that must be included in transfer-pricing documentation. This includes information on the business, related-party transactions, and a benchmarking study. This documentation must be in Thai. This requirement applies to fiscal years beginning on or after 1 January 2021.
8. At that time (September 2021), the Revenue Department also outlined the requirements for a Thai transfer-pricing country-by-country report (“CbCR”) for fiscal years beginning on or after 1 January 2021. The CbCR is due 150 days after the year-end and applies to companies with consolidated revenues of at least THB 28 billion. Additionally, the Revenue Department also indicated that entities conducting business in Thailand are required to notify the Revenue Department of certain positions related to their CbCR filings. For instance, if an entity is not the reporting entity, it must specify which entity whether the Ultimate Parent Entity (“UPE”) or the Surrogate Parent Entity (“SPE”) serves as the reporting entity, along with that entity’s country of residence.
9. In December 2021, the Revenue Department extended the due date of the submission of CbCR to within 12 months of the closing date of the accounting period for the Ultimate Parent Entity (“UPE”) and qualified Surrogate Parent Entity (“SPE”) located in Thailand.
10. In January 2022, the Revenue Department

issued Notification of the Director-General on Income Tax No. 419 (DGN 419), requiring that the CbCR must be submitted to the Revenue Department through an online filing system.

11. In early 2022, the Revenue Department issued additional examples of the definition of a related party in a disclosure form, i.e. examples 12- 14, in order to scrutinise a holding structure of a group of companies. The new examples provide a close relationship between those related where an indirect holding by a group of companies or individuals can be subject to the definition of a related party under domestic law and regulations

Focus on
Personal taxation



Focus on Personal taxation

Personal income tax (PIT) is a direct tax levied on the taxable income of a person. A person is defined as an individual, an unregistered ordinary partnership, a body of persons that is not a legal entity, a person who died sometime during the calendar year, and an undivided estate.

In general, a person liable to PIT must calculate tax liability, file tax returns, and pay tax, if any, on a calendar-year basis. Taxpayers are classified as either 'residents' or 'non-residents'.

Residency status

An individual will be considered a resident for tax purposes if he or she is present in Thailand for a total of 180 days or more in a given tax year.

Thai-sourced income

Any person, whether a resident or non-resident, is liable to PIT if he derives assessable income from his post or business carried out in Thailand, or from the business of his employer located in Thailand, or from his property situated in Thailand.

Foreign-sourced income – new interpretation

A non-resident is not liable to PIT on his foreign-sourced income, regardless of whether he brings such income into Thailand or not.

A resident is liable to PIT on his foreign-sourced income only if such income is brought into Thailand. Before 1 January 2024, the Revenue Department treated only foreign-sourced income that was brought into Thailand in the same calendar year in which it was earned as subject to PIT. This treatment was changed by Departmental Instruction Paw.

161/2566 ("DI. Paw. 161/2566") issued in September 2023. Currently, a resident is liable to PIT on his foreign-sourced income when it is brought into Thailand, regardless of whether it is brought into Thailand in the same calendar year in which it is earned or not. However, by virtue of Departmental Instruction Paw. 162/2566, which was subsequently issued by the Revenue Department, the new treatment under DI. Paw. 161/2566 does not apply

to any foreign-sourced income which was earned before 1 January 2024.

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Personal taxation

Taxable income

Income on which PIT is due is called 'assessable income'. The term covers income both in cash and in kind. This means that any benefits provided by an employer or other persons, such as rent-free housing, or the amount of tax paid by the employer on behalf of the employee, will also be treated as assessable income of the employee for PIT purposes. Assessable income is divided into eight categories. Certain deductions and allowances can be offset against assessable income to calculate taxable income. Taxpayers must make deductions from assessable income before the allowances are granted.

Types of income	Deductions
1. Income from employment	50%, but not exceeding THB 100,000
2. Income from independent personal services	50%, but not exceeding THB 100,000
3. Income from goodwill, copyright and other rights	50%, but not exceeding THB 100,000
4. Income in the form of interest, dividends, or capital gains	N/A
5. Income from letting out property <ul style="list-style-type: none"> • buildings and wharves • agricultural land • non-agricultural land • vehicles • any other type of property 	actual expenses or 30% actual expenses or 20% actual expenses or 15% actual expenses or 30% actual expense or 10%
6. Income from professional services (law, medical practice, engineering, architecture, accountancy, and fine arts)	actual expenses or 30%, except for the medical profession, where 60% is allowed
7. Income from the hire of work where the taxpayer is obliged to provide essential materials besides tools	actual expenses or 60%
8. Income from business, commerce, agriculture, industry, transport, or any other activities not specified	actual expenses or between 40% and 60%, depending on the types of income

Focus on

Personal taxation

Tax rates for resident and non-resident individuals

Taxable Income (Thai baht)	Tax Rate	Tax Amount (Thai baht)	Accumulated Tax (Thai baht)
0 - 150,000	0%	-	-
150,001 - 300,000	5%	7,500	7,500
300,001 - 500,000	10%	20,000	27,500
500,001 - 750,000	15%	37,500	65,000
750,001 - 1,000,000	20%	50,000	115,000
1,000,001 - 2,000,000	25%	250,000	365,000
2,000,001 - 5,000,000	30%	900,000	1,265,000
5,000,001 and over	35%	-	-

Resident individuals over the age of 65 are granted an exemption for the first THB 190,000 of taxable income instead of the normal THB150,000 threshold.

Separate taxation

There are several types of income that a taxpayer may elect to have assessed separately.

Income from the sale of immovable property

Special rules apply to calculating gains on the sale of immovable property. This may allow a taxpayer to pay a final withholding tax to the Land Department in lieu of including the gain made on the sale as normal assessable income.

Interest

Interest income may, at the taxpayer's choice, be excluded from the PIT calculation, if that tax at 15 per cent is withheld at source. However, the following forms of an individual's interest income are exempt from any tax:

1. Interest on savings deposits in commercial banks if the aggregate amount of interest received is not more than THB 20,000 during a taxable year.
2. Interest on fixed deposit accounts held for one year or longer with banks in Thailand provided that the taxpayer receives such interest at the age of 55 and the total of all such interest on all such bank accounts in a year does not exceed THB 30,000.
3. Interest on monthly recurring fixed deposit accounts with banks in Thailand provided that the minimum length of time that the account is held is 24 months and that the same amount (not exceeding THB 25,000) is deposited every month.

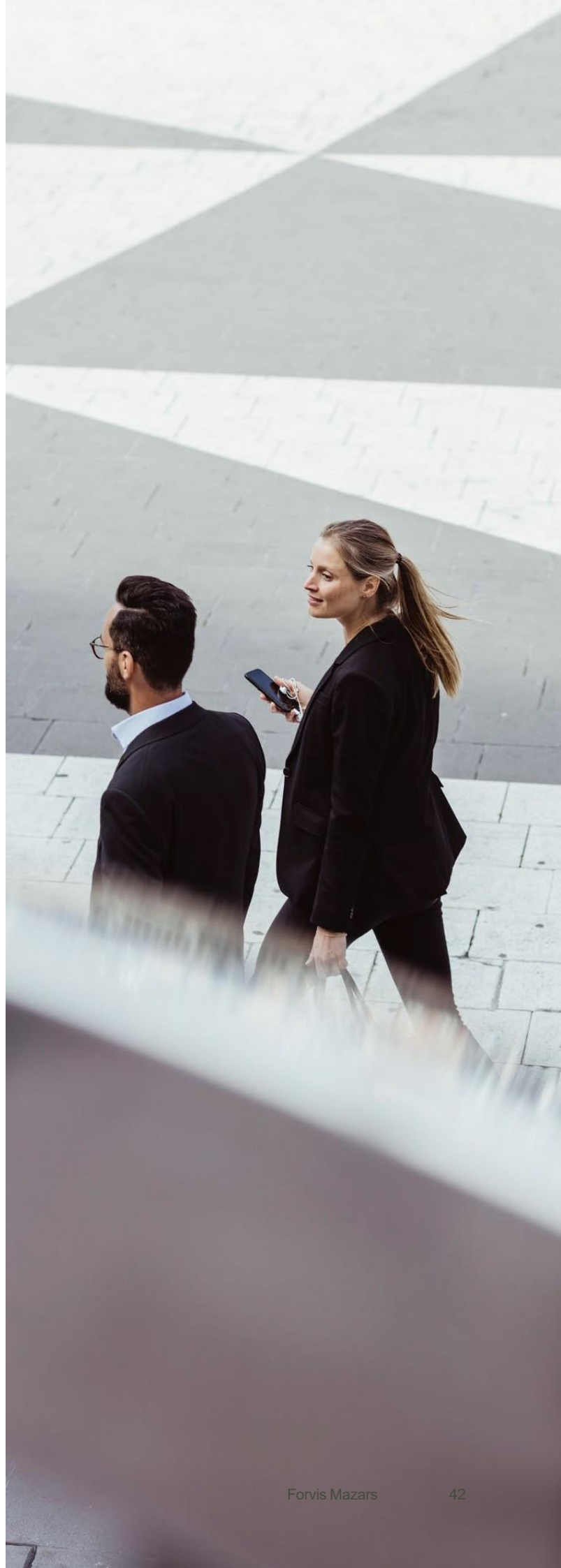
Focus on Personal taxation

Dividends

A resident individual taxpayer that derives dividends has a choice of including the dividend in PIT- assessable income or paying a final withholding tax at 10% and excluding that dividend from their income. Taxpayers who choose the first option must gross up the dividend to include the 10% withholding tax deducted, as well as the company tax paid on that dividend. However, a tax credit is granted for both the withholding tax and company tax deducted.

PIT filing and payment

A taxpayer must file a PIT return (Form PND 90 or 91) and make a payment to a district Revenue Department office by the last day of March following the taxable year. A taxpayer who derives income from categories 5 to 8 of those listed in the 'Taxable income' section above during the first six months of the taxable year is also required to file a half-year return (Form PND 94) and to make a payment to a district Revenue Department office by the last day of September of that taxable year. Any withholding or half-year tax that has been pre-paid can be used as a credit against the year-end tax liability.



Focus on
Withholding tax



Focus on

Withholding tax

Payments to resident individuals

For certain categories of income, the payer of income must withhold tax at source, file the necessary return (Form PND 1, 2, or 3) and submit the amount of tax withheld to the district Revenue Department office. The tax withheld is then credited against the tax liability of the taxpayer when the tax return is filed. The table below shows the withholding tax rates for some categories of income:

Types of income	Withholding tax
1. Employment income/ independent personal services	0% to 35%
2. Interest ¹	15%
3. Dividend	10%
4. Royalties	0% to 35%
5. Rent ¹	5%
6. Prizes	5 %
7. Hire of work and professional services ¹	3%
8. Public entertainer remuneration	5%
9. Advertising fees ¹	2%
10. Capital gain ²	0% to 35%

1. Not applicable if an individual is the payer of income

2. Not applicable for the sale of shares on the SET

Recent updates to the WHT rules

1. The Revenue Department has announced that, effective 1 January 2025, the electronic filing of withholding tax returns, covering forms PND 1, PND 1 Gor, PND 2, PND 3, and PND 53, will be mandatory.
2. On 11 April 2025, the Thai Revenue Department issued Notification of the Director-General on Income Tax No. 457, establishing a formal mechanism to appoint WHT agents that allows a company to act as a withholding tax agent on behalf of multiple payers.

Focus on

Withholding tax

Payments to resident companies and branches of foreign companies

Certain types of income paid to companies are subject to withholding tax at source. The withholding tax rates depend on the types of income and the tax status of the recipient.

The payer of income is required to file a tax return (Form PND 53) and submit the amount of tax withheld to the Revenue Department via e-filing

system by the fifteenth day of the month following that in which the payment was made. The tax withheld is credited against the final tax liability of the taxpayer.

Governmental agencies are required to withhold tax at the rate of 1% on all types of income paid to Thai companies. The table below sets out the withholding tax rates on some important types of income.

Types of income	Withholding tax
1. Interest	10% if paid to associations or foundations, or 1% in other cases
2. Dividends	10%
3. Royalties	10% if paid to associations or foundations, or 3% in other cases
4. Rent	10% if paid to associations or foundations, or 5% in other cases
5. Prizes	5%
6. Service and liberal profession	3%
7. Hire of work	3% if paid to a Thai company or a foreign company that has a permanent branch in Thailand; 5% if paid to a foreign company without a permanent branch in Thailand.
8. Advertising fee	2%

Payments to resident companies and branches of foreign companies

Apart from dividends, on which 10% withholding tax must be paid, 15% withholding tax must be deducted from most other payments (including interest, royalties, rent, management fees, consultancy payments, and capital gains) made to a non-resident that resides in a country which does not have a DTA with Thailand.

However, Thailand has concluded DTAs with many countries. The withholding tax rates may therefore be reduced, depending on the applicable DTA (see the following section on Double Taxation Agreements).

Focus on
Double taxation agreement



Focus on

Double taxation agreement

Thailand concluded its first double tax agreement (DTA) with Sweden in 1963. The Thai DTA network continues to be expanded and updated.

DTAs apply to person(s) (including individuals and corporate entities) which are residents of either one or both of the respective Contracting States. In order to be classified as a Thai resident and to be entitled to DTA benefits, a person must be one of the following:

1. An individual who stays in Thailand for a period of 180 days or more (whether consecutive or not) in a calendar year.
2. A company or other legal entity that is incorporated or established under the laws of Thailand.

Taxes covered by DTAs

DTAs apply only to income taxes – namely, personal income tax, corporate income tax, and petroleum income tax. Other indirect taxes, such as VAT and specific business tax (SBT), are not covered by DTAs.

Types of income

In general, a DTA does not stipulate an exact tax rate that applies to a specific item of income. Instead, it states whether the source country or resident country is entitled to tax certain income. If the source country has taxing rights, the income will be subject to tax under the domestic laws of that country.

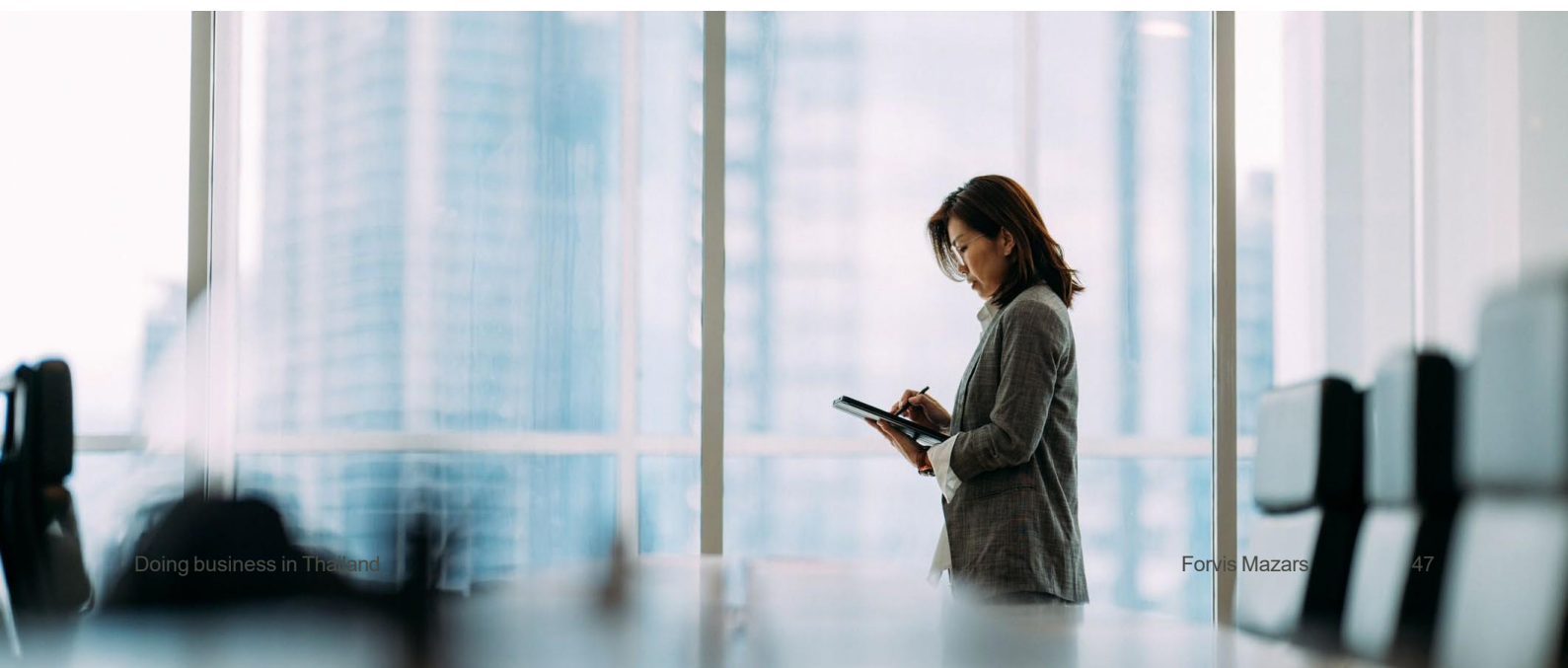
The DTA also prescribes a maximum tax rate applicable to passive income – namely, dividends, interest, and royalties. This means that the source country can tax passive income at a rate not exceeding that set out in the DTA. In many cases, tax rates in a DTA are lower than domestic tax rates, in order to reduce tax impediments to cross-border trade and investments.

Some Articles of DTAs clearly do not allow the source country to exercise taxing rights on certain income, such as income from international air transport, and income from general management and administrative services (business profits), provided that such a business is not conducted through a permanent establishment (PE) in the source country.

Tax rates

Withholding tax is generally applied at a rate of 10% for dividends, and 15% for interest and royalties.

However, in some DTAs, a lower withholding tax rate applies if the recipient of dividends, interest, or royalties does not have a PE or fixed base in Thailand. The following table sets out the general tax rates applicable to dividends, interest, and royalty payments under Thailand's DTAs:



Focus on

Double taxation agreement

	Dividends (1)	Interest (2)	Royalties (3)
Armenia	10%	10%, 15%	15%
Australia	10%	10%, 15%	15%
Austria	10%	10%, 15%	15%
Bahrain	10%	10%, 15%	15%
Bangladesh	10%	10%, 15%	15%
Belarus	10%	10%, 15%	15%
Belgium	10%	10%, 15%	15%
Bulgaria	10%	10%, 15%	5%, 15%
Cambodia	10%	10%, 15%	10%
Canada	10%	10%, 15%	5%, 15%
Chile	10%	10%, 15%	10%
China	10%	10%, 15%	15%
Cyprus	10%	10%, 15%	5%, 10%, 15%
Czech Republic	10%	10%, 15%	5%, 10%, 15%
Denmark	10%	10%, 15%	5%, 10%, 15%
Estonia	10%	10%	8%, 10%
Finland	10%	10%, 15%	15%
France	10%	3%, 10%, 15%	0%, 5%, 15%
Germany	10%	0%, 10%, 15%	5%, 15%
Hong Kong	10%	10%, 15%	5%, 10%, 15%
Hungary	10%	10%, 15%	15%
India	10%	10%	10%
Indonesia	10%	10%, 15%	15%
Ireland	10%	10%, 15%	5%, 10%, 15%
Israel	10%	10%, 15%	5%, 15%
Italy	10%	0%, 10%, 15%	5%, 15%
Japan	10%	0%, 10%, 15%	15%
Korea	10%	10%, 15%	5%, 10%, 15%
Kuwait	10%	10%, 15%	15%
Laos	10%	10%, 15%	15%
Luxembourg	10%	10%, 15%	15%
Malaysia	10%	10%, 15%	15%

Focus on

Double taxation agreement

	Dividends (1)	Interest (2)	Royalties (3)
Mauritius	10%	10%, 15%	5%, 15%
Myanmar	10%	10%	5%, 10%, 15%
Nepal	10%	10%, 15%	15%
The Netherlands	10%	10%, 15%	15%, 15%
New Zealand	10%	10%, 15%	10%, 15%
Norway	10%	10%, 15%	5%, 10%, 15%
Oman	10%	10%, 15%	15%
Pakistan	10%	10%, 15%	0%, 10%, 15%
Philippines	10%	10%, 15%	15%
Poland	10%	10%, 15%	5%, 15%
Romania	10%	10%, 15%	15%
Russia	10%	10%, 15%	15%
The Seychelles	10%	10%, 15%	15%
Singapore	10%	10%, 15%	5%, 8%, 10%
Slovenia	10%	10%, 15%	10%, 15%
South Africa	10%	10%, 15%	15%
Spain	10%	10%, 15%	5%, 8%, 15%
Sri Lanka	10%	10%, 15%	15%
Sweden	10%	10%, 15%	15%
Switzerland	10%	10%, 15%	5%, 10%, 15%
Taiwan	5%, 10% 10%	10%, 15%	10%
Tajikistan	10%	10%	5%, 10%
Turkey	10%	10%, 15%	15%
The Ukraine	10%	10%, 15%	15%
The United Arab Emirates	10%	10%, 15%	15%
The United Kingdom	10%	10%, 15%	5%, 15%
The United States of America	10%	10%, 15%	5%, 8%, 15%
Uzbekistan	10%	10%, 15%	15%
Vietnam	10%	10%, 15%	15%

1. The lower rate generally applies if certain conditions are met, including having a specified minimum percentage of equity in the company paying the dividend.
2. The lower rate generally applies to interest to which a financial institution is beneficially entitled.
3. The lower rate generally applies to payments made as consideration for the right to use any copyright of literary, artistic, or scientific work.

Focus on
Pillar Two in Thailand



Focus on

Pillar Two introduction in Thailand

Emergency Decree

On 26 December 2024, Thailand enacted the Emergency Decree on Top-Up Tax B.E. 2567, introducing the OECD BEPS 2.0 Pillar Two framework into domestic law. Effective for fiscal years beginning on or after 1 January 2025, the Decree imposes a 15% global minimum tax on in-scope multinational enterprise (MNE) groups. This development underscores Thailand's alignment with international tax standards and its commitment to addressing base erosion and profit shifting. While the Decree largely follows the OECD's GloBE Model Rules, several provisions require further clarification. Detailed rules are expected to be issued by the Thai Revenue Department through ministerial regulations and administrative notifications to ensure consistent interpretation and application.

Who is subject to the Top-Up Tax

The Decree applies to MNE groups with consolidated revenues of at least EUR 750 million (approximately THB 28 billion), measured in at least two of the four preceding accounting periods. Thai entities may be affected if they are:

- The Ultimate Parent Entity (UPE) or an intermediate parent within a qualifying group;
- A constituent entity located in Thailand, including subsidiaries, branches, or joint ventures;
- Beneficiaries of tax incentives, such as those promoted by the Board of Investment (BOI) or under the International Business Center (IBC) regime. Importantly, Thai entities benefiting from preferential tax treatments (e.g., corporate income tax exemptions or reductions) may trigger Top-Up Tax liabilities if their jurisdictional effective tax rate (ETR) falls below the 15% threshold.

Key features of the decree

The Emergency Decree implements three core elements of the Pillar Two framework:

- **Income Inclusion Rule (IIR):** Requires parent entities to pay top-up tax on low-taxed income of foreign subsidiaries.
- **Undertaxed Payments Rule (UTPR):** Applies as a backstop to the IIR, allowing other jurisdictions to collect the top-up tax where the IIR is not applied.
- **Qualified Domestic Minimum Top-Up Tax (QDMTT):** Ensures low-taxed income earned in Thailand is taxed domestically before foreign jurisdictions apply IIR or UTPR.

The Top-Up Tax is calculated at the jurisdictional level and takes into account:

- Adjusted covered taxes;
- Net GloBE Income, based on accounting standards and adjusted for specific items;
- Substance-based Income Exclusion (SBIE), based on qualifying payroll and tangible assets.

The effective tax rate (ETR) calculation and allocation of top-up tax must follow detailed formulas outlined in the Decree. Specific methodologies for calculating the effective tax rate and potential safe harbor provisions are expected to be detailed in forthcoming ministerial regulations.

Reporting and filing obligations

Thai constituent entities are required to comply with new filing and reporting obligations, including:

- Submission of GloBE Information Return (GIR) and other disclosures within 15 months after the end of the relevant fiscal year (extended to 18 months for the first filing period);
- Top-Up Tax return to the TRD, including the amount of domestic top-up tax payable;
- Identification of the UPE and the responsible filing entity. Thai entities may be exempt from filing the GIR locally if it is submitted by the UPE (or surrogate) in a jurisdiction that has a Qualifying Competent Authority Agreement (QCAA) with Thailand.

The Decree also allows:

- Instalment payment of tax liabilities over three months;
- Refund of overpaid Top-Up Tax within three years;
- Imposition of surcharges at 1.5% per month, penalties of up to 200% of the unpaid amount, and criminal sanctions in cases of intentional misreporting or fraud.

Notably, tax incentive measure is currently under development in Thailand aimed at reducing corporate income tax (CIT) through the introduction of Qualified Refundable Tax Credits (QRTCs). We therefore recommend that the investors closely monitor ongoing legal and regulatory developments in this area.

Focus on
Sales, VAT and, other taxes



Focus on Sales, VAT and, other taxes

Value-added tax (VAT)

VAT replaced sales tax on 1 January 1992.

VAT is an indirect tax imposed on the value added at each stage of production and distribution.

Any person or entity that regularly supplies goods or provides services in Thailand, and has an annual turnover exceeding THB 1.8 million, is subject to VAT in Thailand. A supplier of services to an offshore entity will also have to pay VAT if

the services are used in Thailand. VAT also applies to any import of goods or services. Suppliers of goods and services collect output VAT. Purchasers of goods and services pay input VAT. Input VAT is deducted from output VAT to determine VAT liability.

VAT is currently levied at a rate of 7% on gross receipts, although a zero rate applies to exported goods and services that are used abroad. Certain businesses are exempt from VAT.

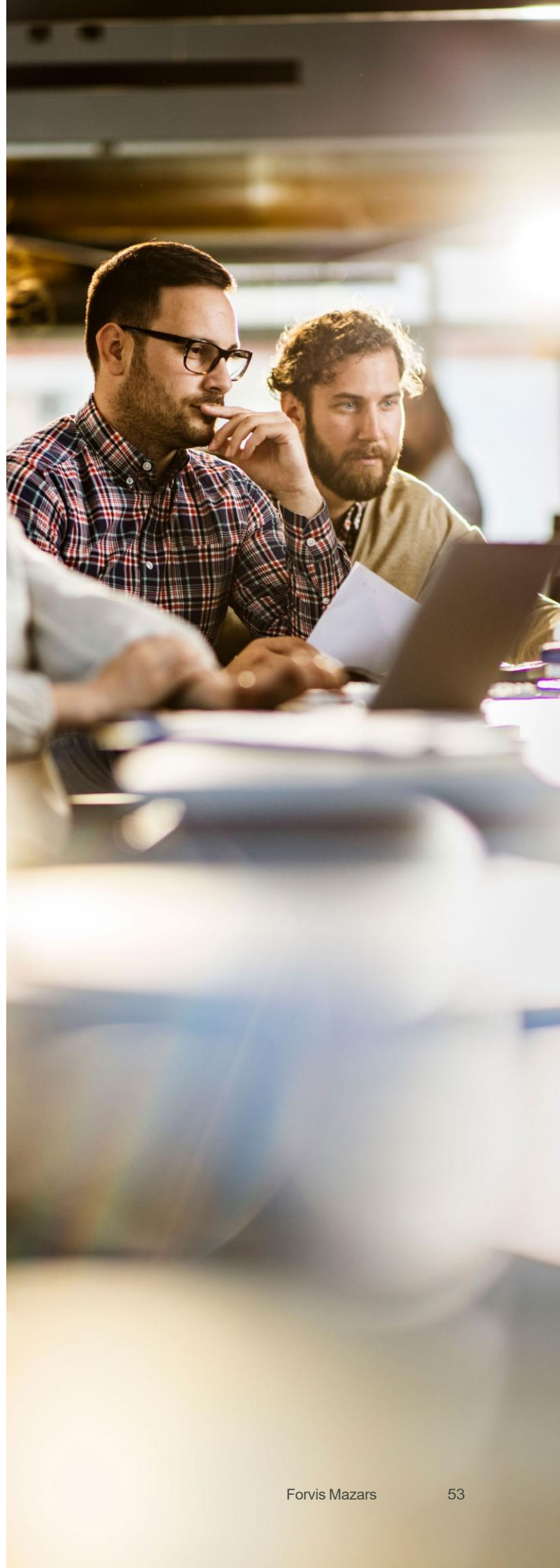
VAT on foreign e-service

Overseas business operators providing electronic services (e-services) to customers that are

not VAT registrants in Thailand are required to register and pay VAT in Thailand if they generate revenue of more than THB 1.8 million a year from providing such services.

Electronic services are defined as services, including intangible property, delivered through the Internet or any other electronic network that are substantially automatic and cannot be provided without information technology.

Overseas e-business operators must calculate their VAT liabilities to be remitted to the Revenue Department based on their total amount of revenue earned from e-services provided to customers not registered for VAT in Thailand without setting off any input VAT paid on expenses. In addition, they are not allowed to issue tax invoices to customers.



Focus on

Sales, VAT and, other taxes

Business	Tax Base	Business
1. Banking, finance, and similar businesses	Interest, discounts, service fees, other fees, profits from the exchange of foreign currencies	3%
2. Life insurance	Interest, service fees, and other fees	2.5%
3. Pawn brokerage	Interest, fees, remuneration from selling property which has not been bought back	2.5%
4. Real estate	Gross receipts	3%
5. Factoring	Interest, discounts, service fees, and other fees	3%

Note: Local tax at the rate of 10% is imposed on top of SBT.

Petroleum income tax

Income derived from petroleum operations is subject to the Petroleum Income Tax Act. Petroleum companies are taxed at the rate of 50% on the annual net profit from operations, including other activities incidental to petroleum operations.

Stamp duty

Stamp duty is a tax that is levied on certain instruments (legal documents). The dutiable

instruments include hire-of-work agreements, transfers of land, leases of immovable property, share transfers, debentures, mortgages, life assurance policies, annuities, powers of attorney, promissory notes, letters of credit, and cheques.

There are two common ways to pay stamp duty:

1. Affix adhesive stamps to the dutiable instruments; or
2. Pay in cash (the payer must first file an application form for paying stamp duty in cash) to an area Revenue Department office.

Notable instruments for which stamp duty must be paid in cash include the following:

1. Agreements for the lease of land, buildings, other constructions, or floating houses, for which the rental fee for the entire lease period is THB 1 million or more;
2. Agreements for the lease of land, buildings, other constructions, or floating houses for which registration under the Land Act is required; and
3. Hire-of-work service agreements for which the service fee is THB 1 million or more.\

Stamp duty rates vary according to the type of instrument. Failure to pay stamp duty can result in a penalty or tax surcharge.

E-Stamp duty

Stamp duty on dutiable instruments, which are executed in an electronic format (e-instruments), must be paid via the e-stamp duty system, starting in July 2019.

When making stamp duty payments via the e-stamp duty system, taxpayers must file the prescribed form (Form Or. Sor. 9) through the Revenue Department's website (<https://www.rd.go.th/landing.html>) or the Revenue Department's Application Program Interface (API).

Focus on Sales, VAT and, other taxes

Excise tax

Excise tax is levied on certain types of products, such as alcoholic beverages, tobacco, and fruit juice

Customs duty

Tariff duties on goods are levied on an ad valorem (according to value) or on a specific rate basis. The majority of goods imported by businesses are subject to rates ranging from 5% to 60%. The majority of imported articles are subject to two different taxes:

1. Tariff duty, calculated by multiplying the Cost, Insurance and Freight value(CIF value) of the goods by the duty rate. The duty determined is then added to the CIF value of the goods
2. VAT is then levied on the total sum of the CIF value, duty, and excise tax, if any.

Goods imported for re-export are generally exempt from import duty and VAT. Export duties are imposed on only a few items, including rice, hides, skins and leather, scrap iron or steel, rubber, teak, and other kinds of wood.

Two exceptions to mandatory customs duties apply to the importation of machinery, equipment, and materials for use by:

1. Oil and gas concessionaires and their contractors; and
2. Certain companies receive investment incentives from the BOI.

Capital gains tax

There is no capital gains tax in Thailand. Capital gains are treated as ordinary income for the purpose of calculating income tax.

Branch profits tax

There is no branch profits tax in Thailand. Thai branches of foreign companies will generally only be taxed in Thailand on the net profit arising from business conducted in Thailand. Thai branches are subject to the same tax rate as resident companies. However, a separate profit remittance tax is imposed on profits that are remitted outside of Thailand.

Signboard tax

This tax may be imposed at various rates per square metre (depending on the language) on any signs or billboards that display a name, trademark, or product for the purpose of advertising or providing information about a business.



Focus on

Sales, VAT and, other taxes

Land and building tax

On 16 November 2018, the National Legislative Assembly (NLA) passed a long-delayed bill on land and building tax, which will replace the house and land tax and the local development.

tax, which came into effect on 1 January 2020. The property tax rates are based on the appraisal value of the property and the category of the property, as follows:

Category of property	Statutory ceiling rate (As a percentage)	Appraisal value (Unit: millions of Thai baht)	Applicable rate (As a percentage)
1. Agricultural use	0.15	0 – 75	0.01
		> 75 - 100	0.03
		> 100 - 500	0.05
		> 500 – 1,000	0.07
		> 1000	0.1
Note: There is a tax exemption for agricultural land worth up to THB 50 million belonging to individuals, and the new law will not be applicable to individual owners for the first three years.			
2. Residence	0.3	0 – 50	0.02
		> 50 - 75	0.03
		> 75 - 100	0.05
		> 100	0.1
Note: For first homes, there is a tax exemption of up to THB 50 million for owners of both the land and home, and whose names are on household registration documents, and up to THB 10 million for those who own homes only and whose names are on household registration documents.			
3. Commercial use	12	0 – 50	0.3
		> 50 - 200	0.4
		> 200 - 1,000	0.5
		> 1,000 - 5,000 >	0.6
		5,001	0.7
4. Undeveloped land	3	0 – 50	0.3
		> 50 - 200	0.4
		> 200 - 1,000	0.5
		> 1,000 - 5,000	0.6
		> 5,000	0.7

Note: Rates will be raised by 0.3% every three years, but will not exceed 3%.

Focus on Sales, VAT and, other taxes

Inheritance tax

The Inheritance Tax Act came into effect in Thailand in 2016. The act does not apply to an inheritance received by the spouse of the deceased.

The following recipients of an inheritance will be liable to pay the tax:

1. A person of Thai nationality – This includes:

- (1) a legal entity organized under Thai law;
- (2) a foreign legal entity in which shareholders of Thai nationality hold more than 50% of the share capital at the time that the legal entity has the right to receive an inheritance; and
- (3) a foreign legal entity where more than 50% of those who have managing power have Thai nationality. This applies regardless of where the property making up the inheritance is situated.

2. A natural person who is not of Thai nationality but who has Thai permanent residency (PR) under the immigration law, regardless of where the property making up the inheritance is situated.

3. A person who is not of Thai nationality but who has received an inheritance which is situated in Thailand.

If the inheritance received has a value exceeding THB 100 million, no matter where received, or if received all at once or over a period of time, only that portion which exceeds the value of THB 100 million shall be taxed. For the purposes of this inheritance tax, the value of the inheritance subject to tax means the value of the asset received as an inheritance offset by any liabilities inherited.

The tax rate is 10% of the value of the inheritance subject to tax. However, if the recipient is a descendant or ancestor of the owner of the inheritance, the rate is reduced to 5%.

Gift tax

A new regulation on gift tax, as part of personal income tax, was announced on 5 August 2015, and became effective from 1 February 2016 onwards. The following items are assessable for personal income tax purposes:

1. Immovable property or rights of occupation of immovable property given to a legitimate son or daughter (but not including an adopted child) without compensation, the value of which exceeds THB 20 million in that calendar year;
2. Gifts (such as cash, shares, and other property), except for the following:
 - gifts received from an ancestor, a descendant, or spouse, the value of which does not exceed THB 20 million in that calendar year;
 - gifts received under a moral obligation, or gifts received in a ceremony or on occasions in accordance with established custom from a person who is not an ancestor, descendant, or spouse, the value of which does not exceed THB 10 million in that calendar year; and
 - gifts received for religious, educational, and public expenditures.

A taxpayer can choose to pay tax of 5% of the taxable portion without having to include the amount in the calculation of net taxable income for the year-end.

Focus on Portfolio investment for foreigners

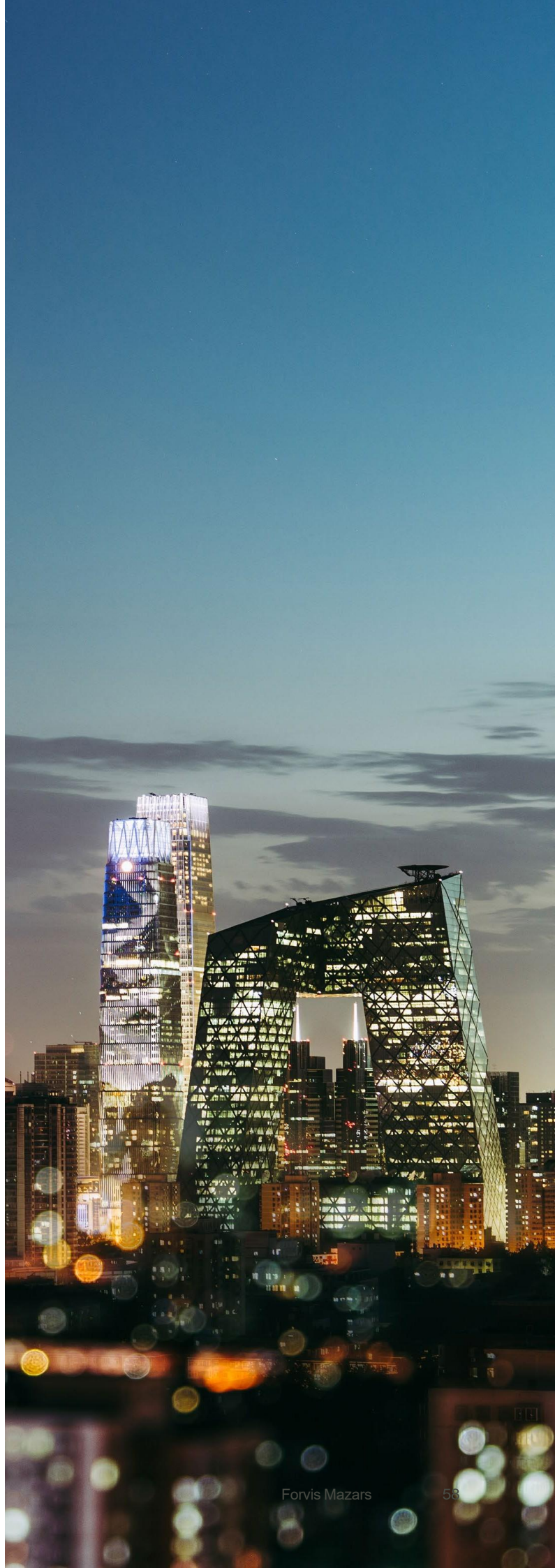
Stock Exchange of Thailand

A foreign individual that invests in securities listed on the Stock Exchange of Thailand (SET) is exempt from any tax on the capital gain made from the sale of shares. A foreign corporation will be subject to 15% withholding tax on the capital gain under Thai law. However, this tax rate may be reduced, or the gain may be exempt from tax under a DTA. Dividends received on shares are subject to domestic withholding tax of 10%.

Thai real estate

Foreign investment in Thai real estate is restricted under the Foreign Business Act, 1999. However, the Land Code, 1954, allows foreigners, under certain rules and conditions set out under the Department of Land's regulations, to have a proprietary right in immovable property.

Thus, a foreigner, with limited exceptions, cannot own land but can own a building on land. Many foreigners therefore choose to obtain long-term leases. Depending on a quota based on total area, a foreigner can own a condominium outright (for example, through freehold purchase) because the underlying land is owned by a Thai legal entity.



Focus on Trust

The concept of trusts and taxing trust income, which is prevalent in many western countries, does not exist in Thailand. There is no separate tax return that needs to be filed for trusts, and thus there is no separate taxation for trust income, either for the trustee or the beneficiary. Recently, however, trusts have been recognized purely for conducting transactions on the Stock Exchange of Thailand.

In order to ensure that the trustee is not taxed on income derived, an exemption has been granted specifically for that type of investment income.





Focus on Practical information

Transport

Bus transport dominates for long distances and in Bangkok, with motorbikes and bicycles dominating in rural areas. Road transportation is the primary form of freight transport. Standard rail travel has been used for many decades for rural long-distance transportation, though plans are underway to expand services with high-speed rail lines extending to several major regions of Thailand. There has also been a significant rise in domestic air transport.

Language

Thai is the national language. English is the next most commonly spoken language and is especially prevalent among the business community in Bangkok. Many Thais of Chinese descent also speak Standard Chinese or a form of Mandarin Chinese.

Time relative to Greenwich Mean Time (GMT)

Thailand is seven hours ahead of GMT year-round, as it does not observe Daylight Savings Time.

Business hours

Businesses in Thailand generally observe an eight-hour day – from 8 a.m. to 5 p.m. A one-hour lunch period is usually taken between noon and 1 p.m. Most business offices are closed on Saturdays and Sundays.

Public holidays

The holidays observed by most businesses and government offices are as follows:

- New Year's Day – 1 January (or the nearest weekday)
- Makha Bucha Day* – around the fourth week of February
- Chakri Memorial Day – 6 April
- Songkran – 13 to 16 April
- Labour Day – 1 May
- Coronation Day - 4 May
- Visakha Bucha Day* – around the fourth week of May
- HM the Queen's Birthday – 3 June
- Asarnha Bucha Day* – around the third week of July
- H.M. the King's Birthday (King Vajiralongkorn) – 28 July
- HM the Queen Mother's Birthday and National Mother's Day – 12 August
- Bhumibol Memorial Day – 13 October
- Chulalongkorn Memorial Day – 23 October
- Father's Day and National Father's Day – 5 December
- Constitution Day – 10 December
- New Year's Eve Day – 31 December

*Dates are dependent on the Thai lunar calendar.



As at 1 January 2026

■ Forvis Mazars

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|--------------------------|--|-------------------|------------------------|
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| ■ Angola | ■ Finland | ■ Madagascar | ■ Singapore |
| ■ Argentina | ■ France | ■ Malaysia | ■ Slovakia |
| ■ Australia | ■ Gabon | ■ Malta | ■ Slovenia |
| ■ Austria | ■ Germany | ■ Mauritius | ■ South Africa |
| ■ Bahrain | ■ Ghana | ■ Mexico | ■ Spain |
| ■ Belgium | ■ Greece | ■ Moldova | ■ Sweden |
| ■ Benin | ■ Guinea | ■ Morocco | ■ Switzerland |
| ■ Bermuda | ■ Hong Kong | ■ Mozambique | ■ Taiwan |
| ■ Bosnia and Herzegovina | ■ Hungary | ■ Netherlands | ■ Tanzania |
| ■ Botswana | ■ India | ■ Niger | ■ Thailand |
| ■ Brazil | ■ Indonesia | ■ Nigeria | ■ Togo |
| ■ Bulgaria | ■ Ireland | ■ North Macedonia | ■ Tunisia |
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| ■ Cameroon | ■ Italy | ■ Oman | ■ Uganda |
| ■ Canada | ■ Japan | ■ Pakistan | ■ Ukraine |
| ■ Cayman Islands | ■ Jordan | ■ Palestine | ■ United Arab Emirates |
| ■ Chile | ■ Kazakhstan | ■ Panama | ■ United Kingdom |
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| ■ Croatia | ■ Kuwait | ■ Portugal | ■ Venezuela |
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