

Call in for a Coffee

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**2008 Tax Stimulus
Package**



2008 - Tax Stimulus Package

On Tuesday 4 March 2008, the Cabinet approved the Government's economic stimulus package for 2008. The package consists of cuts to personal income tax and the taxes for small and medium enterprises, cuts to corporate income tax, and cuts to transaction taxes for the conveyance of property.

Subject to the applicable legislation being drafted and enacted, it is expected that the tax cuts will be back-dated to apply as from 1 January 2008. Summary tables of the announcements (showing the current (2007) rates for comparison) are as follows:

Personal Income Tax Cuts

	Currently	2008
Tax-free income	100,000	150,000
Allowances for disabled child, adopted child, spouse and parents	0 for each	30,000 for each
Allowance for life assurance premiums	50,000	100,000
Allowance for contributions to Registered Provident Funds and Retirement Mutual Funds	300,000	500,000
Allowance for contributions to Long Term Equity Funds	300,000	500,000

Small and Medium Enterprises

	Currently	2008
Tax-free income for an SME subject to PIT	0	1,200,000
Tax-free taxable income for an SME subject to CIT	0	150,000
Depreciation deduction on date of acquisition of computer software	0%	40%

Corporate Income Tax Cuts

	Currently	2008
CIT rate for existing companies on the SET for profit below Bt 300m for the first 3 years	30%	25%
CIT rate for existing companies on the MAI for profit below Bt 20m for the first 3 years	30%	20%
CIT rate for newly-listed companies on the SET for the first 3 years	30%	25%
CIT rate for newly-listed companies on the MAI for the first 3 years	30%	20%
Allowance for purchase of energy-saving plant and equipment items	0%	125%
Depreciation deduction on date of acquisition of plant and machinery for production and services	0%	40%
Depreciation allowance for computer software	10%	33.33%

Property Conveyance Taxes

	Currently	2008
Specific Business Tax	3.3%	0.11%
Transfer Fee	2.0%	0.01%

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