

Advantage

Tax and business law intelligence for international companies



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TAX INCENTIVES

Tax Changes Implemented During the Political Turmoil

During the political turmoil, the following tax changes have slipped through the cracks:

Extension to the Property Conveyance Tax Incentives

On Tuesday 2 December 2008, the Cabinet (of the previous government) approved a one-year extension to the reduced property conveyance tax incentives.

The following reduced property conveyance taxes, which were originally set down for the twelve months period from 29 March 2008 to 28 March 2009, have now been extended for a further twelve months to 28 March 2010:

- Transfer fees at the rate of 0.01% of the Lands Department appraised value;
- Mortgage registration fees at the rate of 0.01%; and
- Specific business tax at the rate of 0.11% of the Lands Department appraised value or the actual purchase price, whichever is the higher.

You should note however, irrespective of the above tax incentives, property conveyance transactions are still subject to the following withholding tax rates:

- Corporate withholding tax at the rate of 1% of the Lands Department appraised value or the actual purchase price, whichever is the higher; and
- Personal withholding tax at the rates of 0-37% of the Lands Department appraised value after allowance of expenses at rates of 50-92% according to the number of years of ownership.

Both the above property conveyance and withholding taxes are deducted by the Lands Department at the time of the transfer of the property.

Extension to the LTF and RMF Deduction Allowances

On Tuesday 16 December 2008, the Government Gazette published Ministerial Regulation No 267 (BE 2551), the law that permits additional amounts of tax-deductible contributions to Long Term Equity Funds and Retirement Mutual Funds, which prescribes:

- For contributions to an LTF and/or an RMF during the period 1 October 2008 to 31 December 2008, an individual taxpayer is permitted to claim tax deductions for contributions to the Funds up to an amount of 15% of 2008 assessable income but not exceeding Bt 700,000 for each Fund.

You should note that this extension to the LTF and RMF tax-deduction amounts only applies (under the abovementioned Ministerial Regulation) for the 2008 tax year.

For the 2009 tax year (i.e. the tax year beginning on 1 January 2009), the maximum tax-deductible amounts revert back to the amounts allowed under Ministerial Regulation No 266 (BE 2551) as follows:

- For contributions to an LTF and/or an RMF, an individual taxpayer is permitted to claim income tax deductions for contributions to the Funds up to an amount of 15% of assessable income but not exceeding Bt 500,000 for each Fund.

Those who can and wish to claim the increased tax-allowances for contributions to LTF and RMF for the 2008 tax year have to hurry, you only have a couple of days left to contribute.

The information herein was contributed by Steven Herring, an experienced and senior RSM International Tax Consultant, for RSM Advisory (Thailand) Limited.