

Call in for a Coffee

RSM Nelson Wheeler, Thailand

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Edition No. 24

Introduction

Welcome to **RSM's** first edition of "Call in for a Coffee" for 2005 and both the Directors and staff wish you the very best for the upcoming year.

RSM would like to take this opportunity to express its deep sorrow to all those affected by the Tsunami Disaster. **RSM** would like to thank the many readers of "Call in for a Coffee" who contacted us to express their concern and to wish our very own **Mr. Christopher Coleridge Cole** and his family, victims of the Tsunami disaster, a speedy recovery.

This edition focuses on a number of recent changes or proposed changes affecting expatriates.

Mandatory provident fund law proposed

All employers should be aware of draft legislation awaiting the approval of the Finance Minister. This new law, if passed, will result in employers being required to contribute between 2.5% and 3% of employee salaries provided that those employees earn THB 15,000 or greater a month and the employees will be required to contribute the same. On a positive note, contributions will be tax deductible.

Recent work permits changes

- Foreigners entering Thailand for urgent work which is not prohibited by decree for a period less than 15 days no longer require work permits provided that they have given written notice to the Director General using the prescribed forms.
- Under the new law, a local employer must normally have at least 2 million Baht paid up capital per work permit and foreign employers must have remitted at least 3 million Baht for each foreign employee.
- Under the new rules, representative offices are only allowed 2 work permits for purely representation work and 5 work permits for foreign employees sourcing goods and services in Thailand (with an exception where more than 100 million Baht or its equivalent is sourced in Thailand).

Tax relief for individuals and businesses affected by the TSUNAMI disaster

- 1) Exemption from personal income tax will be granted to people in the six southern provinces affected by the Tsunami in respect to the assessable income for the 2004 year for which a tax return should be filed in 2005.
- 2) Extension of the tax return filing deadlines for withholding tax, value added tax and specific business tax for businesses located in the six southern provinces for the months of December 2004 and January 2005 to April 2005.

- 3) Corporate income tax relief for assets damaged by the Tsunami for the six southern provinces.
- 4) Donations to government agencies assisting people affected by the Tsunami are allowable as a tax deduction provided that the private agencies are certified by the Government.
- 5) Donations of goods or services to government agencies for the Tsunami disaster are also allowable as an income tax deduction.
- 6) Value added tax refunds to businesses in the provinces affected by the Tsunami disaster will be accelerated as a special case.

Minimum wage rate in Thailand

The minimum wage rate for Thailand in 2005 has been increased as detailed in the following table:-

Baht	Area
175	Bangkok, Nonthaburi, Pratumthani, Nakornpratom, Samutprakarn and Samutsakorn
173	Phuket
157	Chonburi
155	Saraburi
150	Nakornratchasima
149	Chiangmai, Pang-nga
147	Ranong and Rayong
146	Pranakornsiayuthaya
144	Krabi and Chachengsao
142	Kanchanaburi, Chantaburi, Petchaburi, Ratchaburi, Samutsonggram and Angthong
141	Chumporn, Lumpoon, Srakaew and Sukhothai
140	Kampaengpetch, Khonkean, Trang, Prachinburi, Buriram, Lopburi, Singhaburi, and Suphanburi
139	Kalasin, Chainat, Chaiyaphum, Tak, Trad, Nakompanom, Naratiwat, Nakornsrithammarat, Nakornsawan, Prachaubkirikhan, Pattani, Phitsanulok, Petchaboon, Pattalung, Mugdahan, Yala, Roi-ed, Lumpang, Loei, Srisaket, Sakonnakorn, Songkha, Satoon, Suratthani, Nongkhai, Nongbualumpoo, Udonthani, Utraradit, Uthaihani And Amnatchareon
138	Nakornnayok and Pichit
137	Chiangrai, Nan, Payao, Phrae, Mahasaracram, Maehongsorn, Yasotorn, Surin and Ubonratchatani

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Personal income tax threshold increase

The Ministry of Finance recently announced an extension to the income tax threshold for the year 2004 from the first THB 80,000 to THB 100,000 which became effective as at the end of October 2004.

Relationship banking

In the aftermath of the Tsunami and the immediate economic impact on their customers, a number of Thai banks have taken proactive steps to assist in mitigating the pain and loss. It is reported that Kasikorn Bank estimates that in the worst case scenario its non-performing loans will increase by THB 720 million and this takes into account steps taken to extend financial assistance to its customers. A very Senior Banking Representative has stated that it is the duty of banks to help their clients in circumstances such as these, without which performing loans will soon turn bad.

As insurance assessors and other professionals go about their work - it may be that banking clients will need the independent professional advice of a financial advisor to mediate between themselves and their creditor/s. **Stephen Darley** of RSM is an experienced mediator and financial advisor who can take an active role as both the lenders and debtors assess the serviceability of existing debts, leading to a possible restructure of financial obligations. Kasikorn Bank for one has reported that if it took no action to assist its customers it would face a potential increase of bad loans of as much as THB 2.24 billion.

For more information on how we can assist, please contact **Stephen Darley** at this office address.

Personal protection

The terrible events caused by the recent tsunami should remind us all that the unexpected does happen and sometimes with horrific consequences. It should also serve to vividly remind us just how vulnerable we really are and that if nothing else, we should make sure that all our planning is reviewed on a regular basis and kept up to date.

If you have not done so recently then now would be a very good time to review such matters as:

- Wills, are they up to date and do they express clearly your wishes?
- Life cover, do you have sufficient to make sure that your family will be safe in the event of your premature death. Does it include funds for education fees if you have a young family? Is it written under a suitable Trust?
- Critical Illness cover, what would happen if you were disabled and not able to work?

- Income protection, what happens to your income in the event of long term illness or injury?
- Medical Insurance, is it adequate?

In the last edition of "Call in for a Coffee" we looked at business protection. There must be many businesses that are reeling due to the loss of key personnel and maybe some will fail because profits or turnover will be dramatically affected or perhaps loans had been personally guaranteed. If your business has not addressed such matters as Keyman cover or share underwriting then now may be the appropriate time.

If you would like help with a review or wish to discuss any of these or other matters then please contact **Barry Scaife** or **Christopher Coleridge Cole**.

RSM News

RSM is pleased to announce that due to requests from many of our clients and friends we will launch RSM Recruitment and Executive Search in the first quarter of this year. Our readers will be kept posted as to exact dates in addition to the areas of specialisms that this new Division will cover.

RSM is also pleased to announce the return of Mark Butters as a Director of the BCCT after the recent elections. Mark will focus on the Joint Foreign Chambers of Commerce in Thailand as part of his portfolio.

Upcoming RSM Sponsored Events

<u>Date</u>	<u>Event</u>	<u>Contact Details</u>
9.02.05	Lighthouse Club Gathering Bull's Head, Sukhumvit 33/1	sunisa.makotpate@rsmnw.com
4.03.05	St. David's Society Annual Ball JW Marriott Hotel, Sukhumvit 2	gareth.hughes@rsmnw.com
12.03.05- 13.03.05	Inter-Societies Golf Tournament 2005, Imperial Lakeview Cha-Am	gareth.hughes@rsmnw.com

Free Consultation

If your company has any issues requiring clarification with respect to legal, financial, taxation, accounting, auditing, wealth management or other problems, please contact the RSM Team and "Call In For A Coffee" for a free consultation.

Translation of business ideas into realistic projects requires expert advice. RSM can assist you in formulating practical solutions to obstacles which may be encountered while undertaking business in Thailand.

Contact Details

We are located at:
26th Floor, Sathorn City Tower,
175 South Sathorn Road,
Bangkok 10120, Thailand
Telephone: 66 (0) 2670-9002
Facsimile: 66 (0) 2670-9027-28
Website: www.rsmnw.com

Email Address: askus.bangkok@rsmnw.com

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