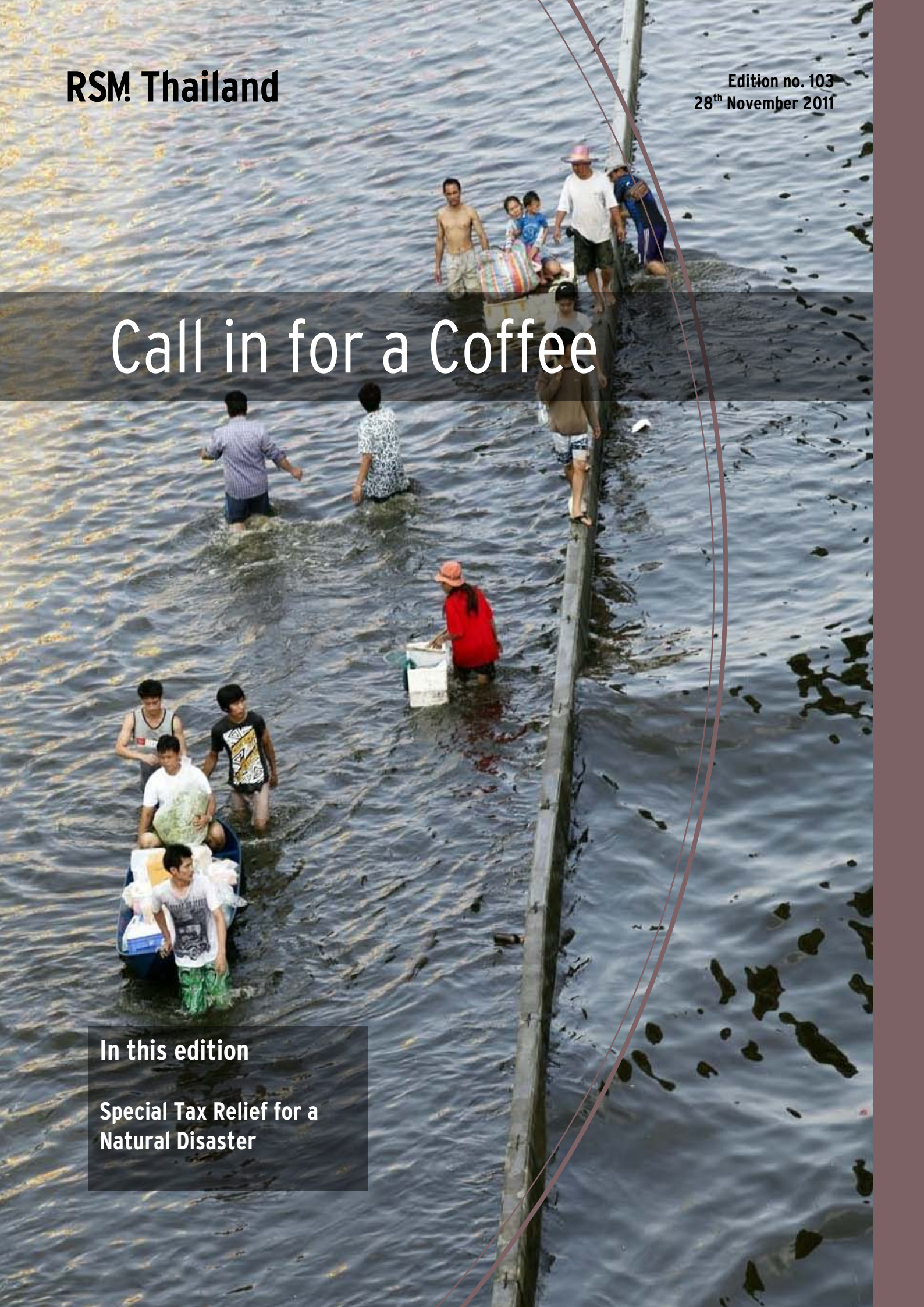


Call in for a Coffee

In this edition

**Special Tax Relief for a
Natural Disaster**



Introduction

Welcome to RSM's 103rd edition of "Call in for a Coffee". Following on from edition 102th of Call in for a Coffee, this edition again focuses on the floods and certain relief granted with respect to such. As the floods recede and normalcy returns, individuals and business owners are confronted with the task of re-building, repairing and what the aftermath effects of this disaster will be.

This edition was written by our Senior Legal Manager Khun Jaruvan Viboonsuk explaining the Special Tax Relief available with respect to a Natural Disaster.

Special Tax Relief for a Natural Disaster

Taxpayers who suffer losses from a natural disasters such as floods, windstorms, fires or other type and those who support disaster relief through donations either in cash or in kind for disasters which have occurred after 1 January 2011 shall be eligible for a tax exemption in accordance with the Royal Decree 527 ("RD 527") as follows:

1. Compensation received from the Government.
2. Donations or aid in excess of the above which does not exceed the value of the damages incurred.
3. Insurance compensation obtained from an insurance company in respect of damages arising from a natural disaster which exceeds the net book value after deduction of wear and tear and depreciation of assets.

Tax exemptions are applied only in the year that the above compensation is received and are subject to the rules, procedures and regulations as prescribed by the Director-General.

Business entities that have suffered disruptions may be entitled to exemption from corporate income tax under RD527 as mentioned in item 3 above, subject to the terms and conditions of the insurance policy.

Tax Exemption for donations

Donations made from 1 January 2011 shall be exempt from tax as follows:

1. 10% of assessable income for an individual who makes a donation for disaster relief.
2. 2% of net profit for a juristic entity which makes a donation for disaster relief.
3. VAT exemption on goods donated through a juristic entity who acts as an agency to process disaster relief.

Board of Investment ("BOI") Relief Measures

From the BOI's press release dated 7 November 2011, a promoted company may apply for the following relief measures:

1. Machinery and raw materials can be moved from the factory to another location during an emergency and then obtain permission from the BOI at a later date.
2. Duty-free importation of machinery to replace the damaged assets.
3. Raw materials imported under Section 36 which are damaged may be recognised as part of the waste

- allowance which is subject to non tax payment.
4. Temporary outsourcing of the manufacturing processes, partly or wholly, using its owned raw materials for the continuation of production to customers.
5. A write off as waste allowance for raw materials which are damaged by the floods and approval for usable raw materials to be used in other on-going projects with the benefits while still adhering to Section 36.
6. Facilitation to obtain urgent visas and work permits for employee foreign experts to recover the damaged business. In addition, expatriates under flood-affected BOI-promoted projects who enter Thailand without a Non-B visa may apply for one at the BOI One-Stop Service Center.
7. Permission for foreigners to submit their reports on staying for 90 days by telephone, sms and email without submitting their passports.

RSM Thailand

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