

PERSONAL INCOME TAX FOR FOREIGNER

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INTRODUCTION

Personal Income Tax (PIT) is a direct tax levied on income of a person. A person means an individual, an ordinary partnership, a non-juristic body of person and an undivided estate. In general, a person liable to PIT has to compute his tax liability, file tax return and pay tax, if any, accordingly on a calendar year basis.

TAXABLE PERSON

Taxpayers are classified into “resident” and “non-resident”. “Resident” means any person residing in Thailand for a period or periods aggregating more than 180 days in any tax (calendar) year. A resident of Thailand is liable to pay tax on income from sources in Thailand as well as on the portion of income from foreign sources that is brought into Thailand. A non-resident is, however, subject to tax only on income from sources in Thailand.

TAX BASE

Income chargeable to the PIT is called “assessable income”. The term covers income both in cash and in kind. Therefore, any benefits provided by an employer or other persons, such as a rent-free house or the amount of tax paid by the employer on behalf of the employee, is also treated as assessable income of the employee for the purpose of PIT. Assessable income is divided into 8 categories.



ASSESSABLE INCOME

1. income from personal services rendered to employers;
2. income by virtue of jobs, positions or services rendered;
3. income from goodwill, copyright, franchise, other rights, annuity or income in the nature of yearly payments derived from a will or any other juristic Act or judgment of the Court;
4. income in the nature of dividends, interest on deposits with banks in Thailand, shares of profits or other benefits from a juristic company, juristic partnership, or mutual fund, payments received as a result of the reduction of capital, a bonus, an increased capital holdings, gains from amalgamation, acquisition or dissolution of juristic companies or partnerships, and gains from transferring of shares or partnership holdings;
5. income from letting of property and from breaches of contracts, installment sales or hire-purchase contracts;
6. income from liberal professions;
7. income from construction and other contracts of work;
8. income from business, commerce, agriculture, industry, transport or any other activity not specified earlier.

DEDUCTION & ALLOWANCE

Certain deductions and allowances are allowed in the calculation of the taxable income. Taxpayer shall make deductions from assessable income before the allowances are granted. Therefore, taxable income is calculated by:

$$\text{TAXABLE INCOME} = \text{Assessable Income} - \text{deductions} - \text{allowances}$$

DEDUCTIONS ALLOWED FOR THE CALCULATION OF PIT

Type of Income	Deduction
a. Income from employment	40% but not exceeding 60,000 baht
b. Income received from copyright	40% but not exceeding 60,000 baht
c. Income from letting out of property on hire	
1) Building and wharves	30%
2) Agricultural land	20%
3) All other types of land	15%
4) Vehicles	30%
5) Any other type of property	10%
d. Income from liberal professions	30% except for the medical profession where 60% is allowed
e. Income derived from contract of work whereby the contractor provides essential materials besides tools	actual expense or 70%
f. Income derived from business, commerce, agriculture, industry, transport, or any other activities not specified in a. to e.	actual expense or 65% - 85% depending on the types of income

ALLOWANCES (EXEMPTIONS) ALLOWED FOR THE CALCULATION OF PIT (I)

Types of Allowances	Amount
Personal allowance	
Single taxpayer	30,000 baht for the taxpayer
Undivided estate	30,000 baht for the taxpayer's spouse
Non-juristic partnership or body of persons	30,000 baht for each partner but not exceeding 60,000 baht in total
Spouse allowance	30,000 baht
Child allowance (child under 25 years of age and studying at educational institution, or a minor, or an adjusted incompetent or quasi-incompetent person)	15,000 baht each (limited to three children)
Education (additional allowance for child studying in educational institution in Thailand)	2,000 baht each child
Parents allowance	30,000 baht for each of taxpayer's and spouse's parents if such parent is above 60 years old and earns less than 30,000 baht

ALLOWANCES (EXEMPTIONS) ALLOWED FOR THE CALCULATION OF PIT (II)

Types of Allowances	Amount
Life insurance premium paid by taxpayer or spouse	Amount actually paid but not exceeding 100,000 baht each Amount actually paid at the rate not more than 15% of wage, but not exceeding 500,000 baht
Approved provident fund contributions paid by taxpayer or spouse	Amount actually paid at the rate not more than 15% of wage, but not exceeding 500,000 baht
Long term equity fund	Amount actually paid but not exceeding 100,000 baht
Home mortgage interest	Amount actually paid each
Social insurance contributions paid by taxpayer or spouse Charitable contributions	Amount actually donated but not exceeding 10% of the income after standard deductions and the above allowances

TAX CREDIT FOR DIVIDENDS

Any taxpayer who domiciles in Thailand and receives dividends from a juristic company or partnership incorporated in Thailand is entitled to a tax credit of 3/7 of the amount of dividends received. In computing assessable income, taxpayer shall gross up his dividends by the amount of the tax credit received. The amount of tax credit is creditable against his tax liability.

PROGRESSIVE TAX RATES

Personal income tax rates applicable to taxable income are as follows Tax rates of the Personal Income Tax

Taxable Income (baht)	Tax Rate (%)
0-150,000	Exempt
more than 150,000 but less than 300,000	5
more than 300,000 but less than 500,000	10
more than 500,000 but less than 750,000	15
more than 750,000 but less than 1,000,000	20
more than 1,000,000 but less than 2,000,000	25
more than 2,000,000 but less than 5,000,000	30
Over 5,000,000	35

INTEREST

The following forms of interest income may, at the taxpayer's selection, be excluded from the computation of PIT provided that a tax of 15 percent is withheld at source:

interest on bonds or debentures issued by a government organization;

1. interest on saving deposits in commercial banks if the aggregate amount of interest received is not more than 20,000 baht during a taxable year;
2. interest on loans paid by a finance company;
3. interest received from any financial institution organized by a specific law of Thailand for the purpose of lending money to promote agriculture, commerce or industry.

DIVIDENDS

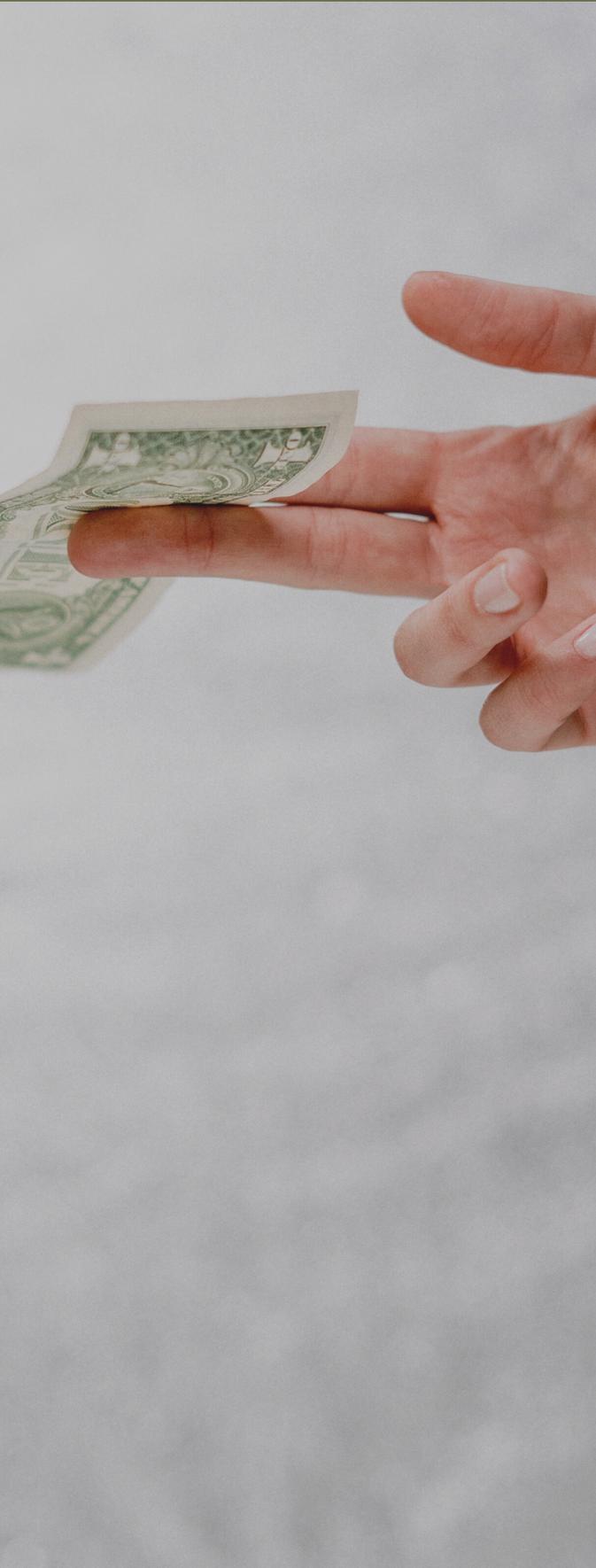
Taxpayer who resides in Thailand and receives dividends or shares of profits from a registered company or a mutual fund which tax has been withheld at source at the rate of 10 per cent, may opt to exclude such dividend from the assessable income when calculating PIT. However, in doing so, taxpayer will be unable to claim any refund or credit.

WITHHOLDING TAX

For certain categories of income, the payer of income has to withhold tax at source, file tax return (Form PIT 1, 2 or 3 as the case may be) and submit the amount of tax withheld to the District Revenue Office. The tax withheld shall then be credited against tax liability of a taxpayer at the time of filing PIT return. The following are the withholding tax rates on some categories of income.

TYPES OF INCOME (BAHT)	WITHHOLDING TAX RATE (BAHT)
1. Employment income	5 - 37 %
2. Rents and prizes	5 %
3. Ship rental charges	1 %
4. Service and professional fees	3 %
5. Public entertainer remuneration	
- Thai resident	5 %
- non resident	5 - 37 %
6. Advertising fees	2 %

TAX PAYMENTS



Taxpayer is liable to file Personal Income Tax return and make a payment to the Revenue Department within the last day of March following the taxable year. Payments need to be made immediately because there are penalties for delayed processing and settlement. The Thai tax year runs from 1st January to 31st December. An income tax return needs to be made to the tax office by the 31st March, for the prior tax year. For those earning income from property selling or engineering, architecture, accountancy, fine arts and the art of healing, the tax return must be filed on or before the 31st of September, with the tax due on or before the 30th of June of the following year. Foreigner should note that when renewing his/her work permit, he/she will need to show a copy of your tax submission for the previous year.

HOW TO GET A TAX NUMBER

If a foreigner is earning profits and residing in Thailand, he/she needs a tax ID number to pay his/her dues. The tax office will grant him/her a tax number. To acquire one, he/she needs a passport or identity card, and need to demonstrate reasons to need a number.

WORKING ONLINE (DIGITAL NOMADS) AND PAYING TAX IN THAILAND

Everyone has a tax liability in Thailand. So if you're a digital nomad in Thailand, working as a web developer, blogger, web cam stripper or whatever, you should be aware that if you aren't paying tax in your home country, you will need to pay tax in Thailand.

RESIDENT VS NON-RESIDENT

The law stipulates that anyone who resides in Thailand for longer than 180 days is considered a resident for tax purposes. If a foreigner resides in Thailand for fewer than 180 days each calendar year, then he/she will only have to pay tax on the earnings that you earn inside Thailand. Even though he/she does not have a work permit, he/she is NOT exempt from paying tax.

DOUBLE TAX TREATIES

Thailand has double tax treaties with nearly every country on the planet. The purpose of a tax treaty is to prevent a company from one country being taxed twice on income earned in the other country. This also applies to individuals performing services in the other country. Besides, Digital Nomads will be ensured that they aren't paying tax in their home countries and by law should be paying tax in Thailand. If they reside in Thailand for fewer than 180 days each calendar year. Tax is always collected on retrospective earnings.

The Revenue Department of the Ministry of Finance is responsible for the administration of personal income tax. They provide electronic services related to ภ.ง.ด.90 (Personal Income Tax Return for taxpayer with income not only from employment) on the website www.rd.go.th as follows:

1. ภ.ง.ด.90 submission, tax payment or refund request through the E-Filing system
(http://www.rd.go.th/publish/fileadmin/download/english_form/110463PIT90.pdf)

2. Personal income tax calculation program
For more information, please contact tel. 1111 (Government Contact Center: GCC)

REFERENCE :

[HTTPS://WWW.RD.GO.TH/PUBLISH/6045.0.HTML](https://www.rd.go.th/publish/6045.0.html)

[HTTPS://WWW.RD.GO.TH/PUBLISH/40701.0.HTML](https://www.rd.go.th/publish/40701.0.html)

[HTTPS://WWW.DLO.CO.TH/TAX-ARTICLES/2922](https://www.dlo.co.th/tax-articles/2922)

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