

Recent tax changes and property market stimulus measures in Thailand

by

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Introduction: In this article, we summarise recent changes in taxation and incentives to stimulate the property market in Thailand.

1. Tax amnesty/ waiver

A conditional form of tax amnesty/waiver has been made available by the Revenue Department.

Who may claim the amnesty/waiver? Entities that may claim the amnesty/waiver are companies or other legal entities whose income does not exceed 500 million baht for the previous accounting period ending 31 December 2015 or before.

Which taxes does the amnesty/waiver apply to? The amnesty/waiver only applies to corporate income tax, VAT, specific business tax and stamp duty.

Nature of the amnesty/waiver: All tax audits, investigations, tax assessments, payment enforcement for taxes, and criminal sanctions under the Revenue Code are waived for all accounting periods beginning before to 1 January 2016, or for a tax base incurred, revenue derived, and instruments executed prior to 1 January 2016.

Conditions to claiming the amnesty/waiver: To claim the amnesty/waiver, a taxpayer must not:

- currently be subject to a tax investigation under a tax summons issued prior to 1 January 2016;
- currently be the subject of a tax audit under the Revenue Code which commenced before 1 January 2016;
- issue or use false tax invoices;
- claim false expenses; or
- currently be subject to litigation brought by the Revenue Department, a prosecutor, or the court.

Further conditions: Note these conditions to entitlement:

- When a claimant claims the amnesty/waiver, when they claim a tax refund, the Revenue Department may still carry out a tax audit or assessment, issue a summons after performing a tax audit, or order the taxpayer to pay tax. This power is limited to the year for which the refund is requested.

- A claimant must complete a form to claim the amnesty and submit it to the Revenue Department by **15 March 2016**.
- Must submit correct and accurate tax returns and pay tax due from now on
- present correct accounts and financial statements from now on; and
- not evade tax.

Consequence of breach of conditions: Where the amnesty /waiver has been claimed, but the benefits have been subsequently withdrawn, the benefits will be deemed never to have been given. The Revenue Department may carry out any audit or assessment.

2. Temporary reduction of Land Department fees

The Land Department fees to register a transfer of land/buildings/condominiums have been reduced from 2% of the official value to 0.01%, and reducing mortgage registration fees from 1% to 0.01%.

The reduction only applies to registrations made at the Land Department on or before **28 April 2016**.

3. Income tax relief for individual purchasers of property

An individual taxpayer may deduct 20% of the purchase price of a condominium unit or a building with land from their personal income tax for five consecutive tax years, subject to the following conditions:

- The condominium or building must be purchased during the period **13 October 2015 to 31 December 2016**
- the cost of the condominium unit or a building with land must not exceed 3 million baht
- it must be the first home purchase by the taxpayer - If the taxpayer previously or currently was/is the owner of a condominium or building, he/she will not be eligible for this tax deduction.

4. Reduced tax rates for SME businesses

The corporate tax rates for small and medium-sized enterprises (SMEs) have been reduced as follows:

Definition of SME: A SME for this purpose, means a company or juristic partnership whose paid-up capital at the end of the accounting periods does not exceed 5 million baht, or revenue from the sale of goods and the provision of services in the accounting periods exceeding 30 million Baht.

Who may claim the reduced rates? Companies and juristic partnerships registered before 1 January 2016 whose paid-up capital at the end of the accounting period does

not exceed 5 million baht; and whose revenue from the sale of goods or the provision of services in the accounting period does not exceed 30 million Baht.

The tax rate changes: The tax rate changes are as follows:

- For an accounting period beginning in 2016, an SME is exempt from corporate income tax.
- For an accounting period beginning in 2017, the first 300,000 Baht of net profit will be exempt from corporate income tax. An SME will be subject to a reduced corporate income tax of 10% on any additional income.

Conditions to claiming these reduced rates: To claim these reduced rates the taxpayer must notify the Revenue Department of its eligibility to receive the benefits under the tax amnesty/waiver (see above) and such benefits must not have been withdrawn.

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