

Doing Business in Thailand



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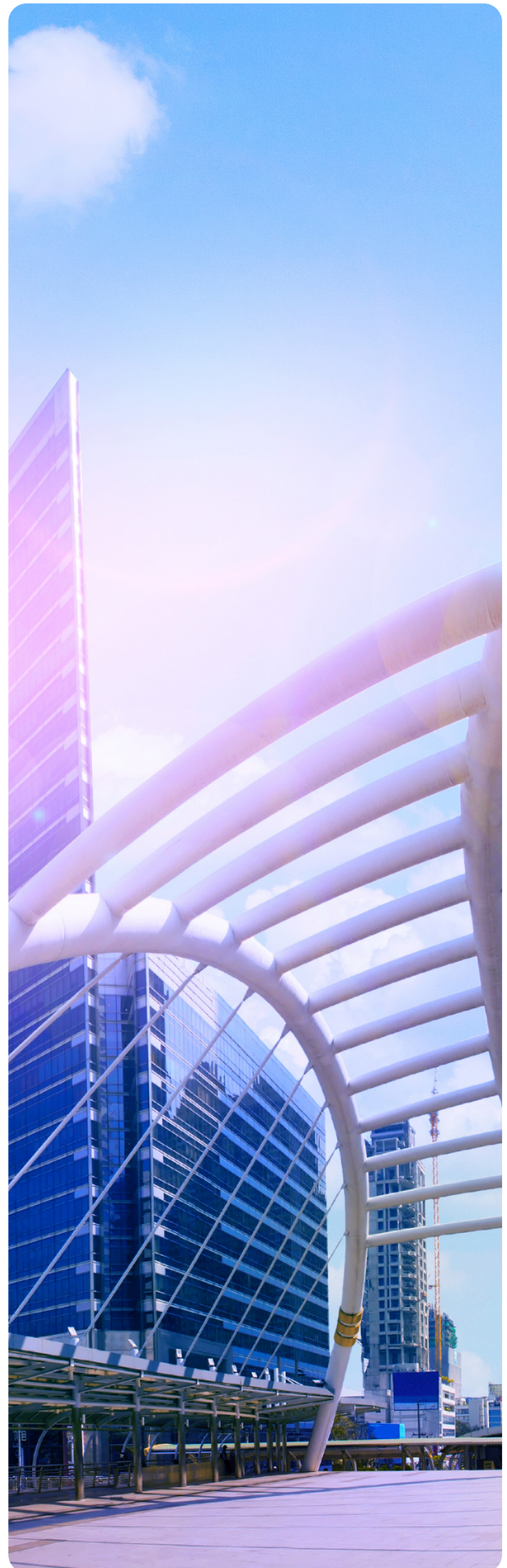
Foreword

This 'Doing Business in Thailand' guide offers a comprehensive overview of the key aspects of conducting business in Thailand, highlighting the most significant Thai tax, accounting and legal regulations. It serves as a general guide to understanding business processes but is not an exhaustive overview of all the information a business or entity may need. It should not be relied upon as the sole basis for making decisions in matters of Thai law. As Thai laws are subject to continuous changes, readers are advised to seek tailored professional advice from PKF Thailand before undertaking any activities related to investing in Thailand.

Thailand presents unique challenges for businesses, but with the right support, these challenges can be transformed into opportunities. At PKF, we offer comprehensive services designed to guide and support your business from inception to exit, and everything in-between. Our expertise spans the following key areas:

- Assurance
- Board of Investment
- Business Solutions
- Legal
- Tax
- Wealth Preservation.

We hope this publication proves to be a valuable resource in guiding your business decisions in Thailand. If you need further advice or specialised services, PKF Thailand is here to support you every step of the way.



1. Demographic and Environmental Overview

1.1 Geographic Location

Thailand is strategically located in Southeast Asia, serving as a gateway to the ASEAN region and offering excellent access to major markets like China, India and the broader ASEAN Economic Community. Spanning approximately 513,120 square kilometres, Thailand is bordered by Myanmar to the north and west, Laos to the north-east, Cambodia to the south-east and Malaysia to the south. The country also benefits from its maritime connectivity, with coastlines along the Gulf of Thailand and the Andaman Sea, hosting significant ports such as Laem Chabang and Bangkok.

1.2 People and Culture

With a population of 72 million, Thailand is a culturally rich and diverse nation where the majority are ethnic Thais, complemented by Chinese, Indian, Khmer and other minority groups. Thai is the official language, but English is widely spoken in business, education and tourism, particularly in urban centres. Buddhism is the dominant religion, practised by over 90% of the population, and its influence permeates the country's traditions, values and daily life. Thailand's blend of cultural diversity, modern connectivity and strategic location offers a compelling environment for both personal and professional engagement.

1.3 Climate

Thailand is located between vast areas of land and water, so it is impacted by both the summer and the winter monsoons. As a result, Thai weather consists of six months of rainfall during the wet season, three months of dry and cooling breezes during the winter and three months of heat during the summer. The average temperature of Thailand ranges from 18 to 38°C.

Thailand has a tropical climate, characterised by three distinct seasons:

- hot season (March to June)
- rainy season (June to October)
- cool season (November to February).

1.4 Economy and Currency

1.4.1 Economy

Thailand is one of Southeast Asia's leading economies, with manufacturing, agriculture and tourism as its key sectors. Manufacturing, especially in the automotive, electronics and food processing industries, is a major contributor to GDP and export revenue. While agriculture represents a smaller share, it remains a vital sector, positioning Thailand among the top global exporters of rice, rubber and tropical fruits. Tourism is another critical economic pillar, attracting millions of visitors annually and generating substantial foreign exchange inflows. In recent years, emerging industries such as technology, renewable energy and digital services have grown rapidly, driven by the government's Thailand 4.0 initiative to create a knowledge-based, high-income economy.

1.4.2 Currency and Interest Rates

Thai baht (฿, THB), managed by the Bank of Thailand, is a stable and freely convertible currency in global markets. While domestic transactions in baht are unrestricted, exchange controls regulate the movement of foreign currencies in and out of the country to ensure economic stability. Interest rates, which are also managed by the Bank of Thailand, play a key role in maintaining financial stability. The current benchmark interest rate is 2.25% (January 2025), reflecting the central bank's strategy to support economic growth while controlling inflation. These measures collectively foster an attractive and stable environment for trade, investment and growth.

1.5 Political and Legal System

Thailand's legal system is codified, with all rules and regulations enacted in writing. The modern framework emerged during the reign of King Rama V (1868–1910), a progressive monarch who initiated widespread legal reforms to modernise the nation. While Thailand retained its sovereignty and avoided colonial rule, it sought expertise from Western legal advisors, notably from France, England and Belgium, to develop its foundational laws. This collaboration resulted in a robust legal structure characterised primarily by civil law principles, with some common law elements integrated over time. Today, Thailand's legal framework continues to evolve, balancing its historical foundations with modern governance needs.

The Thai legal system comprises four fundamental codes: (i) Civil and Commercial Code; (ii) Criminal Code; (iii) Civil Procedure Code; and (iv) Criminal Procedure Code. Additional laws, including the Land Code, Revenue Code and specialised regulations, govern various aspects of commerce and society. While judicial and administrative rulings do not carry binding precedent, they exert significant influence as persuasive authorities.

1.5.1 Sources of Thai Law

The Constitution is the supreme legal authority in Thailand, forming the foundation of all other laws. Secondary sources of law under the Constitution include statutes, royal decrees, emergency royal decrees, ministerial regulations, notifications and ordinances, which are adopted to implement statutory provisions. Additionally, proclamations issued by revolutionary governments, depending on their content, may supersede other laws.

1.5.2 The Constitution

Thailand's first Constitution was enacted in 1932, marking the transition to a constitutional monarchy. Since then, the country has adopted 20 Constitutions, with the current one taking effect on 6 April 2017. The Constitution serves as the highest law, setting the framework for governance and legal authority.

1.5.3 Statutes

Statutes, or Acts, are enacted by the National Assembly and generally come into effect upon publication in the Government Gazette. However, their effective date may be deferred if specified within the statute.

1.5.4 Royal Decrees

Issued by the government in the name of the king, royal decrees enforce the Constitution, statutes or emergency royal decrees, provided they are not contrary to existing laws.

1.5.5 Emergency Royal Decrees

Enacted in urgent circumstances to address issues of national security, public safety, economic stability or to prevent catastrophic events. Emergency royal decrees hold the same legal authority as statutes.

1.5.6 Ministerial Regulations

Ministers from various government ministries adopt these regulations to implement statutes or emergency royal decrees effectively.

1.5.7 Notifications

Notifications, issued by ministries or their departments, prescribe specific rules on particular matters. Typically, they are detailed directives issued under the authority of ministerial regulations.

1.5.8 Ordinances

Local governmental bodies, such as provinces, districts and subdistricts, have the authority to issue ordinances. These apply only within the jurisdiction of the issuing local government and are enacted by local assemblies.

1.6 Grants and Incentives

Thailand offers a wide range of grants and incentives to attract domestic and foreign investment, stimulate economic growth and drive the country's transformation into an innovation-based economy. These measures are designed to support businesses across various sectors and align with Thailand's strategic development goals under the Thailand 4.0 initiative. The incentives are provided by the Board of Investment (BOI), other government agencies and specific tax schemes such as the International Business Centre (IBC) programme.



1.6.1 Board of Investment Incentives

The BOI offers comprehensive fiscal and non-fiscal incentives to encourage investment in high-priority sectors and regions. Key benefits include:

- **Corporate income tax exemptions:** Tax holidays ranging from five to 15 years are granted for BOI-promoted projects based on their alignment with national economic priorities, with additional incentives for investments in special economic zones (SEZs) or the Eastern Economic Corridor (EEC).
- **Import duty exemptions:** Companies enjoy exemptions on import duties for machinery, equipment and raw materials used in export-oriented production.
- **Land ownership:** Foreign investors in BOI-promoted projects can own land, an exception to Thailand's foreign land ownership restrictions.
- **Streamlined work permits and visas:** The BOI facilitates simplified procedures for obtaining work permits and visas for foreign executives, technical specialists and their dependants.
- **Specialised incentives:** Additional incentives, including research and development (R&D) support and training subsidies, are provided for investments in high-value industries such as robotics, healthcare and renewable energy.

1.6.2 International Business Centre Incentives

Thailand's IBC programme aims to attract multinational companies by providing a centralised platform for regional management, trade and support services. IBCs are eligible for numerous tax and operational benefits, including:

- **Corporate income tax reduction:** IBCs pay a reduced corporate income tax rate of 8%, 5% or 3%, depending on the level of annual operating expenses in Thailand (฿60 million, ฿300 million or ฿600 million, respectively).
- **Withholding tax exemptions:** Dividends distributed from IBCs to non-resident entities are exempt from withholding tax.
- **Personal income tax benefits:** Expatriates working for IBCs enjoy a reduced personal income tax rate of 15%.
- **Exemptions on specific business taxes:** Income derived from qualifying IBC activities is exempt from specific business taxes.

These incentives encourage multinational companies to establish regional headquarters or service hubs in Thailand, making it a competitive destination for regional business operations.

1.6.3 Export and Market Development Grants

To support integration into global markets, the government provides grants and subsidies for export promotion activities:

- **Export market development assistance:** Financial support for participating in international trade exhibitions, conducting market research and implementing export strategies.
- **Branding and marketing grants:** Assistance to Thai companies for building international brand recognition and promotional campaigns.

1.6.4 Research and Development Incentives

Thailand promotes innovation through R&D incentives, including:

- Super-deduction for R&D costs: Corporate tax deductions of up to 300% on R&D expenditure in priority sectors such as technology, healthcare and renewable energy.
- Technology development grants: Funding support for developing patentable innovations and high-tech prototypes.

1.6.5 Tax Holidays and Financial Support for Start-ups

Start-ups in Thailand, especially those in innovative and high-tech sectors, enjoy several benefits:

- Tax holidays: Corporate income tax holidays of up to eight years are provided for qualifying start-ups in sectors such as fintech, biotech and digital services.
- Start-up loans and seed funding: Low-interest loans and seed funding are available through government-backed programmes and financial institutions.

1.6.6 Industry-Specific Subsidies

Targeted subsidies encourage investment in Thailand's critical and emerging sectors:

- Renewable energy subsidies: Financial incentives for solar, wind and biomass energy projects.
- Healthcare and biotechnology support: Grants and tax breaks for medical equipment, manufacturing, pharmaceuticals and biotech innovations.
- Digital transformation support: Assistance for businesses adopting advanced technologies such as artificial intelligence, IoT and cloud computing.

1.6.7 Incentives for Investment in Special Economic Zones

Investors in SEZs, including the EEC, benefit from:

- Enhanced tax incentives: Corporate income tax exemptions of up to 15 years.
- Import duty waivers: Exemptions on raw materials and machinery imports.
- Strategic location advantages: Access to high-quality infrastructure, logistics networks and proximity to ASEAN markets.

2. Consumer Protection and Special Industries

Intellectual property encompasses the ownership of creations of the human mind, such as inventions, designs, trademarks and artistic works, held by individuals or legal entities. Protecting intellectual property rights adds financial value to businesses, supporting profitability and growth through exclusive use, rights sales, licensing or using them as collateral for financing. In Thailand, the primary forms of intellectual property rights are copyright, trademarks and patents which are recorded, administered and regulated by the Thai Department of Intellectual Property under the Ministry of Commerce, which enforces Thai laws in alignment with international agreements, including the World Intellectual Property Organization (WIPO).

2.1 Copyright

The Copyright Act protects works in the categories of literary work, including computer programs; dramatic, artistic and musical work; audiovisual material, cinematic film or recorded material; disseminated pictures or disseminated sound; or any other works in the fields of literature, science or fine arts.

A copyright belongs to the creator of a work, subject to the following conditions:

- In the case of unpublished work, the creator must be of Thai nationality or reside in Thailand or be a national of or reside in a country which is a member of the Convention on the Protection of Copyright, of which Thailand is a member. Further, the creator must spend all or most of their time in Thailand (or other eligible country) on the creation of the work.
- In the case of published work, the first publication must be made in Thailand or in a country that is a member of the Convention on the Protection of Copyright. Where the first publication was made outside Thailand or in a country which is not a member of the Convention, the work created must have been published in Thailand or in a country which is a member of the Convention within 30 days from the first publication, or the creator must have the qualification as prescribed above at the time of the first publication.

A copyright is valid throughout the life of the creator and an additional 50 years thereafter. Where the creator is a juristic person, the protection period is 50 years from the date of creation or 25 years where the copyright is for applied art.

The following are not deemed eligible for copyright protection under the Act:

- daily news and facts that are, by nature, merely news items;
- the Constitution and laws;
- announcements, orders and regulations of ministries, bureaus, departments or any other agency of the state or local jurisdiction;
- court judgments, orders, rulings and official reports; and
- translations and collections of those items specified above which are prepared by government agencies or local administrations.

Thailand is a member of the Berne Convention for the Protection of Literary and Artistic Works. This allows certain copyrights registered in other Berne Convention countries to be enforced in Thailand.

2.2 Trademarks

The Trademark Act of Thailand governs registration of and provides protection for trademarks. The Act defines a trademark as a symbol used in connection with goods for the purpose of indicating that they are the goods of the owner of the trademark. The trademark must be distinctive and not identical or similar to those registered by others.

Registration is valid for 10 years from the date of application and is renewable for an unlimited number of periods of 10 years each. Renewal of the registered trademark must be made within 90 days prior to the date of expiration.

The Trademark Act allows the protection of service marks, service names, collective marks, certification marks and trade names.

2.3 Patents

The Patent Act protects inventions, product designs and pharmaceuticals. Thailand has numerous bilateral agreements enabling citizens of other countries to file patent applications in Thailand. However, Thailand is neither a signatory to the Paris Convention for the Protection of Industrial Property nor a signatory of any other international convention for reciprocal protection of patents.

Under the Patent Act, patents for inventions shall be valid for 20 years, whereas patents for designs shall be valid for 10 years. In Thailand, the patent protection of medicine lasts for 20 years.

The invention shall be patentable under the following requirements:

- having novelty;
- involving an inventive step; and
- being capable of being made or used for some kind of production activity.

Any patent which is widely published and/or patented or registered in a different place prior to the filing date of the Thai application is not patentable in Thailand. Moreover, the following are not patentable in Thailand:

- microbes and any components thereof which exist naturally;
- animal, plant and extracted substances from animals or plants;
- scientific or mathematical rules or theories;
- computer programs;
- methods of diagnoses, treatment and care of human and animal diseases; and
- inventions that are contrary to public order or morality, public health or welfare.

2.4 Specialised Industries

Some industries and sectors which are enjoying considerable growth and may constitute investment opportunities in Thailand include the following:

- automotive
- manufacturing
- renewable energy
- technology, media and communications
- tourism and hospitality.

2.5 Special Economic Zones

Thailand's special economic zones (SEZs) are strategically designed to promote regional economic development, attract foreign direct investment and enhance the country's competitiveness in global markets. These zones offer a range of benefits to investors, including tax incentives, streamlined regulatory procedures and access to world-class infrastructure, creating a business-friendly environment that supports industries critical to Thailand's economic growth.

2.5.1 Key SEZ Initiatives and Locations

Thailand has established SEZs in border provinces and key economic regions, with a strong emphasis on fostering industries that align with the country's strategic goals. One of the most prominent SEZs is the Eastern Economic Corridor (EEC), covering the provinces of Chachoengsao, Chonburi and Rayong. This flagship initiative is central to the government's Thailand 4.0 policy and is positioned as a hub for high-value industries, including advanced manufacturing, technology and logistics. Border SEZs in provinces like Tak, Mukdahan and Sa Kaeo focus on facilitating cross-border trade and enhancing connectivity with neighbouring countries in the ASEAN region.

2.5.2 Targeted Industries

Each SEZ focuses on specific industries, tailored to regional strengths and national economic strategies. In the EEC, priority sectors include robotics, aviation, biofuels, digital technologies and healthcare. Border SEZs focus on logistics, trade and light manufacturing, leveraging their proximity to neighbouring countries. The government also promotes sustainable industries, such as renewable energy and green technologies, to align with global trends.

2.5.3 Logistics and Connectivity Advantages

Thailand's SEZs are strategically located to maximise connectivity with both domestic and international markets. The EEC, for example, is supported by significant infrastructure investments, including:

- Laem Chabang deep seaport: A vital trade gateway connecting Thailand to global shipping routes.
- High-speed rail projects: Linking major economic zones to Bangkok and neighbouring countries, reducing transport time and costs.
- International airports: Providing seamless connectivity for goods and personnel.

2.5.4 Policy and Administrative Support

The Thai government actively supports SEZ development through policies aimed at simplifying administrative procedures and providing one-stop services for investors. Dedicated agencies manage zone operations, ensuring investor needs are met efficiently. These measures reduce bureaucratic hurdles and enhance ease of doing business within SEZs.

3. Establishing a Business Entity

Establishing a business in Thailand involves selecting the appropriate legal structure, registering the company and adhering to regulatory requirements. Thailand offers several corporate structures to accommodate different business models, each with specific advantages and obligations. The process is regulated by the Department of Business Development (DBD) under the Ministry of Commerce. Thailand recognises three types of business structures: partnerships, limited companies and joint ventures.

3.1 Limited Company

There are two types of limited companies, i.e. private or closely held companies and public companies. The first is governed by the Civil and Commercial Code, the second by the Public Limited Company Act.

3.1.1 Private Limited Companies

A private limited company must have a minimum of two shareholders. The process of formation begins with the approval of the proposed name by the Registrar of Companies. This is followed by the filing of a memorandum of association which, in addition to the approved name, contains details of the company's objectives, its business address and the personal details of the promoters and their shareholdings.

A statutory meeting needs to be held after registration of the memorandum of association to ratify the business activities previously carried out by the promoters, to allocate any preference shares, to fix the number of shares paid for in kind and to appoint the board of directors and auditor.

After the statutory meeting, the directors must call for payment of shares amounting to at least 25% of the registered capital and have three months to lodge an application for registration of the company.

Shareholdings are subject to the provisions of the Foreign Business Act, but the directors can all be foreign.



3.1.2 Public Limited Companies

A public limited company must have more than 100 shareholders and be established by a minimum of 15 promoters. No shareholder may own more than 10% of the shares and 50% of the shares must be held by individual shareholders, none of whom can individually own more than 0.6% of the issued shares. A public company may issue shares and debentures to the public if the prospectus has been registered with the Securities and Exchange Commission. It can be listed on the stock exchange.

3.2 Partnership

Unregistered ordinary partnerships have partners that are jointly and severally liable for all obligations of the partnership. This form of partnership is not a juristic entity and is treated, for tax purposes, as an individual. Registered ordinary partnerships that are registered with the Commercial Registrar are legal entities, separate and distinct from the individual partners, and are taxed as a corporate entity. Limited partnerships comprise one or more partners, whose individual liability is restricted to the amount of capital contributed to the partnership, and one or more partners who are jointly liable without any limitation for all obligations of the partnership. A limited partnership must be registered and is taxed as a corporate entity.

3.3 Joint Venture

A joint venture may be described in accordance with general practice as a group of persons (natural and/or juristic) entering into an agreement in order to carry on a business together. It has not yet been recognised as a legal entity under the Civil and Commercial Code. However, income from a joint venture is subject to corporate taxation under the Revenue Code, which classifies it as a single entity.

3.4 Other Forms of Corporate Presence

3.4.1 Branch of a Foreign Corporation

Foreign companies may carry out certain business in Thailand through a branch office. Branch offices are required to maintain accounts only relating to the branch in Thailand. It is important to clarify beforehand what constitutes income subject to Thai tax because the Thai Revenue Department (TRD) may consider revenues directly earned by the foreign head office from sources within Thailand as subject to Thai taxes. A condition for approval of a foreign business licence to a branch of a foreign corporation is that minimum capital, amounting to not less than ฿3 million, must be brought into Thailand. This amount may be changed by ministerial regulations

3.4.2 Representative Office of a Foreign Corporation

Foreign corporations may establish representative offices in Thailand to engage in limited non-revenue-generating activities. These activities are restricted to:

- sourcing of goods or services in Thailand for the head office or inspecting and controlling the quality of goods that the head office purchases in Thailand;
- providing advice in various fields relating to products directly sold by the head office to local distributors or consumers;
- disseminating information about new products and services of the head office; and
- reporting to the head office on local business developments and activities.

The minimum capital contribution for branches also applies to representative offices.

3.4.3 International Business Centre

The International Business Centre (IBC) is a scheme established by the Thai government to attract multinational companies to use Thailand as a regional hub for business services. These services include management, financial support and other corporate functions provided to affiliated companies both within and outside Thailand.

Companies seeking to qualify for tax incentives as an IBC must meet the following criteria:

- be a company or juristic partnership registered in Thailand;
- have a minimum paid-up registered capital of ฿10 million;
- incur annual expenditure in Thailand of at least ฿60 million;
- provide services to at least one affiliated company;
- employ a minimum of 10 qualified employees; and
- be certified by the Board of Investment (BOI).

Companies granted IBC status are eligible for the following tax benefits:

- Corporate income tax (CIT)
 - 8% CIT rate for annual expenditure in Thailand of ฿60–300 million;
 - 5% CIT rate for annual expenditure in Thailand of ฿300–600 million; and
 - 3% CIT rate for annual expenditure in Thailand exceeding ฿600 million.
- Expatriate employees working for an IBC can opt for a flat personal income tax (PIT) rate of 15%.
- Withholding tax (WHT) exemptions on interest, dividends and royalties paid to foreign companies.

Application Process for IBC Status

- Register a company in Thailand.
- Submit an application for investment promotion with the BOI or the TRD.
- Provide supporting documents demonstrating compliance with IBC requirements (e.g. number of employees, local expenditure).
- Obtain approval from the relevant authorities.
- Operate in accordance with the prescribed conditions.

Restrictions and Additional Conditions

- IBCs can only provide services to affiliated companies and are not permitted to serve external clients.
- Tax privileges are granted for 15 years from the date of approval.
- If the company fails to meet the IBC conditions, its IBC status may be revoked, and retroactive tax liabilities may be imposed.

3.5 Foreign Investment

3.5.1 Foreign Business Act

The Foreign Business Act regulates the activities which companies designated as 'foreign' may engage in. While some activities are completely prohibited, some may be engaged in with prior approval from a designated government agency and some do not require any special approval.

According to Thai law, a company registered under the following laws shall be deemed a 'foreign' company:

- the laws of another country (including all branches, representative offices and regional offices of overseas companies operating in Thailand); and
- Thai law whereby 50% or more of its shares are held by non-Thais (individuals or business entities).

3.5.2 Foreign Business Act Restricted Activities

The Foreign Business Act has identified three lists of activities in which foreign participation may be prohibited or restricted.

- Activities stated in List 1 are designated as 'businesses not permitted for foreigners to operate due to special reasons'. Foreign companies are prohibited from engaging in the activities contained in List 1.
- Activities stated in List 2 are designated as 'businesses related to national safety or security, activities affecting arts and culture, traditional and folk handicraft or natural resources and environment'. Foreign companies may only engage in the activities stated in List 2 with prior Cabinet approval.
- Activities stated in List 3 are designated as 'businesses in which Thai nationals are not yet ready to compete with foreigners'. To engage in activities stated in List 3, the foreign company must apply for and obtain a foreign business licence prior to commencing the activity. Companies promoted by the Board of Investment are permitted to engage in certain business activities restricted under the Foreign Business Act.

4. Accounting

Thailand's accounting framework aligns with international standards, while incorporating local regulations to reflect the country's specific legal and business environment. Compliance with Thai accounting and financial reporting requirements is essential for businesses operating in the country, ensuring transparency, accuracy and legal adherence.

4.1 Accounting Period

Accounts must be closed every 12 months, except for the first and last accounting periods (which may have any duration of up to 12 months) or if the company changes its accounting method. A change in the closing date of an accounting period requires prior approval from the Director-General of the Thai Revenue Department (TRD). By default, the financial year end is 31 December.

4.2 Accounting Principles

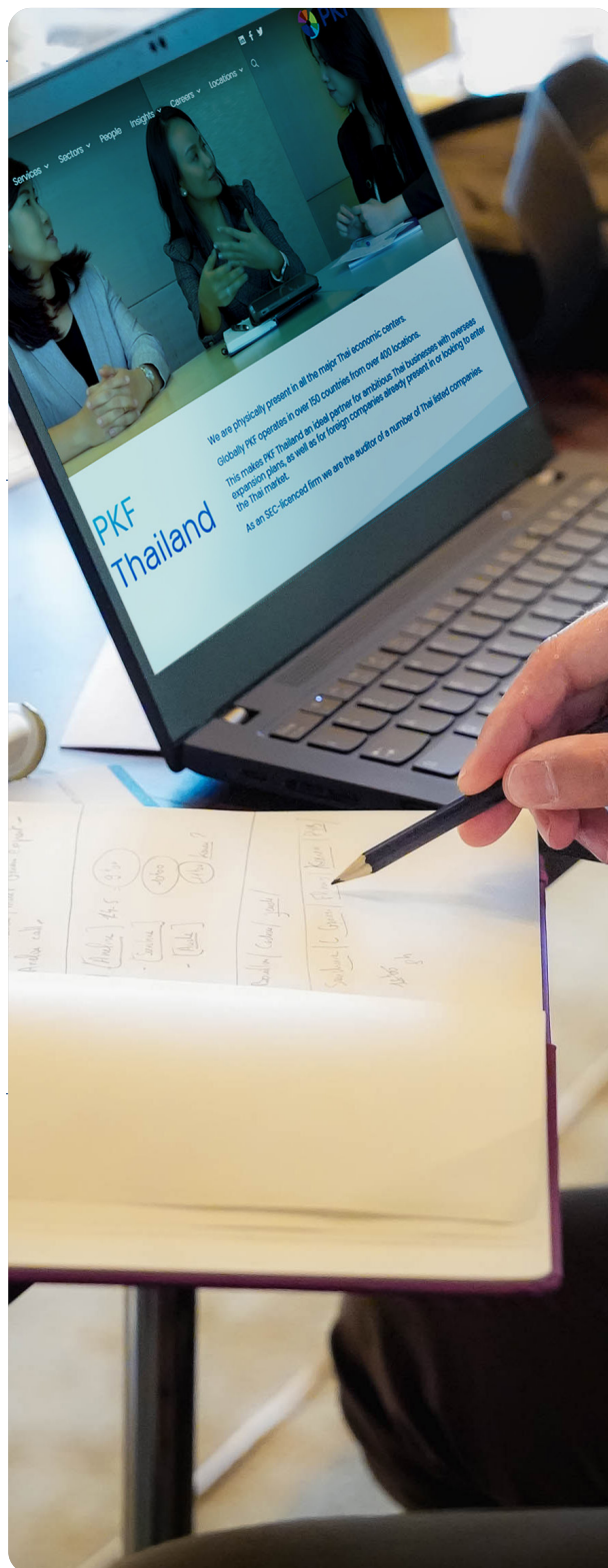
The Federation of Accounting Professions (FAP) regulates the accounting and auditing professions in Thailand under commercial laws. Thai accounting standards, promulgated by the FAP, are principally similar to international accounting standards.

Every company is required to prepare annual statutory financial statements in accordance with Thai generally accepted accounting principles (GAAP). These financial statements must be audited by a certified Thai CPA and submitted to shareholders and certain regulatory authorities.

4.3 Bookkeeping

Thailand's bookkeeping regulations are governed by the Accounting Act B.E. 2543 (2000) and enforced by the Department of Business Development (DBD).

The Accounting Act applies to all business entities, including limited companies, public companies, registered partnerships, foreign companies and joint ventures recognised under the Revenue Code. A key requirement under the Thai Accounting Act is that accounts must be prepared by a qualified Thai accountant.



Under Thai accounting standards, financial statements should include the following components:

- statement of financial position;
- statement of income/statement of comprehensive income;
- statement of changes in shareholders' equity;
- statement of cash flows (optional for private companies); and
- notes to the financial statements.

Businesses are required to maintain certain accounting and financial records, except for sole proprietors and ordinary unregistered partnerships. These records must be kept in the Thai language or translated into Thai. Books and records must be stored at the place of business for a minimum of five years after the balance sheet date.

4.4 Financial Reporting

Thai financial reporting standards (TFRS) are translated and adopted based on international financial reporting standards (IFRS), with a one-year delay from the IFRS effective date.

The TFRS framework consists of:

- **TFRS for publicly accountable entities (PAEs):** Mandatory for publicly accountable entities such as listed companies and financial institutions.
- **TFRS for non-publicly accountable entities (NPAEs):** Private limited companies can choose to apply either TFRS for PAEs or TFRS for NPAEs.

4.5 Audit Requirement

- All juristic business entities – including limited companies, registered partnerships, branches, representative offices, regional headquarters and joint ventures – must prepare financial statements that must be audited and certified by a Thai CPA at the end of each fiscal year.
- Auditing principles and practices are governed by the auditing standards issued by the FAP, which are modelled on international auditing guidelines.
- Audited financial statements must be submitted to the DBD within five months after the end of each fiscal accounting period. They must also accompany the filing of annual tax returns with the TRD within 150 days after the fiscal year end.
- However, registered partnerships with contributed capital of less than ฿5 million, total revenue of no more than ฿30 million and total assets of no more than ฿30 million are only required to submit financial statements to the TRD, not to the DBD.
- Listed companies must submit quarterly financial statements to the Stock Exchange of Thailand (SET). These quarterly statements must be reviewed by an independent auditor; however, the auditor does not express an opinion on them.

5. Taxation

Thailand's taxation system is mainly governed by the Thai Revenue Department (TRD) under the Ministry of Finance. The framework includes both direct and indirect taxes, ensuring compliance with domestic regulations and international tax agreements. Businesses and individuals operating in Thailand must adhere to these tax laws and regulations to avoid penalties while maximising available tax benefits.

5.1 Corporate Income Tax

5.1.1 Scope of Taxation

A company or juristic partnership incorporated under the laws of Thailand is subject to corporate income tax (CIT) on worldwide income.

A company or juristic partnership incorporated under the laws of foreign countries carrying on business both in Thailand and other countries is subject to CIT only on income arising from business carried on in Thailand.

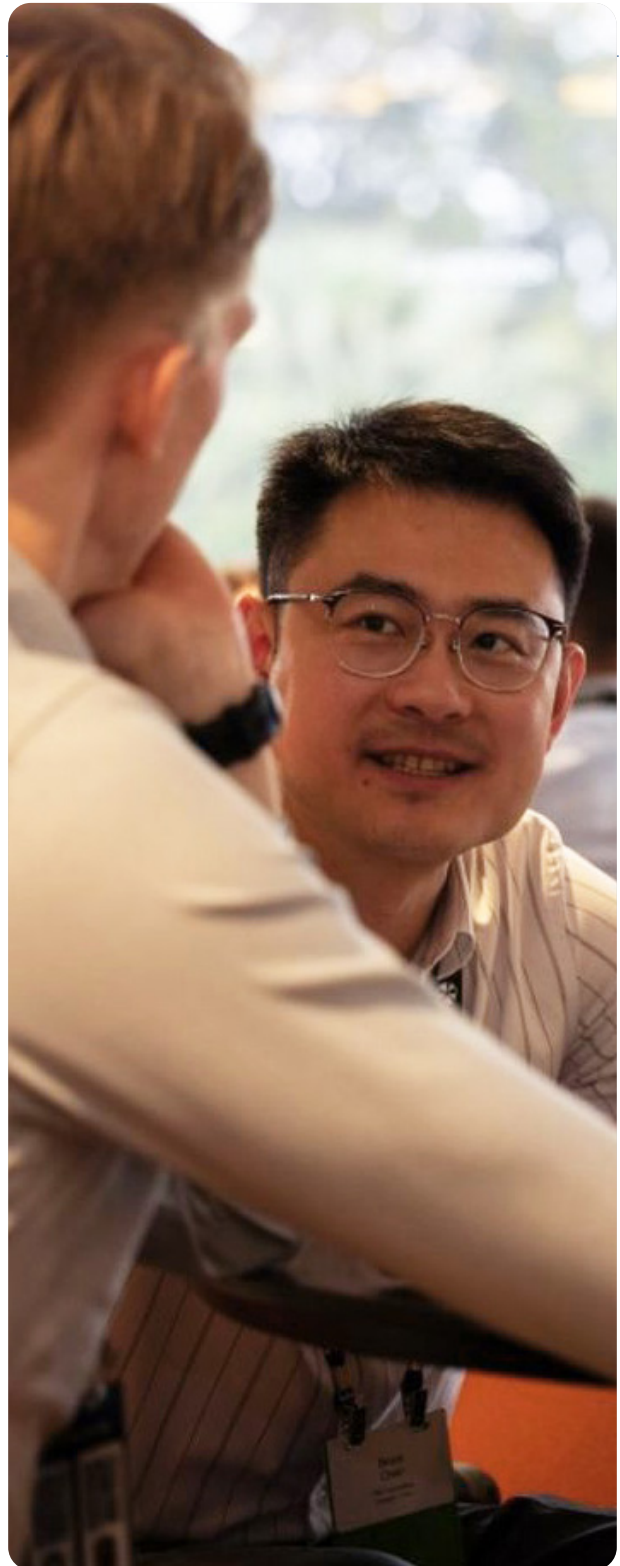
The definition of a 'company or juristic partnership' for tax purposes includes other juristic persons, such as joint ventures, foundations, etc. Consequently, an entity conducting (or deemed to be conducting) business in Thailand may be subject to CIT.

5.1.2 CIT Rates

The statutory CIT rate is 20% of net taxable profit.

However, small businesses with paid-up registered capital of up to ฿5 million at the end of an accounting period and annual revenue from the sale of goods or the provision of services not exceeding ฿30 million are subject to progressive tax rates as follows:

- 0% CIT on net taxable profit up to ฿300,000;
- 15% CIT on net taxable profit from ฿300,001 to ฿3 million; and
- 20% CIT on net taxable profit exceeding ฿3 million.



Foreign entities engaged in international transportation businesses, including operations within Thailand, are subject to 3% CIT on gross income collected in Thailand for passenger carriage and 3% CIT on gross income collected in and outside Thailand for goods carriage.

Foundations or associations deriving income other than registration fees, membership fees or donations are subject to 10% CIT on gross revenue without deductions.

5.1.3 CIT Filing Requirements

Companies and juristic partnerships are required to file two CIT returns per year.

- The mid-year CIT return (PND.51) is required to be submitted within two months after the first six-month accounting period. For example, for a company with a January–December accounting period, the deadline is 31 August.
- The annual CIT return (PND.50) is required to be submitted within 150 days after the end of the accounting period. For a January–December accounting period, the deadline is 30 May of the following year (29 May in a leap year).

5.1.4 Basis of CIT Calculation and General Compliance

Mid-year CIT Calculation (PND.51)

Companies and juristic partnerships (excluding listed companies and certain regulated entities) are required to estimate their annual taxable profit and pay 50% of the estimated tax liability in advance.

If the estimated profit is understated by more than 25% of the actual taxable profit, a 20% surcharge may apply unless justifiable reasons are provided and accepted by the TRD.

Listed companies and regulated businesses (e.g. banks, finance companies, securities companies, land mortgage companies) are required to file based on actual six-month taxable profit, rather than an estimate.

Annual CIT Calculation (PND.50)

CIT shall be computed on an accruals basis, following the rules prescribed in sections 65 bis and 65 ter of the Thai Revenue Code (TRC) and related regulations.

Section 65 bis prescribes the rules and conditions for the computation of taxable profit, while section 65 ter outlines non-deductible expenses.

Compliance with these rules is strictly monitored, and failure to comply may result in a 100% penalty and 1.5% monthly surcharge on unpaid tax.

To avoid penalties and surcharges, businesses should ensure full compliance with the TRC provisions when preparing tax returns.

5.1.5 Other Filing Requirements

Transfer Pricing Disclosure Form

Companies and juristic partnerships with annual revenue of at least ฿200 million are required to submit a transfer pricing (TP) disclosure form along with their annual CIT return.

The TP disclosure form requires details of related-party transactions, including the name of the entity, country of incorporation, and nature and value of transactions.

It is important to note that the definition of a 'related party' for tax purposes differs from the accounting definition, potentially leading to discrepancies in reporting.

Country-by-Country Reporting Notification

If a group of companies has global revenue of at least ฿28 billion, an entity in Thailand within the group is required to file a country-by-country reporting (CbCR) notification with the TRD. The notification must be submitted within 12 months following the end of the accounting period.

5.2 Value Added Tax

5.2.1 Scope of Taxation

VAT is imposed on consumption-based transactions in Thailand from the supply of goods, provision of services and importation of goods.

In addition, the following persons or entities are subject to Thai VAT:

- (i) Non-residents temporarily conducting business in Thailand; and
- (ii) Foreign service providers rendering services outside Thailand, where the services are consumed in Thailand.

For (i) and (ii), domestic VAT registrants are responsible for self-assessing VAT and remitting it to the TRD.

5.2.2 VAT Rates

The statutory VAT rate is 10%. However, it has been temporarily reduced to 7% until 30 September 2025 (unless extended by the government).

Exports of goods and services qualify for 0% VAT, provided that they meet certain TRD conditions.

Some goods and services are VAT-exempt, such as sales of agricultural products, sales of animals (alive or dead), newspapers and books, education services, pharmaceutical and chemical products used on plants or animals, medical treatment by healthcare institutions, lease of immovable property and domestic transportation.

5.2.3 VAT Registration

A person or entity supplying goods or services in Thailand must register for VAT if:

- Annual turnover reaches ฿1.8 million – VAT registration is mandatory and must be proceeded within 30 days of exceeding the threshold.
- Annual turnover is below ฿1.8 million – VAT registration is optional (voluntary VAT registration), subject to TRD approval.

Certain VAT-exempt businesses may register voluntarily, such as those involved in sales of agricultural products, sales of animals (alive or dead), pharmaceutical or chemical products used on plants or animals, newspapers and books, and educational services.

However, certain VAT-exempt businesses are strictly prohibited from VAT registration, such as those involved in the lease of immovable property and domestic transportation services.

Failure to register for VAT on time may result in a late registration penalty of up to 200% of the VAT payable, a 1.5% monthly surcharge on outstanding VAT liabilities, a fine of up to ฿5,000 and/or up to one-month imprisonment.

5.2.4 VAT Filing Requirements

A domestic VAT registrant is required to file a VAT return (PP.30) by the 15th of the following month.

Except for cases where the VAT on electronic services (VES) regime applies (see 5.2.6 below), a payer is required to file a self-assessed VAT return (PP.36) for (i) and (ii) (see under 5.2.1) by the seventh of the following month.

5.2.5 Basis of VAT Calculation and General Compliance

VAT liability is determined by deducting input VAT from output VAT.

A domestic VAT registrant must issue a tax invoice upon the occurrence of VAT liabilities, depending on the nature of the transaction.

Failure to issue a tax invoice may result in a 200% penalty and fine of ฿5,000 and/or up to one-month imprisonment.

Intentional failure to issue a tax invoice or pay VAT for tax evasion purposes may lead to a 200% penalty, fine of ฿200,000 and/or up to seven years' imprisonment. Directors or responsible persons involved in such an offence may also be subject to criminal liability.

5.2.6 VAT on Electronic Services for Non-Residents

Since 1 September 2021, foreign digital service operators or electronic platforms providing services to non-VAT registered customers in Thailand with annual income exceeding ฿1.8 million are subject to Thai VES registration.

Such non-resident VAT registrants must register for Thai VAT under the VES system, collect and remit VAT from non-VAT registered customers (primarily individuals in Thailand) and cannot claim input VAT deductions.

However, domestic VAT registrants are not affected by VES. Foreign VES registrants cannot charge VAT to domestic VAT registrants. Instead, domestic VAT registrants are still required to self-assess and remit VAT under the reverse charge mechanism.

5.3 Withholding Tax

5.3.1 Scope of Taxation

Withholding tax (WHT) may be triggered based on the type of payment and the recipient's tax residency status.

WHT generally applies when a payment is made or deemed to have been made.

Thai entities (payers) are responsible for deducting WHT at the prescribed rate and remitting it to the TRD.

5.3.2 Examples of WHT Rates for Domestic Payments

- Employment income: Progressive 0% – 35%
- Domestic transportation (excluding public transportation): 1%
- Advertisement: 2%
- Hire of work: 3% or progressive 0% – 35%
- Royalty: 3% or progressive 5% – 35%
- General services (excluding hire of work): 3%
- Rent: 5%
- Dividend: 10% or exempt
- Interest: 15% or exempt
- Sale of goods: No WHT.



5.3.3 Examples of WHT Rates for Offshore Payments

The rates that follow may be reduced under applicable double tax treaties (DTTs).

- Transportation: No WHT
- Advertisement: No WHT
- Hire of work: 15%
- Royalty: 15%
- General services (excluding hire of work): No WHT
- Rent: 15%
- Dividend and branch profit remittance: 10%
- Interest: 15%
- Sale of goods: No WHT.

5.3.4 WHT Filing Requirements

Payers are required to file WHT returns (PND.1, PND.2, PND.3, PND.53, PND.54) by the seventh of the following month.

However, since 1 January 2025, WHT returns for domestic payments must be submitted online through the TRD's website. The due date for online filing provides an eight-day extension, to the 15th of the following month.

5.3.5 Basis of WHT Calculation and General Compliance

Thai entities (payers) are required to deduct WHT from the gross payment and remit the tax to the TRD.

If a payer fails to deduct WHT, they must self-absorb the tax and remit it to the TRD. The absorbed WHT must be computed on a gross-up basis.

If WHT is absorbed without contractual obligation, the absorbed tax amount is non-tax deductible for CIT purposes.

Payers relying on DTTs for tax-exempt or reduced rates must ensure that the foreign recipient qualifies as a tax resident in their jurisdiction. Incorrect WHT application may result in a 1.5% monthly surcharge on the tax shortfall.

Foreign branches operating in Thailand are subject to WHT when profits are remitted or deemed remitted. A deemed remittance occurs in cases such as debt settlement or offsetting with foreign creditors; purchasing and transferring foreign currency abroad from profits, deemed profits or other money; or any other actions leading to similar results.

For domestic WHT, the payer must issue a domestic WHT certificate (50 Tawi) and provide it to the recipient. For offshore WHT, the payer must request the TRD to issue a foreign WHT certificate.

Failure to deduct WHT correctly is subject to a 1.5% monthly surcharge and a fine of up to ฿500 for late tax return filing.

5.4 Specific Business Tax

5.4.1. Scope of Taxation

Specific business tax (SBT) is imposed on certain types of income that are generally not subject to VAT, e.g. interest income, fees or discounts similar to interest income, foreign exchange gains, revenues from the sale of real estate.

SBT primarily applies to regulated businesses (e.g. banks, finance companies, securities companies, land mortgage companies) and real estate businesses engaging in property sales.

That said, other juristic persons may also be subject to SBT if they engage in activities that resemble regulated businesses, e.g. lending, currency exchange.

5.4.2 SBT Rates

SBT is imposed at an effective rate of either 2.75% or 3.3%, depending on the nature of the business activities.

5.4.3 SBT Registration

Any person or entity carrying out specific business activities in a commercial manner is required to register for SBT.

If a person or entity is not commercially conducting specific business activities but is still subject to SBT, the registration may not be required.

5.4.4 SBT Filing Requirements

Both SBT and non-SBT registrants are required to file a SBT return (PT.40) by the 15th of the following month.

However, non-SBT registrants only need to file PT.40 in the month when a SBT liability arises.

5.4.5 Basis of SBT Calculation and General Compliance

SBT is calculated based on the gross amount of SBT income at the prescribed rates.

Non-compliance with SBT may result in a 200% penalty on unpaid tax, a 1.5% surcharge and a fine of up to ฿500 for late tax return filing.

Intentional failure to pay SBT for tax evasion purposes may result in a 200% penalty, a fine of ฿200,000 and/or up to seven years' imprisonment. Directors or responsible persons involved in such an offence may also be subject to criminal liability.

5.5 Stamp Duty

5.5.1. Scope of Taxation

Stamp duty (SD) is imposed on specific types of instruments or documents as listed in the SD schedule under the TRC.

Unless agreed otherwise, the payer liable for SD is typically the income earner of the dutiable instrument.

Instruments executed outside Thailand are not subject to Thai SD, unless they are brought into or deemed brought into Thailand.

If an instrument is brought into or deemed brought into Thailand, the first holder of the instrument is responsible for paying SD.

5.5.2 Examples of SD Rates

SD rates vary depending on the type of instrument. Below are examples of dutiable instruments and their applicable rates:

- Immovable property lease: 0.1% of the total consideration receivable
- Transfer of shares: 0.1% of the greater amount between paid-up value of shares and the nominal value of the instrument
- Hire of work agreements: 0.1% of the total consideration receivable
- Loan agreements: 0.05% of the loan principal
- Power of attorney: ฿10 or ฿30.

5.5.3 SD Filing Requirements

The person liable for SD is required to pay SD within 15 days from the date the instrument is executed.

If the instrument is brought into Thailand, the first holder of the instrument is required to pay SD within 30 days of bringing the instrument into the country.

5.5.4 Basis of SD Calculation and General Compliance

SD is calculated based on the type of instrument, either a percentage of the consideration receivable or a fixed amount, depending on the TRC's prescribed rates.

SD can be paid via either affixing stamps on the instrument or paid in cash.

Unless specifically required by the law, some dutiable instruments must be paid in cash as affixing stamps is prohibited.

If SD is not paid or incorrectly paid, a surcharge of up to 600% of the unpaid SD may apply.

5.6 Signboard Tax

5.6.1. Scope of Taxation

Signboard tax is a local tax, imposed by municipal authorities where the signboard is installed or displayed, based on the size and characteristics of the signboard.

Any signboard or billboard displaying a name, trademark or product for business promotion, advertisement or informational purposes is subject to signboard tax.

5.6.2 Tax Rates

The annual tax rate ranges from ฿5 to ฿52 per 500cm².

The rate may vary depending on the language used on the signboard (e.g. foreign language signage may be subject to higher tax rates).

5.6.3 Tax Filing Requirements

Signboard owners must file the signboard tax return (Por.Por.1) and pay the tax by 31 March of each year.

Where there is an installation, change or addition of a taxable sign or billboard, the owner of such a sign or billboard is required to pay the signboard tax within 15 days.

5.6.4 Penalties for Non-Payment

Failure to file within the specified period may result in an additional charge of 10% of the tax due.

Failure to pay tax within 15 days after receiving the assessment notice may result in an additional charge of 2% per month of the tax due.

Intentionally failing to file the signboard tax return may result in a fine ranging from ฿5,000 to ฿50,000.

5.7 Land and Building Tax

5.7.1 Scope of Taxation

Land and building tax is a local tax, imposed by municipal authorities where the property is located, based on the nature of usage and value of the land and buildings.

Individuals or entities holding ownership rights as indicated on the land title deed as of 1 January of the tax year are liable for the tax.

Individuals or entities occupying or utilising state-owned land or buildings are also subject to this tax.

All individuals listed on the title deed are jointly responsible for the tax.

If the land and the building on it have different owners, each is responsible for the tax on their respective property.

5.7.2 Tax Rates

Tax rates are determined based on the usage and value of the land and buildings:

5.7.2.1 Agricultural Land

For individuals, the first ฿50 million of assessed value is exempt; amounts exceeding this are taxed at rates starting from 0.01% up to 0.1%.

For entities, taxation begins at 0.01% and can reach up to 0.1%, depending on the property's value.

5.7.2.2 Residential Property

Primary Residence

Owners of both the land and building (main residence) with an assessed value of up to ฿50 million are exempt. Values exceeding this are taxed at rates starting from 0.03% up to 0.1%.

Secondary Residences or Properties without Owner's Registration

Tax rates start at 0.02% for properties valued up to ฿50 million and can go up to 0.1% for higher values.

5.7.2.3 Commercial Use

Properties used for commercial purposes are taxed at rates ranging from 0.3% to 0.7%, depending on their assessed value.

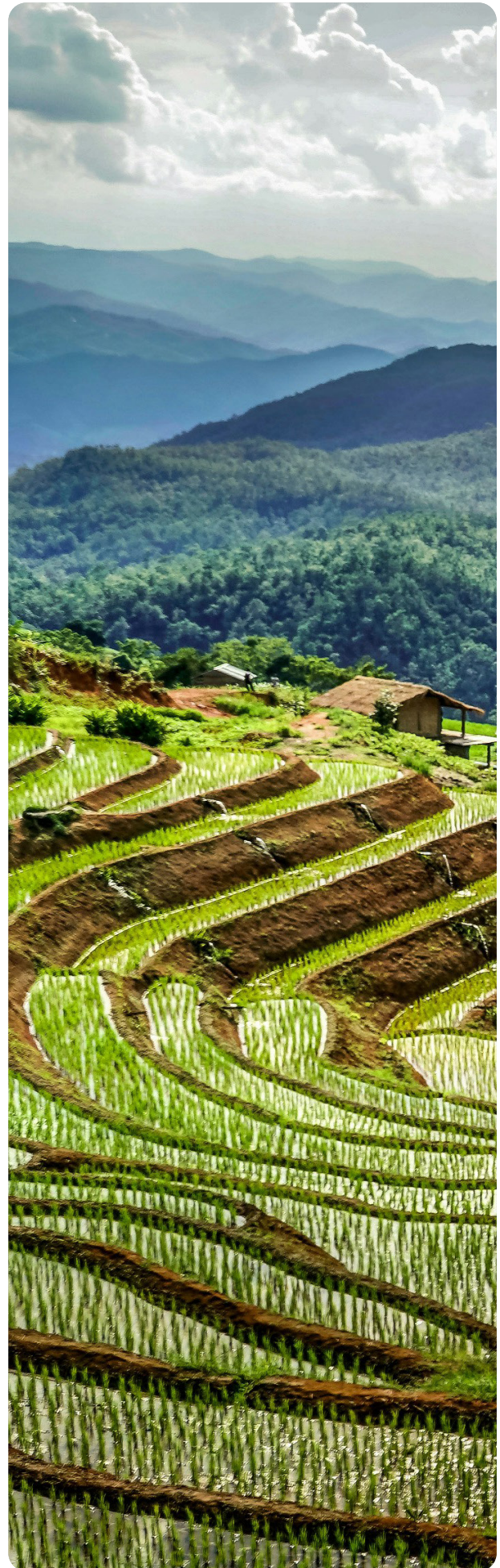
5.7.2.4 Vacant or Unused Land

Such properties are initially taxed at 0.3%. If left unused for three consecutive years, the tax rate increases by 0.3% every three years, up to a maximum of 3%.

5.7.3 Tax Filing Requirements

The government authorities will send tax assessment forms to taxpayers by February of each year.

Taxpayers are required to pay the assessed tax by 30 April of the same year.



In 2025, to alleviate the burden on citizens affected by flooding, the government has extended the tax payment period by two months. The revised payment schedule is as follows:

- First instalment: Moved from April 2025 to June 2025
- Second instalment: Moved from May 2025 to July 2025
- Third instalment: Moved from June 2025 to August 2025.

5.7.4 Penalties for Non-Payment

Non-compliance may result in the following penalties:

- A 10% penalty applies for late payments made before receiving a warning notice.
- A 20% penalty applies for payments made after receiving a warning notice.
- A 40% penalty applies if the tax remains unpaid within the specified period.

A 1% monthly surcharge is charged on overdue tax amounts (simple interest, not compounded).

Offenders may face imprisonment of up to two years and fines of up to ฿40,000.

In the case of entities, directors or executives may also be subject to criminal penalties.

5.8 Customs Duty

5.8.1. Scope of Taxation

Customs duty is imposed on goods imported into or exported from Thailand. The objective is to protect the domestic economy, regulate trade and ensure compliance with international trade agreements. The Customs Department is responsible for administering and collecting customs duties.

5.8.2 Tax Rates

Customs duty rates vary depending on the type of goods, as specified in the Customs Tariff Decree.

Importers can check the applicable duty rates on the Thai Customs Department's website.

5.8.3 Tax Filing Requirements

Importers and exporters must complete customs clearance procedures before taking delivery of goods.

Required documentation includes a customs declaration form, import/export permits and invoices.

Customs duties must be paid before the goods are released from customs custody.

The deadline for duty payment depends on the type of goods and import/export conditions.

5.8.4 Penalties for Non-Payment

Failure to pay customs duty or attempts to evade taxation are considered serious legal offences and are subject to strict penalties, including:

Smuggling or customs fraud

- Fine of up to four times the total customs value, including duties and taxes.
- Imprisonment of up to 10 years, or both fine and imprisonment.
- Confiscation of smuggled goods.

Customs duty evasion

- Fine ranging from 50% to 400% of the underpaid duty amount.
- Imprisonment of up to 10 years, or both fine and imprisonment.

Other violations (e.g. false declaration, unauthorised import/export of restricted or prohibited goods) are also subject to penalties as prescribed under the Customs Act.

5.9 Excise Tax

5.9.1. Scope of Taxation

Excise tax is levied on specific goods and services that are considered to have social, environmental or health impacts. In Thailand, the Excise Department is responsible for administering and collecting this tax.

Items subject to excise tax include alcoholic beverages, tobacco products, petroleum products, motor vehicles and certain services.

5.9.2 Tax Rates

The excise tax rates in Thailand vary depending on the type of product or service and are determined based on either the value (ad valorem) or quantity (specific) of the goods. These rates are stipulated in the Excise Tax Act and its accompanying ministerial regulations.

For instance, the tax on alcoholic beverages and tobacco products may be calculated based on the retail price or per unit of measurement, such as per litre or per unit of product.

5.9.3 Tax Filing Requirements

Entities liable for excise tax must file returns and remit the tax within specified timeframes, which differ based on the nature of the goods or services:

- Domestically produced goods: Manufacturers are required to file returns and pay the excise tax before the liability arises. If the goods are also subject to VAT, the returns and payments must be made by the 15th of the following month.
- Imported goods: Importers must file returns and pay the excise tax at the time of customs clearance.

- Taxable services: Service providers must file returns and pay the excise tax by the 15th of the month following the provision of the service.

5.9.4 Penalties for Non-Payment

Failure to comply with excise tax obligations can result in significant penalties.

- False declarations or document submission: Individuals who provide false information or submit fraudulent documents to evade excise tax may face imprisonment of up to seven years and fines up to ฿1.2 million.
- Failure to file tax returns: Those who fail to file the required tax returns to evade tax payment may be subject to imprisonment of up to six months or fines up to ฿200,000, or both.
- Surcharges: Late tax payments may incur a surcharge of 1% per month on the outstanding tax amount.
- Evaded taxes may be subject to retroactive assessment along with applicable penalties.

5.10 Petroleum Income Tax

5.10.1. Scope of Taxation

The TRD is the primary agency responsible for collecting petroleum income tax.

Companies engaged in petroleum activities must file tax returns and pay taxes within 150 days after the end of their accounting period, which can be self-determined but must not exceed 12 months.

5.10.2 Tax Rates

Companies liable for petroleum income tax must pay at a rate of 50% of the net profit derived from petroleum operations.

5.10.3 Tax Filing Requirements

Companies must file tax returns and pay the due tax within 150 days from the end of the accounting period.

Tax returns and payments can be processed at the local TRD office where the company is located.

5.10.4 Penalties for Non-Payment

- Failure to file tax returns within the stipulated timeframe, or underestimating net profit by more than 25% without reasonable cause, will result in a penalty of 20% of the tax due or the underpaid tax amount.
- Failure to file tax returns within the prescribed period (including any legally granted extensions) will incur a penalty of 100% of the tax due.
- Failure to pay tax within the specified timeframe, or underpayment of tax, will result in a 1% monthly surcharge on the outstanding tax amount, calculated on a simple interest basis.

6. Legal and Tax Compliance for Individuals in Thailand

6.1 Entry into Thailand: Visa and Permits

6.1.1 Visa

All persons, other than those in transit and Thai nationals, are required to obtain a visa in order to enter Thailand. Foreign nationals who intend to remain in Thailand to work or conduct business must comply with visa requirements in addition to obtaining a work permit. Below are the categories of visa:

- **Tourist:** Foreigners who obtain tourist visas are initially granted a stay of 60 days. Renewals at the discretion of the Immigration Department are normally granted for periods of up to 30 days at a time.
- **Visitor transit:** Foreigners who have obtained a transit visa from a Thai embassy or consulate will be granted a 30-day stay in the Kingdom. Extensions of stay are normally granted for periods of between seven and 10 days. In addition, nationals of many countries will be able to enter Thailand without a visa and may remain for 60 days per visit. Foreigners who enter the Kingdom under the tourist visa exemption category may re-enter and stay in Thailand for a cumulative duration of stay not exceeding 90 days within any six-month period from the date of first entry.
- **Immigrant:** A person wishing to immigrate to Thailand may apply for a certificate of residence. However, the conditions for qualifying as an immigrant are quite restrictive and covered by annual immigration quotas and other conditions fixed for each country by the Ministry of Interior.
- **Non-quota immigrant:** This category includes former residents who have lost their resident status but who have reapplied to resume their residency and who have been able to demonstrate a convincing reason to support the granting of this type of visa.
- **Non-immigrant:** Foreigners seeking a prolonged stay or for the purpose of work in Thailand should obtain non-immigrant visas for themselves and all family members prior to entering the Kingdom. The visa is generally granted for an initial stay of 90 days, but it may be extended up to one year and is renewable each year. A foreigner holding this type of visa is entitled to apply for a work permit. Holders of a transit or tourist visa cannot apply for a work permit.

6.1.2 Work Permit

The Foreign Employment Act also stipulates numerous rules regarding work permits which are summarised as follows:

- With a few exceptions, the law requires all non-Thai nationals who work in Thailand to have work permits issued by the Ministry of Labour. Employers in Thailand may apply for a work permit for prospective foreign employees who wish to work in the Kingdom before the employees start working.
- The use of these work permits is restricted to the particular occupation, particular employer and particular locality for which they are applied; any change in these restrictions will necessitate a new work permit.
- Foreigners temporarily working in Thailand under the Immigration Law to perform an essential and urgent assignment for a period not exceeding 15 days do not have to apply for a work permit. However, such a

foreigner may engage in work only after a written notification on a prescribed form has been issued by the Director-General of Department of Employment or his assignee.

- A foreigner seeking permission to work in the Kingdom under the Investment Promotion Law must submit an application for a work permit within 30 days of notification by the BOI that the position has been approved. Such a foreigner may engage in authorised work while the application is being processed.
- Foreigners working in Thailand under special conventions between Thailand and other countries, including international organisations such as the World Bank, are exempted from obtaining work permits.

6.2 Personal Income Tax

Personal income tax (PIT) in Thailand applies to all individuals earning income within the country. The system is progressive, with rates ranging from 0% to 35%, depending on income levels. Both Thai residents and non-residents are subject to PIT; however, the scope of taxable income differs. Residents are taxed on their worldwide income, while non-residents are taxed only on income earned in Thailand.

Allowances and Deductions

Taxpayers are entitled to various allowances and deductions to reduce taxable income, including:

- personal allowances for the taxpayer, spouse and dependants;
- deductions for contributions to retirement savings plans, life insurance premiums and education expenses; and
- charitable donations, subject to a capped percentage of income.

Filing Obligations

Individual taxpayers must file annual PIT returns by 31 March of the following year. Employers are required to withhold PIT from employee salaries and remit the amounts to the Thai Revenue Department monthly.

6.3 Payroll in Thailand

Thai labour laws outline clear guidelines for payroll management to ensure fairness and compliance.

Key components include:

- **Minimum wage:** Minimum wage rates vary by province and are subject to periodic review by the Ministry of Labour. Employers must ensure wages meet or exceed the local minimum wage.
- **Working hours and overtime:** Standard working hours are eight hours per day or 48 hours per week. Overtime pay is calculated at a higher rate, with exact amounts stipulated by law.
- **Employee benefits:** Employers must provide statutory benefits, including paid annual leave, sick leave and maternity leave, as required under the Labour Protection Act.
- **Payroll deductions:** Employers must deduct taxes, social security contributions and any other applicable deductions from employee wages and remit them to the appropriate authorities.

Social Security Contributions

The Social Security Fund (SSF) is a mandatory scheme managed by the Social Security Office (SSO), providing employees with benefits such as healthcare, unemployment support and retirement pensions. Both employers and employees are required to contribute to the SSF.

Contribution Rates

- Employers contribute 5% of the employee's monthly wages, capped at a maximum contribution base of ฿15,000 per employee.
- Employees contribute an equal amount, and an additional 5% is contributed by the government.
- Contributions cover benefits such as medical treatment, maternity benefits, child allowances, disability benefits, retirement pensions and unemployment support.

Filing and Payment

- Contributions must be filed and remitted to the SSO by the 15th of the following month.
- Employers are required to submit Form SSO 1-10, which details the contributions for all employees.

6.4 Employee Rights

Employees in Thailand are entitled to several rights under the country's labour and tax laws, ensuring fair treatment and financial protection.

- **Withholding tax:** Employers must deduct PIT and social security contributions from employee wages and remit them to the relevant authorities on a monthly basis.
- **Social security benefits:** Employees contribute to the SSF, granting access to healthcare, maternity benefits, unemployment insurance and retirement pensions.
- **Tax relief and allowances:** Employees can claim tax allowances for dependants, educational expenses and contributions to retirement funds, reducing their overall tax liability.
- **Workmen's compensation:** Employers contribute to the Workmen's Compensation Fund (WCF), which provides compensation for workplace injuries or illnesses.

Employees should ensure that their employers issue accurate salary certificates and comply with withholding tax obligations to avoid discrepancies when filing personal income tax returns.

6.5 Directors

Directors of companies in Thailand are subject to specific tax and legal obligations, depending on their roles and residency status.

- **Personal income tax:** Directors earning income in Thailand, including salaries, bonuses and other remuneration, are liable for PIT. For resident directors, worldwide income is taxable, while non-resident directors are taxed only on income sourced from Thailand.
- **Withholding tax:** Directors' fees and bonuses are typically subject to withholding tax at the time of payment.
- **Social security contributions:** Directors who are also employees of the company must contribute to the SSF unless exempted.

- **Liability for non-compliance:** Directors bear fiduciary responsibility for the company's compliance with tax laws. Failure to comply may result in penalties or personal liability.

Directors should consult tax advisors to manage their personal tax obligations effectively while ensuring the company's compliance with Thai tax regulations.

6.6 Thai Taxation of Resident Aliens

Resident aliens, defined as foreign individuals residing in Thailand for 180 days or more within a tax year, are taxed on their income. Key considerations include:

- **Taxable income:** Includes salaries, business income, investment returns and other earnings.
- **Allowances and deductions:** Resident aliens are entitled to the same allowances and deductions as Thai nationals, such as personal allowances, charitable donations and retirement fund contributions.
- **Filing requirements:** Resident aliens must file PIT returns by 31 March and ensure accurate reporting of their income.
- **Double tax treaties** between Thailand and other countries can reduce the tax burden for resident aliens, offering exemptions or reduced rates on specific income types.



6.7 Reporting Requirements for Resident and Non-Resident Aliens

Thailand's immigration and labour laws impose specific reporting requirements on resident and non-resident aliens working or staying in the country. These regulations are designed to ensure compliance with visa, work permit and residency rules while aligning with the country's broader legal and administrative framework.

6.7.1 Resident Alien

A resident alien in Thailand is a foreign individual who resides in the country for 180 days or more within a calendar year. They are subject to the following reporting obligations under immigration and labour laws:

- **90-day reporting:** Resident aliens must – unless exempted – report their place of residence to the Immigration Bureau every 90 days, either in person, through an authorised representative, by post or via the online system. Failure to comply with the 90-day reporting requirement may result in fines or complications with visa renewals.
- **Work permit reporting:** Resident aliens holding a work permit must ensure that their employer updates the Department of Employment with any changes to their employment status, including changes in job title, salary or workplace location. Employers are responsible for notifying the Department of Employment within 15 days of the termination of employment.

- Annual visa extensions: Those on long-term visas, such as business or retirement visas, must renew their visa annually and provide documentation, including proof of income, valid work permits or financial statements.

6.7.2 Non-Resident Aliens

A non-resident alien is a foreign individual who stays in Thailand for less than 180 days within a calendar year and typically works on a short-term or project-specific basis. Key reporting requirements include:

- TM30 notification of residence: Landlords or hosts must file a TM30 notification with the Immigration Bureau within 24 hours of a non-resident alien's arrival at their property. The host must keep records of the alien's stay and submit the TM30 again if the individual moves to a new location.
- Work permit requirements: Non-resident aliens engaged in any form of work must hold a valid work permit, even for short-term assignments. The application process must normally be initiated by the employer. Non-compliance with work permit requirements can result in penalties for both the employer and the employee, including fines and deportation.
- Visa restrictions and extensions: Non-residents must ensure they are on the correct visa category, such as a business visa or special work-related visa. Extensions of stay, if required, must be applied for in advance, supported by documentation from the employer or sponsoring agency.

6.7.3 General Obligations for Resident and Non-Resident Aliens

- Taxpayer identification numbers (TIN): Resident and non-resident aliens earning income in Thailand must obtain a TIN from the Thai Revenue Department. This is often linked to compliance with labour and tax reporting obligations.
- Dual compliance with labour and immigration laws: Aliens working in Thailand must comply with both labour and immigration regulations, ensuring valid visas, work permits and adherence to tax laws.
- Penalties for non-compliance: Non-compliance with reporting requirements, including failure to complete 90-day reporting or TM30 notifications, can lead to fines, visa cancellations or bans on re-entering Thailand.

6.8 Estate and Gift Tax

Gift tax applies to gifts made by people who are still alive and to assets or the amount given to ascendants, descendants, parents, spouse or others based on the value of the gift that exceeds the respective threshold, which depends on the donor and type of gift. Where a gift does not exceed the annual threshold, it is exempt from personal income tax.

Thresholds

- ฿20 million: For a gift of immovable (real estate) property received by a lawful child
- ฿20 million: For a gift received by a person who is an ascendant, descendant or spouse
- ฿10 million: For a gift received by a person who is not an ascendant, descendant or spouse on traditional occasions or established custom ceremonies
- Exempt when in compliance with ministerial regulations: For a gift received by a person who intends to use the gift for religious, educational or public benefit purposes.

Gifts which exceed the respective threshold are subject to gift tax at a rate of 5%.

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Appendix

Useful Links and Reference Websites

Bank of Thailand	www.bot.or.th/en/home.html
Board of Investment (BOI)	www.boi.go.th
Customs Department, Ministry of Finance	www.customs.go.th/index.php?lang=en&
Department of Business Development (DBD), Ministry of Commerce	www.dbd.go.th/en
Department of Employment (DOE), Ministry of Labour	www.doe.go.th/prd/main
Department of Intellectual Property (DIP), Ministry of Commerce	www.ipthailand.go.th/en/home-eng.html
Eastern Economic Corridor Office (EEC)	www.eeco.or.th
Federation of Accounting Professions (FAP)	www.tfac.or.th/en/Home/Main
Immigration Bureau, Royal Thai Police	www.immigration.go.th
Legal Execution Department, Ministry of Justice	www.led.go.th/en/
Ministry of Finance	www.mof.go.th/en/home
Ministry of Labour	www.mol.go.th/en/
National Economic and Social Development Council	www.nesdc.go.th/nesdb_en/main.php?filename=index
National Statistical Office of Thailand	www.nso.go.th
Social Security Office (SSO)	www.sso.go.th/wpr/
Thai Revenue Department	www.rd.go.th/english/index-eng.html
Thai Trade Centre, Ministry of Commerce	www.thaitrade.com



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