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**Official language is Thai language**

**ROYAL DECREE**

Issued under the Revenue Code

Regarding Prescribing Expenses Deductible From Assessable Incomes (No. 11)

B.E.2502 (1959)

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**BHUMIBOL ADULYADEJ, REX.**

Given on the 15<sup>th</sup> day of December B.E.2502,

Being the 11<sup>th</sup> year of the present Reign

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to represcribe expenses which are deductible from assessable incomes under the Revenue Code.

By virtue of Section 43, Section 44, Section 45 of the Revenue Code as amended by the Revenue Code Amendment Act (No.12), B.E. 2497, and Section 46 of the Revenue Code as amended by the Revenue Code Amendment Act (No. 10), B.E. 2496, the King's Most Excellent Majesty hereby enacts the Royal Decree as follows:

Section 1 This Royal Decree shall be called "Royal Decree Issued under the Revenue Code Regarding Prescribing Expenses Deductible from Assessable Incomes ( No. 11) , B.E.2502".

Section 2 This Royal Decree shall come into force on and from the day following the date of its publication in the Government Gazette.

Section 3 The Royal Decree Prescribing Expenses Deductible From Assessable Incomes under the Revenue Code, B.E. 2496 and the Royal Decree Prescribing Expenses Deductible From Assessable Incomes under the Revenue Code, B.E. 2497 shall be repealed.

Section 4 The rates of expenses which are allowed to deduct under this Royal Decree shall apply to assessable incomes in respect of which the filing of a return is due in B.E. 2503 onwards.

Section 4 bis For assessable incomes under Section 40 (3) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 16), B.E. 2502, only goodwill, patent or other rights shall be deductible at a lump-sum rate of 50 per cent but the aggregate expense is deductible not exceeding 100,000 Baht; provided that where the income earners produce evidence to the assessment officer and can prove that there are more expenses,

the expenses may be deducted as necessary and appropriate, in which case the provisions of Section 65 bis as amended by the Revenue Code Amendment Act (No. 31), B.E. 2534 and Section 65 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 17), B.E. 2540 shall apply mutatis mutandis. However, if it appears from the evidence so produced that the expenditures deductible under law are lesser than the rates of expenses stipulates above, it shall be deemed that there are expenses only up to the amount as proven by the evidence.

Section 5 For assessable incomes under Section 40 (5) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 16), B.E. 2502, the following expenses shall be deductible:

(1) Letting of property:

(a) In case of house, building, other structure or floating raft where the owner is a lessor, the expenses shall be deductible at a lump-sum rate of 30 per cent. In case of sublet, the expense shall be deductible only in a respect of rental paid to the original lessor or the sub-lessor, as the case may be.

(b) In case of land used for agricultural purpose where the owner is a lessor, the expenses shall be deductible at a lump-sum rate of 20 per cent. In case of sublet, the expense shall be deductible only in a respect of rental paid to the original lessor or the sub-lessor, as the case may be.

(c) In case of land not used for agricultural purpose where the owner is a lessor, the expenses shall be deductible at a lump-sum rate of 15 per cent. In case of sublet, the expense shall be deductible only in a respect of rental paid to the original lessor or the sub-lessor, as the case may be.

(d) In case of vehicle where the owner is a lessor, the expenses shall be deductible at a lump-sum rate of 30 per cent. In case of sublet, the expense shall be deductible only in a respect of rental paid to the original lessor or the sub-lessor, as the case may be.

(e) In case of other property where the owner is a lessor, the expenses shall be deductible at a lump-sum rate of 10 per cent, the expense shall be deductible only in a respect of rental paid to the original lessor or the sub-lessor, as the case may be.

Provided that where the income earners under (a) to (e) produce evidence to the assessment officer and can prove that there are more expenses, the expenses may be deducted as necessary and appropriate, in which case the provisions of Section 65 bis and

Section 65 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 16), B.E. 2502 shall apply mutatis mutandis. However, if it appears from the evidence so produced that the expenditures deductible under law are lesser than the rates of expenses stipulates above, it shall be deemed that there are expenses only up to the amount as proven by the evidence.

(2) For the default on contract of hire-purchase of property, the expenses shall be deductible at a lump-sum rate of 20 per cent.

(3) For the default on contract of sale on installment where the seller repossesses the property sold without being required to make a refund or return the benefits already received, the expenses shall be deductible at a lump-sum rate of 20 per cent.

Section 6 assessable incomes under Section 40 (6) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 10), B.E. 2496, the following expenses shall be deductible at the lump-sum rates:

(1) For incomes derived from the liberal profession of art of healing, the expenses shall be deductible at the lump-sum rates of 60 per cent.

(2) For incomes derived from the liberal professions other than that under (1), the expenses shall be deductible at a lump-sum rate of 30 per cent.

Provided that where the income earners under (1) to (2) produce evidence to the assessment officer and can prove that there are more expenses, the expenses may be deducted as necessary and appropriate, in which case the provisions of Section 65 bis of the Revenue Code as amended by the Revenue Code Amendment Act (No. 21), B.E. 2517 and Section 65 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 16), B.E. 2502 shall apply mutatis mutandis. However, if it appears from the evidence so produced that the expenditures deductible under law are lesser than the rates of expenses stipulates above, it shall be deemed that there are expenses only up to the amount as proven by the evidence.

Section 7 For assessable incomes under Section 40 (7) of the revenue Code as amended by the Revenue Code Amendment Act (No. 10), B.E. 2496, the expenses shall be deductible at a lump-sum rate of 60 per cent; provided that where the income earners produce evidence to the assessment officer and can prove that there are more expenses, the expenses may be deducted as necessary and appropriate, in which case the provisions of Section 65 bis of the Revenue Code as amended by the Revenue Code Amendment Act

(No. 16), B.E. 2534 and Section 65 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 17), B.E. 2540 shall apply mutatis mutandis. However, if it appears from the evidence so produced that the expenditures deductible under law are lesser than the rates of expenses stipulates above, it shall be deemed that there are expenses only up to the amount as proven by the evidence.

Section 8 For assessable incomes under Section 40 (8) of the Revenue Code as amended by the Revenue Code Amendment Act (No.10), B.E. 2496, the following expenses shall be deductible at the lump-sum rates:

(1) Collection of commissions or charges from gambling, contests or games 60 percent

(2) Taking, development, printing or enlargement of photographs, movie films, including sales of accessories 60 percent

(3) Business of dockyard, shipyard or ship repair other than repair of machinery, mechanical devices 60 percent

(4) Shoe making and making of genuine leather or synthetic leather products, including sales of accessories 60 percent

(5) Tailoring, sewing, knitting, embroidering of clothing or other things, including sales of accessories 60 percent

(6) Making, decoration or repair of household furniture, including sales of accessories 60 percent

(7) Hotel or restaurant business or preparation of food and beverages for sale 60 percent

(8) Hair perming, cutting and styling or body styling 60 percent

(9) Making of soap, shampoo or cosmetics 60 percent

(10) Literature production 60 percent

(11) Trading in silverware, gold, precious metal alloys, diamonds, precious gems or other semi-precious stones, including sale of accessories 60 percent

(12) Business of clinic under the law governing clinics, but only a clinic with a patient bed for overnight stay, including medical treatment and sale of medicines 60 percent

(13) Stone milling or rock crushing 60 percent

(14) Forestry, rubber or perennial plantation 60 percent

(15) Transportation or provision of hired service by vehicle 60 percent

(16) Block and seal making, printing or binding of books, documents, including sales of accessories 60 percent

(17) Mining 60 percent

(18) Making of beverages under the law governing beverage tax 60 percent

(19) Making of ceramics, glazed wares, cement products or potteries 60 percent

(20) Generation or distribution of electricity 60 percent

(21) Ice making 60 percent

(22) Making of glue, starch glue or other similar articles and making of powder of various kinds other than cosmetics 60 percent

(23) Making of balloons, glasswares, plastic goods or finished rubber products 60 percent

(24) Laundry or dyeing 60 percent

(25) Sale of goods other than those listed in other items where the seller is not a manufacturer 60 percent

(26) Prizes received by horse owners from racing their horses 60 percent

(27) Acceptance of price of redemption for redeeming property sold with right of redemption or acquisition of absolute ownership in property sold with right of redemption 60 percent

(28) Rubber smoking, making of rubber sheets or other kinds of rubber which are not finished rubber products 60 percent

(29) Leather tanning 60 percent

(30) Making of sugar or sugar molasses 60 percent

(31) Fishery 60 percent

(32) Sawmill business 60 percent

(33) Oil refinery or extraction 60 percent

(34) Sale by way of hire-purchase of movable properties not falling under Section 40 (5) of the Revenue Code as amended by the Revenue Code Amendment Act (No.16), B.E. 2502 (1959) 60 percent

(35) Rice mill business 60 percent

(36) Agriculture in the category of seasonal plant and grain farming 60 percent

(37) Tobacco steaming or curing 60 percent

(38) Raising of all kinds of animals, including sale of by products 60 percent

(39) Animal slaughter for sale, including sale of by-products 60 percent

(40) Salt farming 60 percent

(41) Sale of ships or vessels of six tons or over, steamers or motor boats of five tones or over floating rafts 60 percent

(42) Sales of land on installment or sale of land by way of hire purchase 60 percent

(43) Performance by drama, movie film, radio or television performers, singers, musicians, professional sportsmen or performers for any kind of entertainment

a. For the portion of income not more than 300,000 Baht 60 percent

b. For the portion of income more than 300,000 Baht 60 percent

The aggregate expenses deductible under (a) and (b) shall not exceed 600,000 Baht.

Provided that where persons earning income from the businesses as stipulated in the first Paragraph produce evidence to the assessment officer and can prove that there are more expenses, the expenses may be deducted as necessary and appropriate, in which case the provisions of Section 65 bis of the Revenue Code as amended by the Revenue Code Amendment Act (No. 21), B.E. 2517 and Section 65 ter of the Revenue Code as amended by the Revenue Code Amendment Act (No. 16), B.E. 2502 shall apply mutatis mutandis. However, if it appears from the evidence so produced that the expenditures deductible under law are lesser than the rates of expenses stipulates above, it shall be deemed that there are expenses only up to the amount as proven by the evidence.

Section 9 The Minister of Finance shall have charge and control of the execution of this Royal Decree.

Countersigned:

Field Marshal S. Tanaratch

Prime Minister

Remarks :- The reason for promulgation of this Royal Decree is that since each category of assessable income carries different amount of expenses, it would be unfair to prescribe that expenses shall be deductible at the lump-sum rates for all categories. Hence, it is deemed expedient to allow deduction of expenses for certain categories of assessable incomes according to necessities.