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ROYAL DECREE

Issued under the Revenue Code

Governing Reduction of Tax Rates and Exemption of Taxes (No. 587)

B.E. 2558 (2015)

BHUMIBOL ADULYADEJ, REX.

Given on the 28th Day of April B.E. 2558;

Being the 70th Year of the Present Reign.

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

Whereas it is expedient to reduce tax rates and exempt income taxes in certain cases;

By virtue of section 22 of the Constitution of the Kingdom of Thailand (Interim), B.E. 2557 (2014) and section 3 (1) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 10), B.E. 2496 (1953), a Royal Decree is hereby enacted, as follows:

Section 1 This Royal Decree shall be called the “Royal Decree Issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 587), B.E. 2558 (2015)”.

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

Section 3 In this Royal Decree:

“alien” means a natural person of non-Thai nationality;

“international trading center” means a company established under Thai laws to operate a business of purchasing and selling goods, raw materials and components or providing services relating to international trade to juristic persons established under foreign laws;

“providing of services relating to international trade” means the providing of services as follows:

- (1) procurement of goods;
- (2) warehousing services prior to delivery;

- (3) packaging services;
- (4) transportation of goods;
- (5) insurance on goods;
- (6) advisory, technical and training services on goods;
- (7) other services as prescribed by the Director-General of the Revenue Department.

Section 4 A withholding income tax rate shall be reduced and charged at fifteen percent on the assessable income derived by an alien from his or her employment in the international trading center, which, when computed in accordance with section 50 (1) of the Revenue Code, is subject to tax at the rate specified in the Schedule of Income Tax Rates annexed to Chapter 3 in Title 2 of the Revenue Code of more than fifteen percent of income.

In the case where assessable income under paragraph one, when computed in accordance with section 50 (1) of the Revenue Code, is subject to withholding tax at the rate of less than fifteen percent of income, the alien who has earned the income shall be entitled to exemption from including such income in computation of income tax in accordance with section 5 if such alien allows the payer of income to withhold income tax at the rate of fifteen percent of such income.

Section 5 An alien whose income has been withheld for income tax at the rate of fifteen percent of assessable income under section 4 shall, when a tax return reporting the assessable income is due for filing, be exempted from including such assessable income in computation of income tax, provided that such alien does not claim a refund or credit for the tax withheld, whether in whole or in part.

In the case where an alien has the assessable income under section 40 (4) and (8) of the Revenue Code on which income tax has already been withheld under section 50 of the Revenue Code and is entitled to choose to pay tax under section 48 (3) and (4) of the Revenue Code, such alien shall be entitled to exemption under paragraph one only if such alien does not include the assessable income under section 40 (4) and (8) of the Revenue Code as mentioned and the assessable income on which income tax has been withheld under section 4 in computation of income tax when filing a tax return reporting the assessable income, and does not claim a refund or credit for the tax withheld, whether in whole or in part.

In order to be granted exemption under this section, the alien shall file a tax return reporting the assessable income which has been exempted from the income tax computation.

Section 6 An alien who is eligible for the entitlement under section 4 and section 5 must be an alien who has worked full-time at an international trading center having the qualifications under section 8 and received assessable income under section 40 (1) of the Revenue Code from the date on which the international trading center has enjoyed the tax privilege under section 7 until the date on which the full-time work at the international trading center or the tax privilege under section 7 of the international trading center has been terminated, in accordance with the rules and procedures prescribed by the Director-General of the Revenue Department.

Section 7 The income tax exemption under Part 3 of Chapter 3 in Title 2 of the Revenue Code shall be granted to the international headquarters on income from the purchase and sales of goods overseas, provided that such goods must not be imported into Thailand or imported into Thailand in the description of goods in transit or transshipment under the law on customs, and income from providing services relating to international trade to juristic persons in foreign countries, which is received from or in a foreign country.

Section 8 An international trading center which is to be eligible for the entitlement under section 7 shall satisfy the following qualifications:

(1) having paid-up capital on the last day of each accounting period of ten million baht or more;

(2) having operational expenses incurred in the course of business of the international trading center, which are paid to recipients in Thailand, of not less than fifteen million baht in each accounting period;

(3) having filed a request and obtained approval to be an international trading center from the Director-General of the Revenue Department in accordance with the rules, procedures and conditions prescribed by the Director-General of the Revenue Department;

(4) having complied with other rules, procedures and conditions prescribed by the Director-General of the Revenue Department.

If the international trading center lacks any of the qualifications under paragraph one in any accounting period, the entitlement to tax privilege in that accounting period shall be suspended.

Section 9 An international trading center satisfying the qualifications under section 8 shall be entitled to the exemption of income tax under section 7 for fifteen accounting periods from the day following the date of the approval from the Director-General of the Revenue Department in accordance with the following criteria:

(1) if the accounting period commences on or after the date on which the request has been filed and approval to become an international trading center has been obtained according to section 8, such accounting period shall be counted as the first accounting period; or

(2) if the request has been filed and approval to be an international trading center has been obtained according to section 8 during any accounting period, such accounting period shall be counted as the first accounting period although the duration of such period is less than twelve months.

Section 10 The income tax exemption under Part 3 of Chapter 3 in Title 2 of the Revenue Code shall be granted to a company or juristic partnership established under foreign laws and not carrying out business in Thailand on dividends received from the international trading center, only if paid out of income entitled to income tax exemption under section 7.

Section 11 The Minister of Finance shall have charge and control over the execution of this Royal Decree.

Countersigned by:

General Prayut Chan-o-cha

Prime Minister

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