

PETROLEUM INCOME TAX ACT (NO.7),

B.E. 2560

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HIS MAJESTY KING MAHA VAJIRALONGKORN BODINDRADEBAYAVARANGKUN;

Given on the 17th Day of June, B.E. 2560;

Being the 2nd Year of the Present Reign.

His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun is graciously pleased to proclaim that:

Whereas it is deemed expedient to amend the law on petroleum income tax;

Be it, therefore, enacted by the King's most Excellent Majesty, by and with the advice and consent of the National Legislative Assembly serving as the National Assembly, as follows:

**Section 1.** This Act shall be called the "Petroleum Income Tax Act (No. 7), B.E. 2560"

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

**Section 3.** The definition of "associated companies or juristic partnerships" shall be added between the definition of "company" and the definition of "Director-General" in Section 4 of the Petroleum Income Tax Act, B.E. 2514:

"associated companies or juristic partnerships" means associated companies or juristic partnerships as defined in Section 39 of the Revenue Code;"

**Section 4.** The following provision shall be added as Section 18/1 of the Petroleum Income Tax Act, B.E. 2514:

**"Section 18/1.** The company responsible for filing the petroleum production plan, progress reports of petroleum operation, annual work programme and budget, and summary statement of expenditures and annual financial statement under Section 42 bis, Section 76 and Section 77 of the Petroleum Act, B.E. 2514 shall be responsible for submitting copies of those petroleum production plan, progress reports of petroleum operation, annual work programme and budget, and summary statement of expenditures and annual financial statement to the Director-General, providing that it is in accordance with the rules, procedures and conditions prescribed by the Director-General."

**Section 5.** The provision of (8) of Section 24 of the Petroleum Income Tax Act, B.E. 2514 shall be repealed and replaced by the following:

“(8) head office expenditure reasonably allocable to the petroleum operation of the company and expenditure related to the petroleum operation levied by associated companies or juristic partnerships;”

**Section 6.** The following provisions shall be added as (9/1) and (9/2) of Section 26 of the Petroleum Income Tax Act, B.E. 2514.

“(9/1) rent or other considerations for hire of property - the Minister shall have the power to issue the Ministerial Regulations prescribing rules, procedures and conditions in calculating such expenses by categories;

(9/2) head office expenditure reasonably allocable to the petroleum operation of the company and expenditure related to the petroleum operation levied by associated companies or juristic partnerships shall be deductible as expenses in accordance with the rules, procedures and conditions prescribed by the Ministerial Regulations;”

**Section 7.** The provision of Section 29 of the Petroleum Income Tax Act, B.E. 2514 shall be repealed and replaced by the following:

“**Section 29.** For a transfer of a petroleum operation, the transferee company shall, from the accounting period in which the transfer takes place onwards, carry over the balance of any annual loss of the transferor company for use as allowance under Section 28 (1), as if no transfer of the petroleum operation had taken place, provided that it is in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulation.”

**Section 8.** The provision of (7) of Section 65 undeviginti of the Petroleum Income Tax Act, B.E. 2514 as amended by the Petroleum Income Tax Act (No. 5), B.E. 2541 shall be repealed and replaced by the following:

“(7) head office expenditure reasonably allocable to the petroleum operation of the company and expenditure related to the petroleum operation levied by associated companies or juristic partnerships;”

**Section 9.** The following provisions shall be added as (7/1) and (7/2) of Section 65 unviginti of the Petroleum Income Tax Act, B.E. 2514 as amended by the Petroleum Income Tax Act (No. 5), B.E. 2541:

“(7/1) rent or other considerations for hire of property - the Minister shall have the power to issue the Ministerial Regulations prescribing rules, procedures and conditions in calculating such expenses by categories;

(7/2) head office expenditure reasonably allocable to the petroleum operation of the company and expenditure related to the petroleum operation levied by associated companies or juristic partnerships shall be deductible in accordance with the rules, procedures and conditions prescribed by the Ministerial Regulations;”

**Section 10.** The following provisions shall be added as DIVISION 7 quater Special Provisions for the Production Sharing Contract, and Section 65 vicies bis, Section 65 vicies ter, Section 65 vicies quater, Section 65 vicies quinquies, and Section 65 vicies sexes of the Petroleum Income Tax Act, B.E. 2514.

#### “DIVISION 7 quater

#### Special Provisions for the Production Sharing Contract

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**Section 65 vicies bis.** The provisions in Division 7 ter Special Provisions for the Joint Development Area shall apply to companies under Section 65 vicies ter except:

(1) The definitions of “petroleum”, “company” and “production sharing contract” of Section 65 vicies ter shall replace the definitions of those words in Section 65 quindecim;

(2) The provisions of Section 65 sedecim, Section 65 septendecim, and Section 65 unviginti (14) shall be replaced by provisions of Section 65 vicies quater, Section 65 vicies quinquies, and Section 65 vicies sexes, respectively.

The provisions in Division 1 to Division 7 and Division 8 of this Act shall apply to the company under Section 65 vicies ter insofar as they are not contrary to or inconsistent with the provisions in this Division and where the “concession” is referred, it shall mean “production sharing contract” under this Division.

**Section 65 vicies ter.** In this Division:

“petroleum” means petroleum which is produced in the Kingdom of Thailand under the petroleum law;

“company” means a company under the petroleum law that:

(1) is a person who has been awarded the production sharing contract or having joint interest in the production sharing contract or;

(2) purchases crude oil produced by the company under (1), whether it is the crude oil of the government or the crude oil of the awarded production sharing contract person, and all of which are intended for export.

“production sharing contract” means a production sharing contract under the petroleum law.

**Section 65 vicies quater.** The company shall pay the income tax for each accounting period at the rate of 20 percent of the net profit derived from the petroleum operation.

**Section 65 vicies quinquies.** In the case where there is a transfer of a petroleum operation, if the transferee company pays an income in the nature of rights, annuity, or any other recurring income in consequent of such transfer, and if the total amount of such income is not definitely determinable, the person receiving such income shall pay income tax at the rate of 20 percent of the income after the deduction of cost allowed under Section 33.

**Section 65 vicies sexies.** In the case where the company is a concessionaire or a production sharing contract contractor, as the case may be, for a number of exploration blocks, some of which are subject to the provisions of the Petroleum Income Tax Act, B.E. 2514 prior to its amendment by the Petroleum Income Tax Act (No.5), B.E. 2541, or some of which are subject to the provisions of the Petroleum Income Tax Act, B.E. 2514 as amended by the Petroleum Income Tax Act (No.5), B.E. 2541, such company shall compute the revenue, expenses and net profit for the exploration blocks subject to such Acts and the exploration blocks subject to the Petroleum Income Tax Act, B.E. 2514 as amended by the Petroleum Income Tax Act (No.7), B.E. 2560 as if it were a separate company.

In computing the revenue and expenses for the exploration blocks under paragraph one, the items of revenue and expenses which are unable to be clearly apportioned shall be averaged in accordance with the rules, procedures, and conditions as prescribed in the Ministerial Regulations.

**Section 11.** The following provision shall be added as Section 72/1 of the Petroleum Income Tax Act, B.E. 2514.

“**Section 72/1.** Whoever fails to comply with Section 18/1 shall be liable to a term of imprisonment not exceeding six months or a fine not exceeding six thousand Baht, or both.”

**Section 12.** The provisions of Section 18/1, Section 24 (8), Section 26 (9/1) and (9/2), Section 29, Section 65 undeviginti (7), Section 65 unviginti (7/1) and (7/2), and Section 72/1 of the Petroleum Income Tax Act, B.E. 2514 as amended by this Act shall not apply to the company awarded a concession by the Minister of Energy and the company that enters into the production sharing contract with the Thai-Malaysia Joint Authority. For the concession and the production sharing contract issued prior to the date this Act comes into force; and those provisions, prior to the amendment by this Act, shall remain in force for such company, unless those concessions are granted a renewal of a petroleum production period under Section 26 of the Petroleum Act, B.E. 2514 after this Act comes into force, those provisions as amended by this Act shall be applied.

**Section 13.** The issuance of the Ministerial Regulations under Section 26 (9/2), Section 29, Section 65 unviginti (7/1) and Section 65 vicies sexies of the Petroleum Income Tax Act, B.E. 2514 as amended by this Act shall be completed within one year as from the date when this Act has come

into force. If their completion is unable to be achieved, the Minister shall report the reasons therefor to the Council of Ministers for acknowledgement.

**Section 14** The Minister of Finance shall have the charge and control of the execution of this Act.

Countersigned by:

General Prayut Chan-o-cha

Prime Minister

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