



# Revenue Department News

**News No.** : 44/2012  
**Date** : 31<sup>st</sup> May, 2012  
**Subject** : The Revenue Department Supports Capital market by giving tax exemption to settlor and trustee

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Dr. Satit Rungkasiri, Director General of the Revenue Department mentioned that Trustee is a new channel for investment in the capital market and this is relatively recent in Thailand (effective 2007) but the current tax law leads to double taxation in the capital market. The Revenue Department therefore released tax measures to boost transactions in the capital market through trusts which subjects to the same tax obligations as other investments in the capital market through the enforcement of Royal Decree 533 to give tax exemption for such activities.

1. Exemption of corporate income tax, personal income tax, specific business tax and stamp duty for settlor and trustee for transfer of assets capital from settlor to trustee to manage and give tax benefits to beneficiaries. Tax exemption also applies when trustee transfers asset back to settlor.

2. Remunerations managed by trustee are exempted from corporate income tax, however, if trustee received fee or remunerations in return for such service, this income will be subjected to tax.

3. When trustee remunerates to beneficiaries, beneficiaries choose to let trusts to deduct withholding tax 10% like withholding tax on dividend payment and need not include such income at the end of the year.

4. If trusts received while trusts manage the assets and such gains are paid to settlor, settlor may receive exemption of corporate income tax if the company is registered in the stock market or is a company that holds more than 25% of shares with voting rights in the company that pays remuneration. However, if a company that holds less than 25% of shares with voting rights, such company will receive 50% reduction of corporate income tax just like remunerations received from payer of such remunerations.

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Danand/Report  
Kiraphat/Coordinator