

**For translation purpose only**  
**Official language is Thai language**

**The Revenue Departmental Order**  
**No. Por 96/2543**

Regarding The computation of withholding tax on assessable income  
under Section 40(1) of the Revenue Code in accordance with  
Section 50(1) of the Revenue Code

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Whereas the Revenue officials shall follow the same guideline upon examining and giving recommendation to recipients and payers of assessable income under Section 40(1) of the Revenue Code with regards to the withholding tax on such assessable income, pursuant to Section 50(1) of the Revenue Code, the Revenue Department hereby issues a departmental order as follows:

Clause 1 The computation of withholding tax in accordance with Section 50(1) of the Revenue Code for the payment of assessable income under Section 40(1) of the Revenue Code, not including lump sum by the employer a one-time payment made by an employer to an employee due to the termination of employment contract employer's termination of employment contract, shall be in accordance with the following rules: shall comply with the rules as follows:

(1) Calculate assessable income as if it was paid throughout the year by multiplying the income payable each time by the number of times of payment that the amount is to be paid (per year) as follows:

- (a) In case that the income is paid once a month, multiply by 12
- (b) In case that the income is paid twice a month, multiply by 24
- (c) In case that the income is paid once a week, multiply by 52

For an employee whose employment contract starts during the year, multiply the income paid each time by the number of times of payment that actually that the amount will actually have to be paid for that year. For example, if the employment starts on 1April, the number of times that the amount will actually have to be paid for the year is equal to 9.

(2) Calculate the amount of tax payable by deducting expenses and allowances in accordance with the provisions under Section 48(1) of the Revenue Code from the assessable income as if paid throughout the year from (1), and apply a personal income tax rate as stated in the Income Tax Rates Schedule.

Only allowances that are declared by the income recipient are deductible. The recipient shall submit a copy of a proof presenting its right to deduct allowances according to Form Lor.Yor. 01 Form (Allowances Declaration Form) with a copy of supporting document. An allowance is deductible even if it has been declared at the beginning of the year while the payment of the allowance takes place in any month of the year, except for donation allowances which can only be deducted when it is actually paid.

In case that the income recipient adjust allowances notifies that the items of allowances have changed during the year, the deductible amount items shall be adjusted according to such change.

(3) Divide the total amount of tax payable in (2) by the number of times of payment that the amount is to be paid (per year) as stated in (1). The result is the amount that shall be withheld from the income payable paid each time it is paid.

If the division of the calculated tax by the number of times of payments under paragraph 1 results in a fraction, such fraction shall be added to the amount of withholding tax on the last payment in that year so that the total withholding tax equals the tax liability for the whole year.

If there is a remainder from each division, add the remainder to the last amount that has to be withheld for the year in order to equate the total tax amount that has to be withheld to the amount of tax payable for the year.

(4) In case that the payable amount of assessable income paid changes during the year, the withholding amount shall be recalculated every time in accordance with the rules under (1) – (3).

(5) In case that extra payments, such as over-time payments or bonuses, are made during the year, multiply the extra payment by the number of times of payment that the payment is to be made (per year) in order to calculate the assessable amount of extra payment as if it was paid throughout the year. Include the result of the multiplication to the assessable amount of regular payments calculated as if they were made throughout the year, re-compute the amount of tax payable by following the rules set forth in (2), and

deduct from it the amount of tax payable for regular payments (before taking into account the extra payments). The result is the withholding amount for extra payments. Include the withholding amount for an extra payment to the withholding amount for a regular payment; the result is the total amount that shall be withheld each time that an extra payment is made during the year.

(6) In case that there is a payment of assessable income that cannot be discerned how many times the amount will be paid (per year), calculate the amount of tax payable on an income amount paid each time in accordance with the rules under Section 48(1) of the Revenue Code. The result is the withholding amount that will have to be remitted to the Revenue Department. If the amount of tax payable is zero, no amount shall be withheld. Within the same year, if there is another payment made to the same recipient, include the income amount previously paid with to the income amount currently paid, and calculate the amount of tax payable in accordance with the rules under Section 48(1) of the Revenue Code. If the amount of tax payable is zero, no amount shall be withheld. If the amount of tax payable is not zero, the amount previously withheld may be deducted as credits from the amount currently withheld. The balance is the amount that shall be withheld and remitted to the Revenue Department. When there is any subsequent income payment, if available, shall be re-calculated by applying the rules under this Clause every time that it is paid.

(7) In case that the employer pays personal income tax on behalf of the employee for the employee's salary or wages received in the year and the employee is consequently free from personal income tax liability as such, the said tax shall be included to the employee's salary or wages payable in the year and brought into personal income tax computation in accordance with the rules set forth under Section 48(1) of the Revenue Code until there is no remaining tax amount that the employer pays on behalf of the employee.

(8) In case that the employer pays personal income tax on behalf of the employee for the employee's salary or wages for certain amount, for example: for the amount of tax payable, the said tax shall be included to the employee's salary or wages payable in the year and brought into personal income tax computation in accordance with the rules set forth under Section 48(1) of the Revenue Code

Clause 2 For calculation of withholding tax on assessable income payable in December which is the last withholding amount for the year, the payer of income may calculate the withholding amount such that the total withholding sum for the year is equal to the recipient's total amount of tax liability for the year by deducting the total amount that has been withheld and remitted from the total amount of tax liable for the year, for example:

Mr. A receives assessable income which is subject to yearly personal income tax of 20,140 Baht, rendering a withholding amount of 1,678.33 Baht per month. The payer of such income has withheld and remitted an amount (calculated in accordance with the rules under Clause 1) of 928.33 Baht per month for 9 months (January – September) and 4,315 Baht per month for 2 months (October – November). The total amount of tax withheld and remitted =  $(928.33 \times 9) + (4,315 \times 2) = 16,984.97$  Baht. The remaining tax payable that has to be withheld and remitted =  $20,140 - 16,984.97 = 3,155.03$  baht.

Clause 3 For calculation of withholding tax on assessable income payable during the last month of employment whereby the employment is terminated during the year, the payer of income may calculate the withholding amount such that the total withholding sum for the year is accurate according to the actual, itemized allowances as shown in the recipient's document evidence. The amount that has been under-withheld or over-withheld in previous month(s) shall may be added or deducted from the withholding amount of for the final month. The positive result shall be withheld and remitted to the Revenue Department. For example,

Mr. A has received assessable income subject to a withholding tax of 928.33 Baht per month (taking into account the allowances that have been declared to the payer of income) for 5 months. Mr. A resigns the month after. When the payer of income calculates Mr. A's tax liability by taking into account the actual allowances during the last month of employment, the amount that has to be withheld is equal to 1,008.33 Baht. In such case, there is an amount under-withheld =  $(1,008.33 - 928.33) \times 5 = 400$  Baht. The payer has to withhold and remit =  $1,008.33 + 400 = 1,408.33$  Baht for the final month of employment. In another case, Mr. A's tax payable has been withheld 928.33 Baht per month (taking into account the allowances that have been declared to the payer of income) for 5 months. Mr. A resigns the month after. When the payer of income calculates Mr. A's tax liability by taking

into account the actual allowances during the last month of employment, the amount that has to be withheld is equal to 803.33 Baht. In such case, there is an amount over-withheld =  $(928.33 - 803.33) \times 5 = 625$  Baht. The payer has to withhold and remit =  $808.33 - 625 = 178.33$  Baht for the final month of employment.

Clause 4 The calculation computation of withholding tax on assessable income payable in any month other than those stated in Clause 2 and Clause 3, the payer of income shall still has to calculate a withholding tax in accordance with the rules under Section 50(1) of the Revenue Code as explained in Clause 1.

Clause 5 Any rules, regulations, orders, or rulings contrary to this Order shall be repealed.

Order on the 7<sup>th</sup> day of February 2000

Capt. Suchat Jaovisidha

Director-General, the Revenue Department

Allowance Declaration Form LOR. YOR. 01

Day/Month/Year of declaration.....

Name of organization that has a withholding duty

.....

Income recipient: Name ..... Last name

.....

Personal Identification Number - Tax Identification Number

Address: Building ..... Suite Number ..... Floor ..... Village

.....

Street number ..... Moo ..... Alley way / Soi ..... Street

.....

Sub-district/Kwang ..... District/Khet ..... Province

.....

Postal Code  Position .....

Office.....

Declaration in the tax year, (1) have you ever been employed?  Yes  No

(2) Do you receive income other than income from employment?  Yes

No

1. Marital status  Single  Widower  Spouse

has income but

Signed Marriage Certificate in (year) .....  Married during the tax year

Spouse has no income  Divorced during the tax year

Died during the tax year

2. Number of children in total ..... Number of children under child allowance(s) .....

Number of children under 15,000 baht allowance(s).....(Each income-earning spouse is entitled to 15,000 baht per child)

Number of children under 17,000 baht allowance(s)..... (Each income-earning spouse is entitled to

17,000 baht per child)

3.  Father                       Mother      of income earner    Total number ..... person(s)

Father                       Mother      of income earner    Total number ..... person(s)

4. Life insurance premium paid during the tax year (First deductible portion 10,000 baht. Portion exceeding 10,000 baht is deductible up to the maximum of total assessable income after expenses but not exceeding

40,000 baht. Person whose spouse does not earn income may deduct his/her spouse's premium actually paid

but not exceeding 10,000 baht.

5. Contribution to Provident Fund/Government Pension Fund/Private Teacher Aid Fund during tax year  
(up to 300,000 baht)

6. Investment in Retirement Mutual Fund (RMF) during tax year (Not exceeding 15% of assessable income, and not exceeding 500,000 baht when including with contribution Provident Fund and/or Government Pension Fund)

Name of person selling RMF unit .....

7. Investment in Long Term Equity Fund (LTF) during tax year (Not exceeding 15% of assessable income, and not exceeding 500,000 baht)

Name of person selling LTF unit .....

8. Mortgage loan interest for purchase or hire-purchase of residence (actual payment not exceeding 50,000 baht)

9. Contribution to Social Security Fund during tax year

I hereby certify that the above statement is true and accurate.

Signed ..... Income Recipient

Notes : (1) Tax year means January – December

(2) An allowance is deductible if it is actually paid in the year it is declared. Attachment of a proof of the right to allowances is required.

(3) Items of allowances must be declared before withholding, and re-declared if circumstances change.