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ROYAL DECREE

Issued under the Revenue Code
Governing Expenses that may not be treated as expenses
for computing net profits (No. 315)
B.E. 2540

BHUMIBOL ADULYADEJ, REX.

Given on the 10th Day of April B.E. 2540;
Being the 52nd Year of the Present Reign.

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

Whereas it is deemed proper to specify expenses that may not be treated as expenses in computing net profits;

By virtue of section 221 of the Constitution of the Kingdom of Thailand and section 65 Ter (20) 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 is called the “Royal Decree Issued under the Revenue Code Governing Expenses that may not be treated as expenses for computing net profits (No. 315), B.E. 2540”.

Section 2. This Royal Decree shall come into force on the 29th of May B.E. 2539.

Section 3. Royal Decree Issued under the Revenue Code Governing Expenses that may not be treated as expenses for computing net profits (No. 294), B.E. 2539 shall be repealed.

Section 4. The following expense may not be treated as expense for computing net profits:

(1) cost value of assets in the form of passenger car or bus with seats for no more than 10 passengers under law governing excise tax tariff, only on the portion of exceeding one million Baht per car;

(2) rental value of assets in the form of passenger car or bus with seats for no more than 10 passengers under law governing excise tax tariff, only on the portion of exceeding 36,000 Baht per month per car in the case of monthly or yearly rental, or exceeding 1,200

Baht per day per car in the case of daily rental. A fraction of month shall be counted as in term of days. If rental take place for a period of less than on day, rental cost shall be calculated in proportion to the rental period and shall also include value added tax.

Section 5 The provision under Section 4 (1) shall not apply to expense arising from the purchase or hire-purchase of assets in the form of passenger car or bus with seats for no more than 10 passengers under law governing excise tax tariff as the following cases:

(1) A juristic company or partnership operating in the business of purchase and sale or hire-purchase such cars available as goods; or

(2) A juristic company or partnership operating in the business of car rental having such cars for rent, only on the portion of cost value remaining after deduction or wear and tear and depreciation under Section 65 Bis (2) of the Revenue Code

Section 5/1 The provision under Section 4 (2) shall not apply to expense arising from the rental of assets in the form of passenger car or bus with seats for no more than 10 passengers under law governing excise tax tariff in case of a juristic company or partnership operating in the business of car rental having such cars for rent.

Section 6 The provision under Section 4 shall not apply to expense in the form of cost value of or rental cost of assets in the form of passenger car or bus with seats for no more than 10 passengers under law governing excise tax tariff, arising from purchase, hire-purchase or rent for which a contract was made prior to 29th of May B.E. 2539

Section 7 The Minister of Finance shall be in charge and control of the execution of this Royal Decree.

Countersigned by:

General Chavalit yongchaiyudh

Prime Minister

Remarks :- The reason for the promulgation of this Royal Decree is implementing the Royal Decree issued under the Revenue Code governing expenses may not be treated as expenses for computing net profits (No. 294) B.E. 2539 in effective on the 29th of May B.E. 2539. Juristic companies or juristic partnerships, as a result, could not take expense on cost value of assets or rental value of assets in the form of passenger car or bus with seats for no more than 10 passengers as deductible expense for computation of net profit, which before the Royal Decree (No. 294) is in effective, taking such cost value of assets or rental value of assets is allowable as deductible expense. Consequently, this affects juristic companies or juristic partnerships operating sale or rental of passenger car or bus with seats for no more than 10 passengers, which have such cars for inventory or rental and juristic companies or juristic partnerships have such cars for their business use which conclude sale contract leasing contract and rental contract before the 29th of May B.E. 2539. This shall be exempted for implementing such Royal Decree in the case of juristic companies or juristic partnerships operating sale or rental of passenger car or bus with seats for no more than 10 passengers, which have such cars for inventory or rental and juristic companies or juristic partnerships have such cars for their business use which conclude sale contract leasing contract and rental contract before the 29th of May B.E. 2539, including improvement clearly rate computation of rental such cars. Hence, it is necessary to enact this Royal Decree.

(Government Gazette, Decree Issue, Volume 114, Part 63 Kor., 13th November B.E. 2540)