

For translation purpose only
Official language is Thai language

ROYAL DECREE

Issued under the Revenue Code
Governing Exemption of Taxes (No. 527)
B.E. 2554 (2011)

BHUMIBOL ADULYADEJ, REX.

Given on the 2nd Day of June B.E. 2554;
Being the 66th Year of the Present Reign.

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

Whereas it is expedient to exempt income taxes and value added taxes in certain cases;

By virtue of section 187 of the Constitution of the Kingdom of Thailand and section 3 (1) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 10), B.E. 2496 (1953) which contain certain provisions in relation to the restriction of rights and liberties of a person, in respect of which section 29 in conjunction with section 33 and section 41 of the Constitution of the Kingdom of Thailand, so permit by virtue of law, a Royal Decree is hereby enacted, as follows:

Section 1 This Royal Decree is called the “Royal Decree Issued under the Revenue Code Governing Exemption of Taxes (No. 527), B.E. 2554 (2011)”.

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 Income tax under Part 2 and Part 3 of Chapter 3 in Title 2 of the Revenue Code shall be exempted to a natural person or company or registered partnership which is a victim of a flood, storm, fire or other natural disasters taking place in Thailand from the 1st January B.E. 2554 (2011) onwards for the following income:

(1) income equal to the amount of compensation received from the government;

(2) income equal to the amount of money or the price of property received from donations or aids to compensate the damages sustained other than under (1), but not exceeding the value of the damages sustained.

Exemption shall be granted for the tax year or accounting period in which the money or property under (1) or (2) is received and in accordance with the rules, procedures and conditions announced by the Director-General.

Section 4 Income tax under Part 3 of Chapter 3 in Title 2 of the Revenue Code shall be exempted to a company or juristic partnership for the income which is compensation for damage obtained from a company engaged in an insurance business to compensate the damages incurred from a flood, storm, fire or other natural disasters taking place in Thailand from the 1st January B.E. 2554 (2011) onwards, which exceeds the cost of assets after deduction of wear and tear and depreciation under section 65 *bis* (2) of the Revenue Code.

Exemption shall be granted for the accounting period in which the compensation for damage is received.

Section 5 Income tax under Part 2 and Part 3 of Chapter 3 in Title 2 of the Revenue Code shall be exempted for for the donations made to assist victims of a flood, storm, fire or other natural disasters taking place in Thailand from the 1st January B.E. 2554 (2011) onwards through other companies or juristic partnerships or juristic persons acting as intermediary agencies in forwarding the monies or assets donated to assist such victims of a flood, storm, fire or other natural disasters, in accordance with the following:

(1) for natural persons, there shall be exempted from income tax the assessable income, after deduction of the expenses and allowances under section 47 (1), (2), (3), (4), (5) or (6) of the Revenue Code, equivalent to the amount of money donated but, when combined with the money donated under section 47 (7) of the Revenue Code, shall not exceed ten percent of the assessable income after deduction of such expenses and allowances;

(2) for companies or juristic partnerships, there shall be exempted from income tax the income equivalent to the amount of money or the price of property donated but, when combined with the expenses for public charities under section 65 *ter* (3) of the Revenue Code, shall not exceed two percent of net profit.

Exemption shall be granted for donations made from the 1st January B.E. 2554 (2011) onwards and in accordance with the rules, procedures and conditions announced by the Director-General.

Section 6 Value added tax under Chapter 4 in Title 2 of the Revenue Code shall be exempted to an entrepreneur which donates only goods to assist victims of a flood, storm, fire or other natural disasters taking place in Thailand from the 1st January B.E. 2554 (2011) onwards through other companies or juristic partnerships or juristic persons acting as intermediary agencies in forwarding the goods donated to assist such victims of a flood, storm, fire or other natural disasters, in accordance with the rules, procedures and conditions announced by the Director-General.

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

Countersigned by:

Abhisit Vejjajiva

Prime Minister

Remarks :- The rationale for enactment of this Royal Decree is that since Thailand has often faced natural disasters, in order to relieve the tax burden on the victims of natural disasters and promote donations made through companies or registered partnerships acting as intermediary agencies to assist such victims, it is deemed expedient that natural persons and companies or registered partnerships are exempted from income tax on compensation received from the government or monies or properties obtained from donations or aids to compensate the damages sustained other than compensation from the government and on compensation for damage received by the companies or registered partnerships from a company engaged in an insurance business to compensate the damages incurred from such disasters.