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ROYAL DECREE

Issued under the Revenue Code

Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 530),

B.E. 2554

BHUMIBOL ADULYADEJ, REX.

Given on the 14th Day of December 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 reduce income tax rate, adjust the reduced rate, and exempt income tax for companies and juristic partnerships 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, which contains certain provisions pertaining limitation on the rights and liberty of a person, authorized by the provisions under Section 29 as well as Section 33 and 41 of the Constitution of the Kingdom of Thailand, the King's Most Excellent Majesty hereby enacts a Royal Decree as follows:

Section 1 This Royal Decree is called the "Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 530), B.E. 2554".

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 The Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 471), B.E. 2551 shall be repealed.

Section 4 In this Royal Decree,

“sale” means disposal, distribution, or transfer of goods whether or not for a benefit or consideration and shall also include hire-purchase agreements, installment sale agreements where the ownership of goods is not transferred upon delivery of goods to the purchaser, and export of goods to a foreign country;

“goods” means corporeal or incorporeal property susceptible of having a value and of being appropriated, available for sale only;

“service” means any actions in return for consideration which is not sale of goods.

Section 5 The tax rate for companies or juristic partnerships prescribed under (2) (a) of the Income Tax Rates Schedule at the end of Chapter 3, Title 2 of the Revenue Code shall be reduced, and the following rates shall apply:

(1) Twenty three percent of net profit of a company or juristic partnership, for the accounting periods that start on or after 1 January B.E. 2555 but not later than 31 December B.E. 2555;

(2) Twenty percent of net profit of a company or juristic partnership, for the accounting periods that start on or after 1 January B.E. 2556 but not later than 31 December B.E. 2557.

(As amended by Section 3 of the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 555), B.E. 2555)

Section 6 The tax rate for companies or juristic partnerships prescribed under (2) (a) of the Income Tax Rates Schedule at the end of Chapter 3, Title 2 of the Revenue Code shall be reduced, and the following rates shall apply to companies or juristic partnerships having paid-up capital on the last day of an accounting period not exceeding five million baht and having income from sale of goods and services in an accounting period not exceeding thirty million baht:

(1) Only the portion of net profit that exceeds one hundred and fifty thousand baht, but not exceeding one million baht, the rate of fifteen percent on the net profit shall apply to accounting periods that start on or after 1 January B.E. 2555 but not later than 31 December B.E. 2555.

Only the portion of net profit that exceeds three hundred thousand baht, but not exceeding one million baht, the rate of fifteen percent on the net profit shall apply to accounting periods that start on or after 1 January B.E. 2556 but not later than 31 December B.E. 2557;

(2) Only the portion of net profit that exceeds one million baht, the following rates shall apply:

(a) Twenty three percent of net profit for accounting periods that start on or after 1 January B.E. 2555 but not later than 31 December B.E. 2555;

(b) Twenty percent of net profit for accounting periods that start on or after 1 January B.E. 2556 but not later than 31 December B.E. 2557.

(3) For accounting periods that start on or after 1 January B.E. 2558 onwards, the following rates shall apply:

(a) Fifteen percent of net profit for only the portion of net profit that exceeds three hundred thousand baht, but not exceeding three million baht;

(b) Twenty percent of net profit for only the portion of net profit that exceeds three million baht.

(As amended by Section 3 of the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 583), B.E. 2558)

Section 7 Income tax under Division 3, Chapter 3, Title 2 of the Revenue Code shall be exempted, for companies or juristic partnerships having paid-up capital on the last day of an accounting period not exceeding five million baht and having income from sale of goods and services in an accounting period not exceeding thirty million baht, for net profit as follows:

(1) Only the portion of net profit up to the first one hundred and fifty thousand baht for accounting periods that start on or after 1 January B.E. 2555 but not later than 31 December B.E. 2555;

(2) Only the portion of net profit up to the first three hundred thousand baht for accounting periods that start on or after 1 January B.E. 2556 onwards.

(As amended by Section 4 of the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 564), B.E. 2556)

Section 8 A company or juristic partnership that benefits from the reduced rate prescribed in Section 6 and the exemption prescribed in Section 7 shall not have paid-up capital on the last day of any accounting period exceeding five million baht, and shall not have income from sale of goods and services in any accounting period exceeding thirty million baht. This provision applies to accounting periods that start on or after 1 January B.E. 2555 onwards.

Section 9 Section 3(2) of the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction (No. 467), B.E. 2550 shall be repealed.

The provisions under Section 5 shall apply to listed companies under the law governing securities exchange and securities market of Thailand for the accounting periods that start on or after 1 January B.E. 2555 onwards.

The provisions under Section 3(2) of the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction (No. 467), B.E. 2550 shall remain applicable to listed companies under the law governing securities exchange and securities market of Thailand for the accounting periods that start before 1 January B.E. 2555.

Section 10 The provisions under the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction and Revenue Tax Exemption (No. 471), B.E. 2551 shall remain applicable only in the case of tax rate reduction and income tax exemption for companies and juristic partnerships for the accounting periods that start before 1 January B.E. 2555.

Section 11 The Minister of Finance shall have charge and control of the execution of this Royal Decree.

Countersigned by:
Yingluck Shinawatra
Prime Minister

Remarks :- The reason for the promulgation of this Royal Decree is that it is expedient to temporarily reduce the corporate income tax rates on net profit of companies and juristic partnerships for three consecutive accounting periods from the rate of thirty percent to twenty three percent and twenty percent respectively. The reduced rates are applicable to the accounting periods that start on or after 1 January B.E. 2555. It is also expedient to adjust the reduced corporate tax rate and exempt corporate income tax on net profit of small and medium enterprises, as well as adjust the reduced corporate tax rate on net profit of listed companies as prescribed in the Royal Decree Issued under the Revenue Code Regarding Tax Rate Reduction (No. 467), B.E. 2550. With an aim to increase national competitiveness and attract investment, especially the foreign investment, as part of economic stimulus, along with the initiation to arrive at an appropriate level of corporate income tax rates for companies and juristic partnerships, it is necessary to enact this Royal Decree.

(Government Gazette, Decree Issue, Volume 128, Part 93 Gor,

Dated 21st December B.E. 2554)