

-For Translation Purpose Only-

**Notification of the Director-General of the Revenue Department
(No. 13)**

Details of the rules, conditions, and procedures regarding tax rate reduction, income tax exemption, and specific business tax exemption of the International Business Centre

By virtue of section 3, 6 10, 13, 16, 17 and 18 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018), the Director-General of the Revenue Department hereby declares the details of rules, conditions, and procedures to reduce personal income tax rate and corporate income tax rate and exempt specific business tax of the International Business Centre as follows:

Article 1 According to this Notification,

“International Business Centre” means a company established under the Thai laws which has been approved as International Business Centre under the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018).

“Treasury Center” means a Treasury Center permitted under the law on foreign exchange control.

“International Business Centre activities” means the following business activities:

(1) providing management services, technical services, or support services as follows:

(1.1) general administration, business planning, and business coordination;

(1.2) procurement of raw materials and components;

(1.3) research and development of products;

(1.4) technical supports;

(1.5) marketing and sales promotion;

(1.6) personnel management and training;

(1.7) financial advisory services;

(1.8) economic and investment analysis and research;

(1.9) credit management and control;

(2) providing treasury management services as follows:

(2.1) treasury management by the Treasury Center as permitted under the law on foreign exchange control;

(2.2) borrowing and lending of money in Thai baht by the Treasury Center

“international trading business” means operating a business of cross-border purchasing and selling of goods which can include the provision of services related to international trading as follows:

(1) procurement of goods;

(2) warehousing services prior to delivery;

(3) packaging services;

- (4) transportation of goods;
- (5) insurance on goods;
- (6) advisory, technical, and training services on goods.

“royalty income” means royalty income derived from patents or copyrighted software of the International Business Centre which results from the research and development activity undertaken in Thailand, either by the International Business Centre itself or by a party hired by the International Business Centre to conduct the research and development in Thailand.

“incomes of the International Business Centre” mean the following incomes:

- (1) income derived from the provision of management services, technical services, support services, or treasury management services to associated enterprises;
- (2) royalty income received from associated enterprises.

“expenses of the International Business Centre” mean expenses made in order to generate income for the International Business Centre.

“Regional Headquarters company” means company operating a business of Regional Headquarters under section 10 (4) or section 11/6 (6) of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 405), B.E. 2545 (2002) and its amendments.

“International Headquarters company” means company operating a business of International Headquarters under the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 586), B.E. 2558 (2015) and its amendments.

Article 2 An alien who is eligible for the income tax reduction and exempted from including such income in the income tax computation under section 4 and section 5 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) must meet all the following qualifications:

(1) must be a full-time employee at the International Business Centre which meets the qualifications under section 13 of the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and who works in the following business activities:

- (1.1) International Business Centre activities;
- (1.2) international trading business.

In case the International Business Centre under paragraph one also undertakes other business activities apart from International Business Centre activities and international trading business and the employees under paragraph one works in the International Business Centre activities or international trading business and other business activities, the income derived from the International Business Centre activities or international trading business must be at least 70 percent of the company’s total income;

(2) must be an alien included in the document on the details of expatriates applying for tax reduction;

(3) must stay in Thailand for a period or periods aggregating at least 180 days during the tax reduction year, except for the first and the last tax years;

(4) must obtain a work permit as a technician or specialist from the Department of Employment, Ministry of Labour or obtain approval to work in Thailand under the Board of Investment law or other relevant laws within the first day of work under the International Business Centre under section 13 of the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018);

(5) must be an individual earning income under section 40 (1) of the Revenue Code from the employment by the International Business Centre under section 13 of the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) of at least 200,000 Baht per month, in average of the total number of months the individual stays in Thailand in the relevant tax year.

Article 3 A company wishing to be an International Business Centre under section 10 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) must submit an International Business Centre application and identify the business activity(ies) that it wishes to apply for the tax incentive using the International Business Centre application form (Sor.Gor.Ror.1) attached herewith and proceed as follows:

(1) Complete the Sor.Gor.Ror.1 application form online at the Revenue Department's website <http://www.rd.go.th>.

(2) Print out the Sor.Gor.Ror.1 application form from the online system and put the authorised director's signature and the company's stamp (if any) on the form

(3) Scan the Sor.Gor.Ror.1 application form under (2) and upload the electronic files of the form and relevant documents under Article 4 (1) and (2) in the form of PDF file and Article 4 (3) (4) (5) or (6) in the form of XML file to the online system at the Revenue Department's website (<http://www.rd.go.th>) within 5 days after the date on which the application form is printed out under (2)

In case the procedures under paragraph one cannot be undertaken, the Director General of the Revenue Department may provide alternative procedures.

Article 4 A company wishing to be an International Business Centre under section 10 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) must submit the following documents by uploading them together with the Sor.Gor.Ror.1 application form under Article 3 (3)

(1) Business plan containing the following details

(1.1) Executive summary

(1.2) Company information including the name, address, corporate registration number, brief history or profile of the company, list of the board of directors and executives, list of authorised directors, organizational chart, list of shareholders, shareholders' nationality, shareholding percentage of each shareholder, name, shareholding/controlling percentage and locations of the associated enterprises of the company under section 10 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018)

(1.3) Details of the company's business

(1.4) Summary of the company's past performance

(1.5) Industry and marketing analysis for the next 3 years

(1.6) Estimated three-year operational plan

- (1.7) Estimated three-year financing plan
- (1.8) Estimated three-year expatriate employment plan including the reason and necessity
- (1.9) Estimated three-year projection plan
- (2) Copy of the Treasury Center license (in case applying for financial management activities);
- (3) Details of the International Business Centre's associated enterprises established under the Thai law as per the attachment of this Notification;
- (4) Details of the International Business Centre's associated enterprises established under a foreign law as per the attachment of this Notification;
- (5) Details of the International Business Centre's skilled employees as per the attachment of this Notification;
- (6) Details of the expatriates requesting for the personal income tax reduction as per the attachment of this Notification.

Article 5 The company which has proceeded following Article 3 and 4 shall be approved as an International Business Centre under section 10 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No.674), B.E. 2561 (2018) only for the activities which the company has requested approval under Article 3 and has been approved by the Director-General of the Revenue Department whereby the approval shall come into effect on the date after receiving the approval from the Director-General of the Revenue Department under section 12 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018).

Article 6 International Business Centre which meets the qualifications under section 13 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and is entitled to income tax reduction, income tax exemption, and specific business tax exemption under section 7, 8 or 9 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) shall undertake the following economic or business activities in Thailand:

- (1) management services, technical services or support services which are core income generating activity(ies) of the company including taking relevant management decisions regarding associated enterprises, incurring expenditures on behalf of group entities, co-ordinating commercial or business activities within the group, and managing the shareholding or partnership of associated enterprises;
- (2) treasury management services which are core income generating activity(ies) of a treasury center including agreeing lending terms with third-party lender for relending to associated enterprises, setting the terms and duration of any loans to associated enterprises, monitoring or revising any agreements, and managing any risks;
- (3) international trading business which only receives tax incentives for alien must undertake core income generating activity(ies) of the international trading business including transporting and storing goods, managing stocks and taking orders, and provide consulting or other administrative services related to international trading business.

“Group” under paragraph one means the International Business Centre and its associated enterprises.

Article 7 An International Business Centre wishing to apply for an addition or removal of the activity(ies) which is entitled to tax reduction, tax exemption, and specific business tax exemption under section under section 7, 8 or 9 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) shall submit an application form to add or remove the activities using the Sor.Gor.Ror.1 form to the Director-General of the Revenue Department where Article 3 and 4 will come into force *mutatis mutandis*

The approval for the addition or removal of activity(ies) under paragraph one shall come into effect on the following day after receiving the approval from the Director-General of the Revenue Department under section 12 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018). In the case of activity addition, the applicable tax incentive shall be in effect until the International Business Centre status is terminated.

Article 8 International Business Centre wishing to terminate its International Business Centre status shall submit a notification letter notifying the cancellation of its status to the Director-General of the Revenue Department at the Large Business Tax Administration Office, Revenue Department, and the cancellation shall come into effect on the cancellation letter submission date.

Article 9 International Business Centre that wishes to change the following details shall submit an International Business Centre detail change form (Sor.Gor.Ror.1.1) attached herewith together with documents indicating the detail of the change to the Director-General of the Revenue Department within the last day of the accounting year in which the change occurs or within the last day of the tax year in which the alien will use the tax reduction incentive.

- (1) Significant change to the business plan;
- (2) Addition or removal of associated enterprises established under the Thai law;
- (3) Addition or removal of associated enterprises established under a foreign law;
- (4) Addition or removal of aliens using the tax reduction incentive;

The company submitting the change form under paragraph one shall proceed as follows:

- (1) Complete the Sor.Gor.Ror.1.1 detail change form online at the Revenue Department’s website (<http://www.rd.go.th>);
- (2) Print out the Sor.Gor.Ror.1.1 detail change form online and put the authorised director’s signature and the company’s stamp (if any) on the form;
- (3) Scan the Sor.Gor.Ror.1.1 detail change form under (2) and upload the electronic file of the form and relevant documents under Article 9 (1) in the form of PDF file and Article 9 (2) (3) or (4) in the form of XML file to the online system at the Revenue Department’s website (<http://www.rd.go.th>) within 5 days after the date on which the detail change form is printed out under (2)

Article 10 In case there is a change notification under Article 9

(1) International Business Centre which meets the qualifications under section 13 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and has submitted the detail change form to add the associated enterprises under (2) and (3) of Article 9 Paragraph 1 shall be entitled to the income tax reduction, income tax exemption, and specific business tax exemption under section 7, 8 or 9 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) as per the updated list of associated enterprises starting from the accounting year in which the Sor.Gor.Ror.1.1 detail change form has been submitted;

(2) Alien of the International Business Centre who meets the qualifications under section 13 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and whose name has been added under (4) of Article 9 Paragraph 1 shall be entitled to income tax reduction or exempted from including such income in the income tax computation under section 4 and section 5 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) starting from the tax year in which the Sor.Gor.Ror.1.1 form is submitted.

Article 11 International Business Centre which meets the qualifications under section 13 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and is entitled to income tax reduction for royalty income under section 3 and 7 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) shall prepare a report which includes the following details and keep the report as well as its supporting documents at the place of business available at the tax audit officer's request:

(1) Details of patent or copyrighted software which generate(s) the royalty income which uses the corporate income tax reduction incentive as well as evidence showing that such patent or copyrighted software is(are) the result of technological research and development activities undertaken in Thailand by the International Business Centre or by a party hired by the International Business Centre to conduct the research and development in Thailand;

(2) Accounting record showing the royalty income and expenses made to generate such royalty income in each accounting year, including the research and development expenses.

Article 12 The calculation of net profit and loss of the International Business Centre shall follow the rules and conditions under section 65 bis and 65 ter of the Revenue Code and comply with the following rules:

(1) For International Business Centre which operates both International Business Centre activity and other business activity, the International Business Centre shall calculate the net profit and loss separately. If the expense cannot clearly be separated to show to which business activity it is allocated, the expense shall be allocated in proportion of the International Business Centre's revenue and other business activities';

(2) For International Business Centre receiving income from the following International Business Centre activities:

(2.1) provision of management services, technical services, support services, or treasury management services to associated enterprises; and

(2.2) royalty income received from associated enterprises

The International Business Centre shall calculate the net profit and loss separately. If the expense cannot clearly be separated to show to which income it is related to, the expense shall be allocated in proportion of the revenue under (2.1) and (2.2);

(3) For International Business Centre which undertakes both International Business Centre activity and other business activity, net losses incurred from each type of business shall only be retained in that type of business activity;

(4) For International Business Centre receiving income from the following International Business Centre activities:

(4.1) provision of management services, technical services, support services, or treasury management services to associated enterprises; and

(4.2) royalty income received from associated enterprises

If a net loss is incurred from the income, the net loss shall only be retained in that income.

Article 13 The International Business Centre shall submit its annual tax return together with the balance sheet, working paper, and income statement within 150 days after the last day of its accounting period as in the form specified by the Director-General of the Revenue Department and make the tax payment under section 68 and 69 of the Revenue Code as well as attach the form to report the details of the use of tax incentive of the International Business Centre or international trading business and submit its interim tax return within 2 month after the last day of the 6th month of the accounting period and make the tax payment under section 67 bis of the Revenue Code.

For International Business Centre which operates both International Business Centre activity and other business activity and receives income from:

(1) provision of management services, technical services, support services, or treasury management services to associated enterprises;

(2) royalty income received from associated enterprises; and

(3) income from other business activity

The International Business Centre shall file the tax return separately and separate each business activity's working paper and income statement. The balance sheet shall be submitted together with the tax return of any business activity. When submitting the balance sheet, the same tax identification number shall be used for tax filing of each business activity.

Article 14 A company which operates the business of Regional Headquarters or International Headquarters and wishes to convert to an International Business Centre under section 16, 17 and 18 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018), as the case may be, shall proceed as follows:

(1) Submit the Sor.Gor.Ror.1 application form and proceed as per the procedures under Article 3. If the company submits the Sor.Gor.Ror.1 to apply for the same activities, such company does not need to submit the business plan;

(2) The company must certify that it has met the qualifications under section 10 or 11/6 of the of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 405), B.E. 2545 (2002) and its amendments or section 9 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 586), B.E. 2558 (2015) and its amendments, as the case may be, in the accounting period prior to the accounting period in which the company submits the application under (1)

Article 15 A company which operates the business of Regional Headquarters or International Headquarters, as the case may be, and has proceeded as per Article 14 shall be approved as an International Business Centre under section 10 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) only for the activities which have been approved by the Director-General of the Revenue Department whereby the approval shall come into effect on the following day after receiving the approval from the Director-General of the Revenue Department under section 12 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018).

Article 16 A company which operates the business of Regional Headquarters or International Headquarters and is approved as an International Business Centre under section 16, 17 and 18 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) and entitled to income tax reduction, income tax exemption, and specific business tax exemption under section 7, 8, 9 or 14 of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018) shall either have an operating expense related to International Business Centre activity and paid to recipient in Thailand of at least 15 million baht or have an operating expense and other expenses related to the International Business Center activity of at least 60 million baht in each accounting period. Such International Business Center must meet all the qualifications under section 13 (1), (3) and (4) of the of the Royal Decree issued under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674), B.E. 2561 (2018).

Article 17 In case of any practical issue, the Director-General of the Revenue Department shall have the authority to decide and such decision of the Director-General of the Revenue Department shall be absolute.

Article 18 This Notification shall come into effect from 29th December B.E. 2561 (2018) onwards.

Announced on the 2nd of May B.E. 2562 (2019)

Ekniti Nitithanprapas
(Mr. Ekniti Nitithanprapas)
Director-General of the Revenue Department