

Foreign Employer, Thai Workday: The Tax Rules Remote Workers Often Miss

TAX



Why Thai-sourced income can be taxable even when the employer and payroll are overseas?

A simple question with a clear starting point

A British employee lives in Chiang Mai and works online for a London company. Her salary goes directly to a UK bank account. She assumes that she has no Thai taxable income because neither her employer nor her bank is in Thailand. However, she performs her employment duties in Thailand. Under Section 41 of the Thai Revenue Code, that fact can matter more than where her salary is paid.

The central rule: Thai-sourced income is taxable

Section 41 paragraph one provides that assessable income arising from duties or business carried on in Thailand, an employer's business in Thailand, or property situated in Thailand is subject to Thai personal income tax, whether the income is paid in Thailand or abroad. In other words, Thai-sourced income is taxable under Thai domestic law even when paid by a foreign employer into a foreign bank account. For a remote employee, salary attributable to duties physically performed in Thailand will generally be Thai-sourced. The taxpayer does not need to remit that salary to Thailand for this domestic source rule to apply.

Why fewer than 180 days is not an automatic exemption

Section 41 paragraph three treats an individual present in Thailand for 180 days or more in a calendar tax year as a Thai tax resident. That residence test is not an exemption for Thai-source earnings. An employee who works from Thailand for 90 days (i.e. staying in Thailand for less than 180 days in a year) can still have Thai-source salary for those workdays under paragraph one, and thus that salary could be taxable in Thailand. Whether Thailand ultimately taxes it can depend on an applicable double taxation agreement (DTA), as discussed below.

When the remittance rule actually matters

The remittance rule under Section 41, paragraph two of the Thai Revenue Code applies only to foreign-sourced income. Foreign-sourced income generally refers to income derived from employment, business activities, or assets located outside Thailand. Under this rule, a Thai tax resident who received foreign-sourced income is generally subject to Thai personal income tax when such income is brought into Thailand, whether in the year it is earned or in a subsequent year. However, income earned from employment duties physically performed in Thailand is considered Thai-sourced income, regardless of where the employer is located or where the salary is paid. Therefore, the remittance rule does not apply to such income.

DTV status does not decide the tax result

A Destination Thailand Visa (DTV) concerns permission to stay in Thailand. It does not, by itself, provide a general personal income tax exemption. A DTV holder working for an overseas employer or clients must still consider where the relevant work is performed under Section 41 and whether treaty relief applies. Immigration permission and income tax obligations are separate questions.

Next, check the treaty—not just the domestic rule

A double tax agreement (DTA) may restrict Thailand's taxing rights even when income is Thai-sourced under domestic law. If income is taxable under Thai domestic law but exempt under an applicable DTA, the DTA provisions prevail, and the income is exempt from Thai personal income tax.

For employees, the employment-income article of many DTAs allow relief for short visits only when several conditions are met together—for example, a specified day-count limit (generally 183 days in a calendar year), the residence of the employer, and the permanent establishment (PE) status of the employer. The DTA's own counting period and exact wording must be checked; it should not be confused with the domestic 180-day residence test. For an independent contractor or business owner, different DTA articles and permanent-establishment or fixed-base concepts may apply. A DTA exemption should never be assumed merely because the employer is overseas.

Three worked scenarios

Case A — Canadian Employee Working Remotely from Thailand: An employee of a Canadian company works remotely from Thailand for 181 days during a calendar year. The salary is paid by a Canadian employer that is not a Thai tax resident and has no permanent establishment (PE) in Thailand.

Under Thai domestic law, salary earned from employment duties physically performed in Thailand is considered Thai-sourced income and is therefore subject to Thai personal income tax, regardless of where the employer is located or where the salary is paid. However, in this case, the employee is entitled to an exemption under the Thailand–Canada DTA, provided that all relevant treaty conditions are satisfied. As a result, both Thai-sourced and foreign-sourced employment income covered by the treaty exemption would be exempt from Thai personal income tax. Therefore, the employee is not required to declare such exempt income in a Thai personal income tax return. If the employee has no other income that gives rise to a Thai tax filing obligation, the employee is not required to file a Thai personal income tax return or apply for a Thai tax identification number (TIN).

It is important to distinguish the 183-day threshold generally found in the employment income articles of many DTAs from the 180-day threshold used to determine Thai tax residency under domestic law. These are two separate rules serving different purposes.

Case B – Australian Employee Working Remotely from Thailand: An employee of an Australian company works remotely from Thailand for 185 days during a calendar year. The salary is paid by an Australian employer that is not a Thai tax resident and has no permanent establishment (PE) in Thailand.

In this case, the employee does not qualify for the exemption under the Thailand–Australia DTA because the period of stay in Thailand exceeds the 183-day threshold. Hence, salary earned from employment duties physically performed in Thailand is considered Thai-sourced income and is subject to Thai personal income tax, regardless of where the salary is paid. On the other hand, salary earned from employment duties physically performed outside Thailand is considered foreign-sourced income. As the employee is a Thai tax resident, such income is generally subject to Thai personal income tax only when it is remitted into Thailand, in accordance with the applicable remittance rules.

Case C – French Employee Working Remotely from Thailand: An employee of a French company works remotely from Thailand for 100 days during a calendar year. The salary is paid by a French employer but is borne by the employer’s permanent establishment (PE) in Thailand.

Although the employee stays in Thailand for fewer than 183 days, the employment income does not qualify for an exemption under the Thailand–France DTA because the remuneration is borne by the employer’s PE in Thailand. Thus, salary earned from employment duties physically performed in Thailand is considered Thai-sourced income and is therefore subject to Thai personal income tax. On the other hand, salary earned from employment duties physically performed outside Thailand is considered foreign-sourced income. Since the employee stays in Thailand for fewer than 180 days during the calendar year and is therefore a non-resident for Thai tax purposes, such foreign-sourced income is not subject to Thai personal income tax, regardless of whether it is remitted into Thailand. Accordingly, neither the remittance rule nor DTA relief needs to be considered for this foreign-sourced income.

What if an Employee Works in Multiple Countries?

For employees who perform their employment duties in Thailand and other countries during the same year, their employment income can generally be apportioned between Thai-sourced income and foreign-sourced income based on the number of working days spent in each country.

The portion attributable to employment duties physically performed in Thailand is considered Thai-sourced income and is subject to Thai personal income tax Thai domestic tax law, although an exemption may be available under the applicable DTA.

Conversely, the portion attributable to employment duties physically performed outside Thailand is considered foreign-sourced income. Under Thai domestic law, such income is generally taxable only if the employee is a Thai tax resident (staying in Thailand for 180 days or more during the calendar year) and the income is remitted into Thailand. Any exemption available under the relevant DTA must also be considered.

Employees working across multiple countries should therefore maintain accurate records of their working days in each location to support the allocation of their employment income.

What should a remote worker do in practice?

Keep a calendar of days spent in each country, records of where work was actually performed, contracts, invoices or payroll statements, bank records, and evidence of foreign tax paid. Separate income attributable to Thai work from genuinely foreign-source receipts. Then review the relevant DTA before deciding whether a Thai return is required or a foreign tax credit is available. A foreign tax credit is not an automatic substitute for a treaty exemption, and its availability and limits require separate analysis.

The bottom line

The essential rule is straightforward: Thai-sourced income is taxable under Thai domestic tax law even if the employer and bank account are overseas. The practical analysis is then to identify where the work was performed, distinguish any genuinely foreign-sourced income, and check whether an applicable DTA limits Thailand's taxing right. Neither an offshore payroll arrangement nor a DTV visa answers those questions by itself.

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Danuch is a co-founder and Partner in the Taxation Services Department of N-Able Group (a group of companies in Thailand that provide various professional services, e.g. taxation, accounting, auditing, etc.). Danuch is also a lecturer and guest speaker, teaching taxation subjects at leading universities in Thailand, such as Chulalongkorn University, Thammasat University, Silpakorn University, etc.

Danuch is a licensed Thai tax auditor (TA, which the Revenue Department of Thailand governs) and investment consultant (IC, which is governed by the Securities and Exchange Commission (SEC) of Thailand). He has over 15 years of taxation experience working at various large multinational professional firms, such as KPMG Thailand, KPMG Taiwan, and Deloitte Thailand, as well as international organisations, such as Schneider Electric.

Danuch has extensive expertise in tax advisory work for Thai and cross-border investment issues (both inbound and outbound), considering Thai and international tax laws (such as double tax agreements). He also has intensive experience in providing services to individuals. Danuch's expertise extends to corporate clients' tax compliance and advisory work.

Regarding his educational background, Danuch earned a master's degree in international taxation from the University of Sydney in Australia; before that, Danuch graduated with a bachelor's degree in accounting major from the University of Wollongong, another reputable educational institution in Australia.

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