

Rethinking Taxation of Offshore Income in Thailand

by N-Able Group
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As many people understand, there has been a proposed change to the law regarding income tax on foreign-sourced income, which was announced in the middle of this year (2025).

Under the current practice, foreign-sourced income is subject to Thai personal income tax in the year it is brought into Thailand, provided that the taxpayer resides in Thailand for at least 180 days during that year (although we are of the view that this practice may not be legally enforceable, as it does not constitute law and likely contradict the main provisions of Thai tax law). In an effort to encourage the inflow of funds into the country, the Revenue Department is now considering changing their practice. Under the proposed change, foreign-sourced income derived in a particular year will be exempt from Thai income tax if it is remitted into Thailand either in the same year it was received or in the following year. If the income is brought into the country after that period, it will be subject to personal income tax under the current practice. For example, foreign-sourced income derived in 2025 will be exempt from Thai income tax if it is remitted into Thailand in 2025 or 2026. If remitted in a later year (i.e., 2027 or beyond), it will be subject to tax.

The reason behind this proposed change is that the current practice for taxing foreign-sourced income, as prescribed under Departmental Instruction No. 161/2566, was not carefully implemented. It is likely that the Revenue Department have recognized that the current approach not only fails to generate additional tax revenue for the country, but also harms the overall economy by discouraging individuals from remitting money into Thailand. This is another example illustrating that, at times, the Revenue Department applies the practice without due care and consideration.

This proposed approach is still under consideration and has not yet been finalized. If we look back to the middle of this year (2025), We believed there was a high likelihood that this new approach would be enacted into law very soon – within 2025 or 2026 at the latest. However, given the instability of Thai politics – including the change of government and the possible reshuffle of the Revenue Department’s management in the near future – these developments could influence whether, and when, the proposed change will be enacted into law. This is especially so if the policies or perspectives of the current government and the new senior management of the Revenue Department differ from those of their predecessors at the time the proposed change was announced.

We can be hopeful that the new approach will be officially introduced in the near future. This would not only benefit taxpayers, but also contribute positively to the overall Thai economy by encouraging more individuals to bring funds into the country. Should the new approach be enacted into law, it can be implemented through secondary legislation, such as a Royal Decree, without the need to amend the primary tax law. The process of issuing such

secondary legislation can be relatively swift.

In addition, we are of the opinion that if the new approach is formally enacted into law, it should apply not only to Thai taxpayers but also to foreign taxpayers. This is because, under the principles of Thai tax law, there is no discrimination in tax treatment based on the taxpayer's nationality.

About the author, Mr. Danuch Sahakijpicharn

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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