

Guide to Thai Personal Income Tax for 2023

by N-Able Group

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This guide has been prepared to assist those who are interested in Thai personal income taxation. It does not cover the subject exhaustively but rather is merely intended to provide readers with an overview of Thai personal income tax. When specific issues arise in practice, the relevant laws and regulations must be taken into consideration. Appropriate professional advice should also be obtained. Therefore, we take no responsibility for the results of any actions which are undertaken based on information contained within this publication, nor for any errors in, or omissions from, this publication.

1. Basis – Income subject to Thai personal income tax

If you (as an individual) derived income from sources in Thailand (“**Thai-sourced income**”), that income will be subject to Thai personal income tax in the calendar year that it was received (i.e. a cash basis shall apply), regardless of where the income was paid to and from, and your tax residence status.

Thai-sourced income is defined as income derived from:

- (1) work or employment performed in Thailand;
- (2) business in Thailand;
- (3) business of an employer in Thailand; or
- (4) property situated in Thailand (such as rental income from the lease of property in Thailand, interest from bank accounts in Thailand, dividends from holding shares in Thai companies, etc.)

Therefore, any employment income derived from that work shall be subject to Thai personal income tax (as it is considered Thai-sourced income derived from work or employment performed in Thailand). This tax implication shall apply even when the income was paid outside of Thailand (in the case of being paid outside of Thailand, however, the income may be exempt from Thai personal income tax by virtue of a tax benefit under the applicable double tax agreement). The taxable income derived from employment in Thailand includes fringe benefits provided by your employer, such as rental expense absorption, child school fee absorption, and tax payable absorbed by the employer.

If the income is considered foreign-sourced income (income derived from work or employment performed outside of Thailand, business conducted outside of Thailand, or property situated outside of Thailand) it will be taxed in Thailand **only if**:

- (1) you lived in Thailand for 180 days or more in the calendar year that you received that income (and hence considered a Thai tax resident) **and (both conditions must be met)**;

(2) you received that foreign-sourced income and remitted or brought it into Thailand during the same calendar year. Therefore, if the foreign-sourced income was received in a particular year, but brought or remitted into Thailand in the following year, it will not be taxable in Thailand.

2. Tax calculation

Once the income that is subject to Thai personal income tax (“**Thai taxable income**”) has been defined, you shall calculate your tax payable by the formula set out below:

$$\text{Tax payable} = \text{Net Thai taxable income} * \text{Tax rates}$$

Net Thai taxable income = (Gross Thai taxable income – Deductible expenses – Other deductible items)

The details for each component in the formula are set out below.

Deductible expenses

The deductible expenses shall depend on the type of Thai taxable income. There are 8 types of taxable income under Thai tax law.

For example, the deductible expense for Thai taxable employment income is fixed at 50% of that taxable income and capped at 100,000 baht.

The deductible expense for Thai taxable rental income from the lease of a house or apartment/condominium unit is either fixed at 30% of that taxable income or the actual expenses incurred (such as water, electricity, other utility expenses etc.) that can be deducted. In the latter case, a taxpayer must maintain supporting documents for any expenses incurred. Unlike the deductible expense for employment income, there is no maximum amount of deductible expense for rental income. In other words, the greater

the taxable rental income you derived, the higher the deductible expense to which you will be entitled.

Other deductible items

There is a variety of other tax-deductible items available under Thai tax law. Below, We set out the most commonly found items that apply in the tax year 2023.

Other deductible items	Deductible amount	Do any other conditions apply?
Personal deduction	60,000 baht	-
Spouse	60,000 baht	Yes
Child	30,000/60,000 baht per child as the case may be	Yes
Payments for medical expenses for antenatal care and childbirth	Actual paid amount, capped at 60,000 baht	Yes
Payments for life insurance premium	Actual paid amount, capped at 100,000 baht (including payment for a health insurance premium)	Yes
Payments for health insurance premium	Actual paid amount, capped at 25,000 baht	Yes
Payments for pension life insurance premium	Actual paid amount, capped at 15% of the total gross annual taxable income or 200,000 baht (whichever is lower)	Yes
Contribution to Social Security Fund	Actual contributed amount	-
Contribution to Provident Fund	Actual contributed amount, capped at 15% of the total gross annual taxable income or 500,000 baht (whichever is lower)	Yes

Other deductible items	Deductible amount	Do any other conditions apply?
Investment in Retirement Mutual Funds (RMF)	Actual invested amount, capped at 30% of the total gross annual taxable income or 500,000 baht (whichever is lower)	Yes
Investment in Super Saving Funds (SSF)	Actual invested amount, capped at 30% of the total gross annual taxable income or 200,000 baht (whichever is lower)	Yes
Investment in Thailand Environment Social and Governance Funds (TESG)	Actual invested amount, capped at 30% of the total gross annual taxable income or 100,000 baht (whichever is lower)	Yes
Interest on loans acquired for purchasing accommodation	Actual interest amount, capped at 100,000 baht	Yes
Payments for the purchase of goods or acquisition of services in Thailand from 1 January to 15 February	Actual paid amount, capped at 40,000 baht	Yes
Donation in Thailand	Actual donated amount capped at 10% of net income	Yes

Tax rates

Thai personal income tax rates are progressive from 0% to 35% of the net taxable income, as set out below (rates apply to both Thai and foreign tax residents)

Net taxable income (Thai baht)	Rate	Marginal tax (Thai baht)	Accumulated tax (Thai baht)
0-150,000	0%	0	0
150,001 – 300,000	5%	7,500	7,500
300,001 – 500,000	10%	20,000	27,500
500,001 – 750,000	15%	37,500	65,000
750,000 – 1,000,000	20%	50,000	115,000
1,000,001 – 2,000,000	25%	250,000	365,000
2,000,001 – 5,000,000	30%	600,000	1,265,000
Above 5,000,000	35%	-	-

Please note that, during a calendar year, if you derived Thai taxable income that is NOT income from employment (such as rental income) exceeding 1,000,000 baht, you shall also calculate your tax payable by multiplying 0.005 to your gross non-employment Thai taxable income in addition to the method of tax calculation set out above (the first method). This method is referred to as a “second method”. Afterwards, you shall compare the tax payable derived from the first method to the one derived from the second method. Your actual tax payable will be the greater one.

3. Withholding tax credit

Some types of Thai taxable income are subject to withholding tax deducted at source by the payer, such as Thai-sourced employment income paid by a Thai employer. Such withholding tax can be claimed as your tax credit against your tax payable. To claim that tax credit, you must provide the withholding tax certificate that was issued to you by the income payer.

4. Tax payment, tax refund, and tax return filing requirements

A tax year for Thai personal income tax purposes is the same as a calendar year. As a general rule, anyone who derived Thai taxable income must perform an income tax calculation once a year [as an exception to this rule, if you derived some types of Thai taxable income, such as rental income, during January through June of a particular calendar year of exceeding 60,000 baht, you must perform tax calculations twice a year for that year (a mid-year income tax calculation and year-end income tax calculation)]. If you only derived a Thai taxable employment income within a year, you must perform the tax calculation only once a year, the year-end tax calculation.

Assuming that you only derived Thai taxable employment income within a calendar year, you must calculate your Thai income tax payable at the end of that year by using the method discussed earlier (only the first method shall apply). Subsequently, you shall subtract that tax payable by the withholding tax credit (as discussed above). If your tax payable exceeds the withholding tax credit, you must pay the difference to the Thai Revenue Department. Conversely, you can claim the difference back, as a tax refund, from the Revenue Department if your withholding tax credit exceeded your tax payable. This can be explained by the formula below:

$$\text{Extra tax to be paid (Tax refundable)} = \text{Tax payable} - \text{Withholding tax credit}$$

For example, if your tax payable derived from the calculation is 1,000 baht, and the total withholding tax that was deducted from your income by your Thai employer throughout the year (i.e. your withholding tax credit) is 800 baht, you must pay 200 baht to the Revenue Department. Conversely, if your tax payable is 800 baht and your withholding tax credit is 1,000 baht, you can claim 200 baht back from the Revenue Department as a tax refund.

A tax payment or tax refund claim must be made by filing a tax return with the Thai Revenue Department. A year-end Thai income tax return and tax payment for a particular calendar year must be filed and made no later than 31 March of the following year. However, that deadline is extended to 8 April if you filed your tax return through the internet. Therefore, your Thai income tax return and tax payment for the tax year 2023 must be filed and made on or before 31 March 2024 (or 8 April 2024 if you filed that tax return through the internet).

We at N-Able Group have real expertise in Thai personal income tax matters, especially for tax saving planning and claiming tax refunds back from the Thai Revenue Department. If you would like us to assist you in finding ways to save on your tax, perform your income tax payable calculation, prepare and file your income tax return with the Thai Revenue Department, and most importantly, claim the tax refund back from the Revenue Department, please do not hesitate to contact us.

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