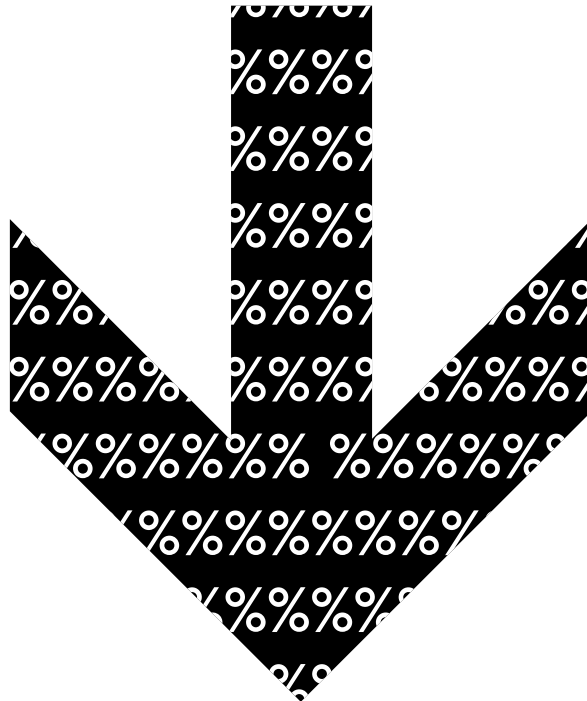


Thai Law Updates on Taxation

This newsletter is sent to inform readers on the latest developments in Thai law regarding taxation. The Thai government's plan is to use legal mechanisms for corporate income tax reduction to stimulate and attract foreign-direct investment into Thailand. The goal of this stimulus is to create a new, more favorable investment climate now that the floods and political chaos seem to have subsided.



I Thai Corporate Income Tax Development

A. Thailand Corporate Income Tax Rate Cut from 30% to 20% for 3 years

The Thai Government plans to stimulate the economy of the country by reducing

the applicable corporate income tax from 30% on net profit derived, to 23% and 20% on net profit derived in three (3) consecutive accounting periods pursuant to the Royal Decree issued by virtue of the Revenue Code

(No. 530) of 2011 published in the Royal Gazette No. 128, Section 93 *Gor* dated 21 December 2011 as taken into force from 22 December 2011.

B. Who should benefit from the new Tax Rate Cut?

B1. Companies and registered partnerships including businesses for profit or commercial purpose of foreign government or organization, joint ventures, certain kinds of foundations or associations with income generated from operations, with registered paid up capital on the last day of the accounting period of **more than** THB 5 million (“**Non-SME’s businesses**”);

B2. Listed companies in the Stock Exchange of Thailand (“**Listed Companies**”); and

B3. SME’s businesses i.e., companies and registered partnerships, including businesses for profit or commercial purpose of foreign government or organization, joint ventures, certain kinds of foundations or associations with income generated from operations, with registered paid up capital on the last day of the accounting period of **no** more than THB 5 million and with income from sale of goods or services of **no** more than THB 30 million (“**SME’s businesses**”).

C. New Tax Rate Cut

C1. Non-SME’s businesses can enjoy the new corporate income tax rates as follows:

- For the 1st accounting period on or after 1 January 2012, new corporate income tax at 23% on net profit shall apply; and
- For the 2nd accounting period on or after 1 January 2013 and subsequent 3rd accounting period, new corporate income tax at 20% on net profit shall apply.

C2. SME’s businesses can enjoy the new corporate income tax rates as follows:

- Net profit of the first portion in the value of no more than THB 150,000 for the accounting period starting from or after 1 January 2012, will be exempted from corporate income tax on such first portion;
- Net profit in excess of THB 150,000 but no more than THB 1,000,000- new corporate income tax at 15% on net profit for the accounting period starting on or after 1 January 2012 shall apply; and

- Net profit in excess of THB 1,000,000-new corporate income tax at 23% on net profit for the accounting period starting on or after 1 January 2012 shall apply; and 20% on net profit for the subsequent accounting period starting on or after 1 January 2013 shall apply.

C3. Listed Companies can enjoy the new tax rates the same as Non-SME's businesses as stated in C1 for the accounting period starting on or after 1 January 2012.

II Taxpayer ID Card Change-Effective 2012

13-Digit Taxpayer Identity Number

Commencing 1 February 2012, the Thai Revenue Department, the Department of Business Development and, the Social Security Office will start using the e-Starting Business to increase new business start-ups which will provide a single 13-digit taxpayer identity number for all 3 agencies.

All types of taxpayers, including individuals, groups of persons, undivided inheritances, non-registered ordinary partnerships, companies, registered partnerships, foundations, associations, joint ventures and other taxpayers shall use the 13-digit taxpayer identity number instead of the old 10-digit taxpayer identity number:

SUMMARY FOR QUICK REFERENCE

Taxpayer	New 13-digit	Issued by
Thai individual	The Thai I.D. Card number will be used as the new 13-digit taxpayer identity number	Provincial Administration Department of the Ministry of Interior
Thai national legal entity or alien legal entity	The registration number given by the Thai authority will be used as the new 13-digit taxpayer identity number	Business Development Department of the Ministry of Commerce

Taxpayer	New 13-digit	Issued by
Group of persons, non-registered ordinary partnership, foreign individual , undivided inheritance, joint venture, foundation, association, and other income taxpayers	Taxpayers on the left hand column can call the Revenue Department through the RD Call Center No. 1161 to check the new 13-digit taxpayer identity number from 1 February 2012	Revenue Department of the Ministry of Finance

The Revenue Department pledges to be lenient during the transition period and any taxpayer with a printed certificate for withholding tax, tax invoice or, delivery and acceptance note with the 10-digit taxpayer identity number can use that number until 31 January 2013.

Disclaimer: Any information stated in this newsletter is intended to update the firm's clients or any reader on Thai law developments and, shall in no way be regarded as legal advice by CSBC Law Offices or any member of the firm. Clients are advised to seek specific advice from competent professionals.

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