

## Withholding Tax Regulation

**Section 3** For taxes collectible under this Revenue Code, a Royal Decree may be issued for the following purposes:

(2) to exempt tax to persons or international organizations under the commitment between Thailand and United Nations, under international laws, under Conventions, or under reciprocal basis;<sup>1</sup>

<sup>1</sup>A Royal Decree No.18 is not available in English

**Section 50.** A person, partnership, company, association or body of persons paying assessable income under Section 40 shall withhold income tax at every time of payment in accordance with the following methods:

(1) In the case of paying assessable income under Section 40 (1) and (2), the amount of withholding tax is calculated as follows: multiply the assessable income paid with the number of times of payments; calculate the income tax in accordance with the rules in Section 48, and then divide the amount of tax calculated by the number of times of payment.

If the division of the calculated tax by the number of times of payments under paragraph 1 results in a fraction, such fraction shall be added to the amount of withholding tax on the last payment in that year so that the total withholding tax equals the tax liability for the whole year.

In the case of paying assessable income under Section 40 (1) and (2) in lump sum, by the employer due to the termination of employment contract, which is calculated on the basis of the duration of employment and paid in accordance with the rules prescribed by the Director-General, withholding tax shall be calculated in accordance with the rules in Section 48 (5).

In the case of paying assessable income under Section 40 (2), other than as described in paragraph 3, to a non-resident, withholding tax shall be made at the rate of 15.0 per cent of the income. <sup>26</sup>

<sup>26</sup>N.DG.IT.No.45

(2) In the case of paying assessable income under Section 40 (3) and (4), withholding tax shall be made at the income tax rate; except-

(a) In the case of paying assessable income under Section 40 (3) and (4), not specified in (b), (c), (d) and (e), to a non-resident, withholding tax shall be made at the rate of 15.0 per cent of the income;<sup>27</sup>

<sup>27</sup>R.D.No.270

(b) In the case of paying assessable income specified in Section 48 (3) (a) and (c), withholding tax shall be made at the rate of 15.0 per cent of the income; <sup>28</sup>

<sup>28</sup>R.D.No.290

(c) In the case of paying assessable income specified in Section 48 (3) (b), the issuer of the bill or debt instrument or a juristic person who is the issuer of such bill or instrument shall be deemed to be the payer of assessable income and shall withhold income tax from the taxpayer at the rate of 15.0 per cent of the income.

(d) In the case of paying assessable income under Section 40 (4) (a) not specified in (b) and (c) of this Section, to a resident taxpayer, if the payer is not a juristic person, he is not liable to withhold tax under this Section;

(e) In the case of paying assessable income under Section 40 (4) (b), withholding tax shall be made at the rate of 10.0 per cent of the income. <sup>29</sup>

<sup>29</sup>R.D.No.262 No.270 R.CT.No.20/2533 No.21/2533

(3) In the case of paying assessable income under Section 40 (5) and (6) to a non-resident taxpayer, withholding tax shall be made at the rate of 15.0 per cent of the income.

(4) Except for the case in (5), where payer of income under this Section is the Government, a government enterprise, a municipality, a sanitation district or any other local government authority and pays assessable income under Section 40 (5), (6), (7) or (8), except payment for the purchase of agricultural produce, at a total amount of 10,000 baht or more to any one recipient; even if that total payment is divided into individual payments, the amount of which is less than 10,000 baht at one time; withholding tax shall be made at the rate of 1 per cent. However, withholding tax from the prize won in a contest or competition shall be made at the income tax rate.

(5) In the case of paying assessable income under Section 40 (8), to a seller of an immovable property, withholding tax shall be made as follows:

(a) In respect of an immovable property acquired by inheritance or by way of gift, tax shall be calculated in accordance with the rule in Section 48 (4) (a), and withholding tax shall be made at such amount.

(b) In respect of an immovable property acquired by any means other than (a), deductions shall be allowed as prescribed by a royal decree; tax shall be calculated in accordance with Section 48 (4) (b); and withholding tax shall be made at such amount.<sup>30</sup>

<sup>30</sup>R.D.No.165 No.376

(6) In the case of the transfer of ownership or possessory right in an immovable property without any consideration, the transferor shall be deemed to be the payer of the income and shall withhold tax in accordance with (5), except in the case of transferring to a legitimate child, not including an adopted child, the transferor shall withhold tax 5 percent of income for the portion exceeding 20 million baht

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**Section 70** A company or juristic partnership incorporated under foreign laws and not carrying on business in Thailand but receiving assessable income under Section 40 (2)(3)(4)(5) or (6) which is paid from or in Thailand, shall be liable to pay tax. The payer of income shall deduct corporate income tax from such assessable income at the corporate income tax rate and remit it to the local Amphur office together with the filing of a tax return in the form prescribed by the Director General within 7 days from the last day of the month in which such income is paid. Section 54 shall also apply mutatis mutandis. <sup>21</sup>

<sup>21</sup>R.D.No.10 No.299 N.DG.IT.No.16 No.95

The provisions of Paragraph 1 shall not apply in the case where a company or juristic partnership incorporated under foreign laws receives assessable income being interest from the Government or a financial institution incorporated under the specific Thai laws for the purpose of lending to promote agriculture, commerce or industry.<sup>22</sup>

<sup>22</sup>R.D.No.308 N.DG.IT.No.16 No.95 N.MF. Re: Extension of Timeframes for Remittance of Withholding Income Taxes, Remittance of Income Taxes, Remittance of Value Added Taxes and Filing of Returns.