

VICKERY & WORACHAI LTD.

LAWYERS

LEGAL NEWSLETTER




Issue: February 2005

TABLE OF CONTENT:

News Update

N/A

New Laws and Regulations

-  Revenue Code Amendment Act (No. 36) B.E. 2548 (A.D. 2005)
-  Notification of the Director-General of the Revenue Department on Income Tax (No. 136) Re: prescribing rules, procedures and conditions for deduction of tax allowances of supports for parent of the income earner, including parent of the income earner's spouse.
-  Royal Decree issued under the Revenue Code describing fixing the value of the tax base of the small business to be exempt from Value Added Tax

Laws and Regulations Updated

N/A

Vickery & Worachai Ltd.

Lawyers

16th Floor, Diethelm Tower A, 93/1 Wireless Road, Bangkok 10330, Thailand
Telephone: (66) 02-256-6311, 02-650-9691, Fax: (66) 02-256-6317/8, Email: vwlaw@loxinfo.co.th

New Laws and Regulations

Revenue Code Amendment Act (No. 36) B.E. 2548 (A.D. 2005)

Effective: 14 January 2005

Relevant Authority: The Revenue Department

Significant Issue: The Act was promulgated in order to promote and encourage the caring of the earner's parent and the parent of the spouse of earner by allowing the earner, in order to relief tax burden, to deduct tax allowances for the supports for parent of the income earner, including parents of the income earner's spouse, at Baht thirty thousand each, whereby the said persons must be sixty years old upwards, and have insufficient income to support their lives and are under the caring of the income earner, according to the bases, procedures and conditions prescribed by the Director-General.

The supports for parents thereof may be deducted for the assessable income of 2004, the returns of which must be filed in 2005 onwards (Section 47 (1) (j) of the Revenue Code)."

Notification of the Director-General of the Revenue Department on Income Tax (No. 136) Re: prescribing rules, procedures and conditions for deduction of tax allowances of supports for parent of the income earner, including parent of the income earner's spouse.

Issued on: 14 January 2005

Effective: 1 January 2004

Relevant Authority: The Revenue Department

Significant Issue: This Notification was announced to supplement the provision of the Revenue Code Amendment Act (No. 36) B.E. 2548 (A.D. 2005) in order to promote and encourage the caring of the earner's parent and the parent of the spouse of earner.

New Laws and Regulations


The significant bases, procedures and conditions for deduction of allowance on supports for parents of the income earner including parents of the income earner's spouse according to Section 47 (1) (j) of the Revenue Code shall be as follows:

1. The income earner shall be allowed to deduct the allowance on supports for the parents at Baht thirty thousand each, whereby each parent must be sixty years old upwards, and are under the care of the income earner. However, the deductible allowance shall not be granted if the parent gained accessible income in the amount exceeding Baht thirty thousand (30,000) or more in the applicable tax year;
2. The income earner or his/her spouse must be the legitimate child of the parents that the income earner claims for the allowance deduction;
3. In case the parents are under the care of more than one income earner, only one income earner who has evidence certifying his/her taking care of the parents shall be entitled to claim for such deductible allowance for each tax year;
4. The deduction of the allowance on supports for parents shall be made for the whole tax year, whether or not the case of allowance deduction shall happen throughout the tax year.
5. In case where one party of a couple is the only income earner, such income earner shall be allowed to deduct the allowance on supports for parents of his/her spouse in the amount of Baht thirty thousand (30,000) each;
6. In case where the income earner has already entitled to the allowance, and subsequently married, the allowance shall be deductible as follows:
 - (a) If the marital status is not in exist throughout the tax year in respect of which the allowance is claimed, each party of a couple shall be entitled to claim for such deductible allowance on supports for their parents in the amount of Baht thirty thousand (30,000) each;

New Laws and Regulations

- (b) If the marital status is in exist throughout the tax year in respect of which the allowance is claimed, and the wife of the income earner does not choose to file separately and pay tax apart from the income earner under Section 57 quinque of the Revenue Code, the allowance on supports for parents of the income earner and of his wife shall be deductible in the amount of Baht thirty thousand (30,000) each;
 - (c) If the marital status is in exist throughout the tax year in respect of which the allowance is claimed, and the wife of the income earner choose to file separately and pay tax apart from the income earner under Section 57 quinque of the Revenue Code, each other of a couple shall be entitled to claim for such deductible allowance on supports for parents in the amount of Baht thirty thousand (30,000) each;
7. In case where the income earner is not a resident of Thailand, the deductible allowance on supports for parents shall be granted only for the parents who is resident of Thailand.

New Laws and Regulations

 Royal Decree issued under the Revenue Code describing fixing the value of the tax base of the small business exempting from Value Added Tax (No. 432) B.E. 2548 (A.D. 2005)

Effective: 1 April 2005

Relevant Authority: The Revenue Department

Significant Issue: The Royal Decree was promulgated in order to provide relief on tax burden for the small business, whose tax base is not in the amount exceeding Baht 1.8 million, provided that such small business shall not be subject to registration as Value Added Tax ("VAT") registrant. The significant provisions of this Royal Decree are as follows:

1. The value of the tax base of a small business, which shall not be subject to registration as VAT registrant under the Revenue Code, shall be an amount not exceeding Baht 1.8 million per year;
2. The term "Year" under the aforementioned provision shall mean:
 - (1) A calendar year, if the operator is a natural person or a non-juristic body of persons, except in case of commencing of business subject to VAT liability, a year shall begin from the date of commencing business and shall end on the last day of the calendar year.
 - (2) An accounting period, if the operator is a juristic person, it shall be counted by accounting period, except in case of commencing of business subject to VAT liability a year shall begin from the date of commencing business and shall end on the last date of the accounting period.
3. The aforementioned provisions shall come into force for the filing of VAT returns from the date following the date that this Royal Decree has come into force.
4. The provisions of the Royal Decree (No. 354) B.E. 2542 (A.D. 1999), which was repealed and replaced with this Royal Decree, shall continue to come into force only for the imposing of the outstanding VAT or the payable VAT due before the date that this Royal Decree has come into force.