

Legal Update

REFORMATION OF PERSONAL INCOME TAX

Mr. Boonsong Teriyapirom, former Deputy Finance Minister said that the Revenue Department is considering to reform the personal income tax system to be appropriate with corporate income tax which reduced before and to compete with other Southeast Asia countries.

Thailand currently uses a progressive tax ladder, with the first 100,000 Baht in income waived of tax liability and income from 100,001 to 500,00 Baht per year subject to a 10% tax rate. Income from 500,001 Baht to 1 million Baht is subject to a 20% tax, income over 1 million to 4 million taxed at a 30% rate and income over 4 million taxed at the maximum 37% rate.

Reformation of personal income tax commencing according to the proposal of Revenue Department is as follows:

1. The personal income tax's top rate, at 37% for income of more than 4 million Baht per year, will be change to 35%.
2. The tax brackets will be changed from 10% - 20% - 30% - 37% to 5% - 10% - 15% - 20% - 25% - 30% - 35%.
3. The Revenue Department will review the tax deductions allowed under the tax code, which include deductions on home mortgage interest of up to 100,000 Baht, contributions of up to 500,000 Baht or 15% of income to retirement mutual funds and long-term equity funds and premium payments of up to 100,000 Baht for life insurance policies.
4. The Revenue Department will review the long-held rule that married couples must consolidate their income and file tax returns under the husband's name, a rule that effectively penalizes married couples due to the progressive tax system.

Reforms for the personal income tax system will benefit lower-to-middle-income taxpayers, according to Satit Rungkasiri, director-general of the Revenue Department.

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📌 THE LABOUR MINISTRY WILL PROPOSE AMENDMENT TO FIVE LAWS TO MAKE IT EASIER FOR FOREIGNERS TO WORK IN THAILAND.

Mr. Phadermachai Sasomsub, the Labour Ministry, is freeing up the labour market to allow more foreigners to work in Thailand, in line with the regional free market which comes into effect in 2015.

Singhadet Chu-amnat, director of the ministry's Bureau of Coordination for international Cooperation said the changes were in line with the free labour market which would come into effect when the Asean Economic Community (AEC) emerges in 2015. He said free movement of workers in the region will begin with eight professions, including doctors, nurses, engineers and other skilled workers.

The Labour Ministry will propose amendments to five laws as follows:

- The 2008 Alien Work Act will be changed to allow foreigners to take 147 job titles. The law, which give Thais sole right to work in more than 39 Jobs, including hairdressing, wood carving, gem cutting and as tour guides, will be amended to allow foreigners to compete for the same jobs.
- The 2008 Labour Skill Development Act will also change so skill development services cover foreign workers.
- The 1975 Labour Relations Act and the 2000 State Enterprise Labour Relations Act will be amended to provide foreign workers with welfare and labour rights, such as the right to form their own unions.
- The 1990 Social security Act will be amended to expand social security services to cover foreign workers.

Amendment of five laws will urge Thais to improve their skills and learn English or the languages of other Southeast Asian nations to compete with their foreign counterparts.

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DRAFT FURTHERANCE OF AMALGAMATION OF BUSINESS IN CAPITAL MARKET

The Cabinet on 4 January 2012 has approved the draft Furtherance of amalgamation of business in capital market ("FAC") which will be forwarded for consideration by the office of council of State and the House of Representatives.

Certain significant provisions of the Draft FAC are summarized as follows:

- Debt, Right Duty and liability can transfer to the company formed by the amalgamation within fourteen days from the registration of amalgamation's day.
- If the creditor don't object within fourteen days from receiving of notice in writing, the change of debtor will be occur.
- In case of shareholders object the amalgamation of company, the company must find the shares' buyer to purchase the shares of objector in average trading prize of the last fifteen days in stock exchange before the day of resolution by which an amalgamation is decided. If don't have the trading of shares in stock exchange, the prize of share will be decided by the independent appraiser.
- If the shareholders who object the amalgamation of company don't sell the share within fourteen days from the day of receiving of an offer to buy, the amalgamation of company will continue an they will be the shareholders in company formed by the amalgamation.

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