

## Legal Update

### NEW PERSONAL INCOME TAX RATES COME INTO EFFECT

The Royal Decree issued under the Revenue Code governing the reduction of personal income tax rates has been published on the royal gazette on 23 December 2013 and has come into force since 24 December 2013.

Under the new income tax rates applying for the tax years of 2013 and 2014, tax payers who are low to middle income earners will benefit from the new rates, which provide tax reductions of between 5% and 50%.

The new rates expand the previous five tax brackets (5%, 10%, 20%, 30% and 37%) to seven: 5%, 10%, 15%, 20%, 25%, 30% and 35%.

The top tax rate falls to 35% of taxable income from 37%, while those earning Baht 150,000 or less will continue to enjoy exemption from the personal income tax. The tax rate reduction is meant to lower payments to boost domestic consumption.

The new 5% rate will be applicable to those earning between Baht 150,000 and 300,000 a year, with 10% for those who earn more than Baht 300,000 to 500,000, while 15% is for more than Baht 500,000 to 750,000 bracket, 20% is for more than Baht 750,000 to 1,000,000, and 25% for those earning more than Baht 1,000,000 to 2,000,000. The 30% tax bracket is for those on more than Baht 2,000,000 to 4,000,000 per annum, while 35% is for over Baht 4,000,000 annually.

Details of the former and the new Personal Income Tax rates are as follows:

Net Income (Baht)	Personal Income Tax's Rates (%)	
	Former Rates	New Rates (For the 2013 and 2014 tax years)
0 - 150,000	Exempt	Exempt
> 150,000 - 300,000	10%	5%
> 300,000 - 500,000		10%
> 500,000 - 750,000	20%	15%
> 750,000 - 1,000,000		20%
> 1,000,000 - 2,000,000	30%	25%
> 2,000,000 - 4,000,000		30%
> 4,000,000	37%	35%

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