

Summary transcript of the conversation on Thailand's new tax regulations

Link: <https://www.facebook.com/SwissEmbassyBangkok/videos/1384767932164673>

A) Introduction

Pedro Zwahlen, the Ambassador of Switzerland to Thailand, welcomed Khun Nathanan Junprateepchai from the Legal Affairs Division of Thailand's Revenue Department as well as representatives from the Tax Policy and Planning Division and the International Tax Division of Thailand's Revenue Department.

He explained that the meeting will take the form of a dialogue between himself and Khun Nathanan.

The Ambassador then outlined that the Embassy of Switzerland decided to organize the online seminar following an announcement by the Thai Revenue Department on 15 September 2023 regarding changes to the tax regime in Thailand concerning foreign-sourced income brought into the country.

According to Department Instruction (D.I.) No. 161/2566, a resident of Thailand deriving or earning assessable income from abroad will be subject to personal income tax upon bringing such income into Thailand in any calendar year starting from 1 January 2024 onwards.

The Ambassador explained, that the objective of the online seminar was to provide an overview and general information about this new regime and its impact on Swiss nationals living in Thailand.

The discussion was also intended to clarify key questions regarding the modifications in the tax system and improve the Swiss citizen's general understanding of the new situation.

Leading up to the seminar, the Embassy received over 200 questions from the Swiss community and the Ambassador thanked all those who submitted their questions in writing. He explained that it will not be possible to address every single question in the seminar and that the Embassy is not able to address specific individual cases or provide personalized tax advice. The Embassy has therefore grouped the questions and identified 17 key questions to cover the main areas of interest and concern.

The Ambassador encouraged every citizen to actively seek out information and support in order to understand their individual tax-related circumstances based on the insights shared in the seminar.

Below you will find a summary of the questions and answers during the conversation between Khun Nathanan (N) and the Ambassador (A):

B) Questions and Answers

1. Ambassador (A): Could you please start by explaining for our listeners the reasons for introducing the new tax regime?

Khun Nathanan Junprateepchai (N): *The new regime does not target foreigners specifically. The reason behind it is that The Thai authorities would like to ensure fairness and equity between Thai tax residents who earn income domestically or and those who earn income abroad and that everyone is subject to the same tax treatment.*

This is why section 41 of the Revenue Code was reinterpreted. So going forward, if you are a Thai tax resident and you earn foreign sourced income and bring it to Thailand, you will be subject to Thai tax.

No distinction is made between Thai citizens and foreigners subject to pay taxes living in Thailand.

2. (A): When exactly will the new tax regime take effect?

(N): *The new tax regime, is taking effect on the 1st of January 2024. This means it applies to income earned abroad from 1 January 2024 onwards and which is subsequently transferred to Thailand. Income earned before 1 January 2024 is not affected by the new regime and is not taxed.*

3. (A): How will the new regime impact foreign residents, particularly retirees?

(N): *All pension payments received abroad after 1st January 2024 will be subject to tax in Thailand once remitted to Thailand. The [double taxation agreement between Thailand and Switzerland](#) (DTA) will prevent double taxation¹.*

4. (A): What criteria determine tax residency in Thailand?

(N): *Under Section 41 Paragraph 3 of the Revenue Code, anyone - Thai or foreigner - who stays in Thailand longer than 180 days in any given tax year, will be considered as a Thai tax resident.*

5. (A) How do the changes in the tax regime align with the existing **Double Taxation Agreement between Thailand and Switzerland**, in particular regarding pensions?

(N) *Article 17 of the [double taxation agreement between Thailand and Switzerland](#) (DTA) provides that a pension [or other similar remuneration] paid*

¹ Note by the Embassy specifically for the Swiss case: no distinction is made by Thai Authorities between payments from AHV or Pensionskasse.

to a resident of a contracting state - in this case anyone who stays in Thailand longer than 180 days in any given tax year - shall be taxable only in that state.²

6. (A): What documentation is required to prove the source and amount of income, including pensions, investments, and savings – are specific formats needed?

(N): There is no specific required form. Generally speaking, the Thai tax authorities trust official documents issued by other government. Therefore, official documents issued by the Swiss Authorities which can support, for example, withholding tax certifications or tax payments in Switzerland, will be useful for filing tax declarations in Thailand.

7. (A): Are documents submitted from abroad required to be in Thai language, and what is the process for verifying the authenticity and accuracy of foreign retirement income?

(N): The official language is Thai. English (versions of) official documents will be accepted as well. However, documents in officially issued in other languages than English will have to be translated into English or Thai and get certified by a Swiss lawyer or similar person or institution authorized to do so.

8. (A): Are individuals taxed separately or jointly based on marital status, and how does this affect the taxation of pensions and other income?

(N): This depends on the individual situation of each couple. Each couple can decide whether they want to be taxed jointly or separately. This is independent of the reinterpretation.

9. (A): Are there categories of expenses that can be deducted from the newly taxable income (for instance healthcare expenses, insurance, charitable donations)?

(N): Yes, there is the possibility of tax deductions. For example, the personal allowance is THB 60,000. Spouse allowance is also THB 60,000. For the first child, the allowance is THB 30,000, for the second it is THB 60,000. For health insurance, the allowance is THB 100,000.

10. (A): Does the new tax regime affect visa regulations for foreign residents - especially do visa regulations require tax compliance evidence, and how does this affect long-term visa holders, including retirees?

(N): When you apply for instance for a visa or reapply for a work permit in Thailand, a copy of your tax return is required. So, yes, you have to file a tax

² Note by the Embassy: According to the DTA, Pensions and lump-sum benefits under the **2nd pillar (Pensionskasse)** are taxable only in the State of residence. **AHV-pensions** are not covered by the DTA and may therefore be taxed in each State in accordance with domestic law. Until now, AHV pensions were not subject to any taxation either in Switzerland or in Thailand (double non-taxation). The same applied to second-pillar benefits, which were not taxed either in Switzerland (or taxpayers could claim a refund of the source tax deducted in Switzerland in the case of lump-sum benefits) or in Thailand (provided that the benefits were not transferred in the same year).

return in Thailand and then provide a copy of it with a visa or work permit application.

- 11.(A): Will the effect be the same across different visa categories? For example, are holders of special visas such as Thailand Elite and Long-Term Resident (LTR) subject to the same conditions?

(N): Thailand provides tax incentives to many foreigners who are eligible for special visas such as for example LTR. If you have a LTR Visa, you get a special tax treatment. When you are in this category, the foreign sourced income will be exempted when you bring it back to Thailand. Wealthy global citizens, wealthy pensioners and working from Thailand professionals, can get an LTR visa.

- 12.(A): How are earnings from investments, including dividends, interest and capital gains taxed, and what evidence is required to prove taxes have been paid in another jurisdiction?

(N): First of all, the investment or income earned before 1st January 2024 will not be subject to tax, regardless of when it is brought back to Thailand (unless it was remitted within the same tax year such income was earned).

However, income earned abroad after 1st January 2024 will be subject to tax in Thailand when it is brought to Thailand. This includes income from investments, whether it's dividends or interest received abroad, income from sales or capital gains. The tax will be due when it is brought to Thailand.

If a Thai resident pays tax in Switzerland on income sourced in Switzerland and can prove so to the Thai Authorities, Thailand will take this payment into account and will only collect taxes if the tax rate applied in Thailand is higher than the one which was applied in Switzerland (tax credit). If both countries apply the same tax rate to a specific category of income and tax was paid in Switzerland, no tax will be collected in Thailand on the same income.

(A): This means that in the future, foreign tax residents in Thailand will have to keep and prepare a complete documentation in Thai or (translated into) English, proving income sourced abroad and, if applicable, the taxes already paid on the income in the source-country.

Overall, it is becoming even more important to keep income and tax documentation in good order.

- 13.(A): How are pre-inheritance and gift funds taxed when transferred from abroad?

(N): Under Thai domestic law, exemptions are for example provided for gifts to ascendants or descendants or support payments to spouses and children. In these cases, up to THB 20 million per year are exempted.

Exemptions are also provided for payments to persons who are not ascendants, descendants or spouse, if they have moral purpose or and or are in accordance with customs (maximum exempted amounts = THB 10 million).

14. (A): Is there an online portal for tax filing, and does it accommodate the specific needs of foreign residents, including language options and user support?

(N): Yes, there is an online portal accessible to every taxpayer to file the tax return. However, it's in Thai language. But in order to accommodate foreign tax residents, further language options will be made available in the near future.

15. (A): What is the deadline for filing the tax return and what are the consequences if tax residents cannot keep the deadline? Is there a possibility to extend that deadline?

(N): The deadline for filing the tax returns under the new regime will be on 31st March 2025 (tax return for foreign sourced income in 2024). The deadline can be extended by 8 days.³ After that, surcharge payments will apply.

(A): I would like to make a suggestion for consideration by the Thai Authorities in this regard based on the system applied in Switzerland: in Switzerland, taxpayers can unilaterally extend the deadline online by several months without providing a reason. The first extension is free, further extensions are subject to payment of an amount in the order of magnitude of THB 2000 to THB 3000. There is a limit to how long the deadline can be extended (approximately 6 months). If a taxpayer misses the latest deadline or does not file a tax return at all, the authorities will automatically proceed to a tax-assessment based on their own assumptions about the person's tax-relevant circumstances.

16. (A): How does the tax system accommodate taxpayers with special needs, such as the elderly or those with health conditions, in terms of filing taxes and claiming exemptions?

(N): The regional branch offices of the Revenue Department provide information and answers about how to file tax returns without prior appointment. Every taxpayer needs a tax-ID. This can also be requested at the responsible regional branch office of the Revenue Department.

Regarding the elderly: Individual taxpayers aged 65 or above get THB 190,000 deduced from their taxable income. So, for example, if you receive THB 500,000 pension income from Switzerland, the taxable income will be reduced by THB 190'000. This also applies to persons with a disability, which needs to be acknowledged by Thai Authorities.

³ The deadline extension is available for all taxpayers who file a tax return via the official online portal (E-filing). Neither an extension request nor a notification is required.

17.(A): Where and how can citizens and foreign residents seek clarification, information, and assistance from the government, regarding tax regulations, filing procedures and any other tax-related concerns?

Is there for instance a dedicated **office**, a **website** or a **call center** where concerned citizens can turn to with specific questions?

(N): From 1st of January 2024, the Thai Government has issued dedicated guidelines and a Q&A document in Thai language. These resources will be available in foreign languages soon.

There is also a dedicated call-center where questions are answered in English. The telephone number is 1161.

C) Conclusion

In conclusion, the Ambassador of Switzerland thanked the guests of the Revenue Department and especially Khun Nathanan Junprateepchai for their time, availability and the detailed and clear explanations about the new tax regime.

He thanked Khun Nathanan for his promise that additional relevant information and resources will be available in English language soon in order to facilitate the task of the foreign tax payers.

The Ambassador emphasized, that the foreign taxpayers will depend on the support and the goodwill by the Authorities of Thailand.

Addressing the audience of the online-seminar, he stressed that each individual's circumstances are unique and that therefore every case is different. He encouraged everyone to reach out to the available resources and support channels, to also seek professional advice if necessary and to ensure to be fully informed about and compliant with the Thai tax laws.

The Ambassador explained again, that the Swiss embassy cannot answer questions about individual tax situations and encouraged to contact the Thai authorities, in particular the regional branch offices of the Revenue Department, with specific questions.

He wished everyone a wonderful afternoon and evening and thank for the interest and the participation.