

## Have you minimized your 2014 tax liability?

As the year draws to a close, it is important to assess your tax. Just like the calendar year, the end of the tax year is **31<sup>st</sup> December**. Although the filing deadline is not until 31<sup>st</sup> March, once 2015 begins, it'll be too late to make any adjustments.

You should:

- check how much tax you have already paid;
- assess what income the tax has been paid on; and
- ensure that you have utilised all of your allowances to reduce your liability.



### *LTF/RMF and Life insurance*

Don't forget you can benefit from tax allowances on the premiums for retirement mutual funds (RMFs) or long-term funds (LTFs) and Life insurance. Remember, the deadline for 2014 is also 31<sup>st</sup> December.

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### *What are you taxed on?*

If you are resident in Thailand you are liable to pay Thai Personal Income Tax (PIT), no matter your nationality.

Residents are liable to pay tax on income from sources in Thailand, regardless of where they hold their bank account. Not only that, a resident will also be taxed on income from foreign sources brought into Thailand during that calendar year.

For non-residents, however, the situation is rather different: they are subject to tax only on income from sources in Thailand.

### *Resident or Non-Resident? That is the question!*

The first thing to consider for a foreigner based in Thailand is whether they are a *resident* or a *non-resident* for tax purposes. A resident is someone who is living in Thailand for more than a total of 180 days in any calendar year.

Those 180 days don't have to be consecutive, merely accumulated over the calendar year, no matter how many times you leave and return to Thailand.

Another important consideration is that even if you spend more than 180 days in Thailand over several months, **but not within a calendar year**, you do not qualify as a resident.

For example, say you arrive in Thailand on 1<sup>st</sup> November 2014, then leave on 16<sup>th</sup> May 2015 and do not return before 2016; you have not spent a total of 180 days in the country in 2015. Thus, you do not qualify as a resident.

### *How is PIT paid?*

For salaried employees, the company will pay PIT monthly at source, however the employee will have to make the annual PIT filing at the end of March.

It is important to check this filing before submitting it to the tax authorities, as there are several possible deductions and allowances that your employer may not have taken into consideration.

If you are a self-employed professional, there are other tax deductions available, according to your profession.

For both 2014 and 2015 PIT calculations, there will also be a tax rebate available in some cases for businesses and private individuals who buy package tours or hotel accommodation in Thailand. The tax deduction is expected to be up to THB 15,000.

### *Calculating PIT*

Your tax base is calculated as follows:

$$\text{Personal Income Tax Base} = \text{assessable income} - \text{deductions} - \text{allowances}$$

Once your tax base is calculated, it is then applied to the following PIT brackets:

Net Income	Marginal Taxable Income	Tax Rate	Tax Amount	Accumulated Tax
1 – 150,000	150,000	Exempt	-	-
150,001-300,000	300,000	5%	7,500	7,500
300,001-500,000	500,000	10%	20,000	27,500
500,001-750,000	750,000	15%	37,500	65,000
750,001-1,000,000	1,000,000	20%	50,000	115,000
1,000,001-2,000,000	2,000,000	25%	250,000	365,000
2,000,001-4,000,000	4,000,000	30%	600,000	965,000
4,000,001 onwards		35%		

As in many countries, these brackets function like buckets: you fill the first bucket up to THB 150,000, then you fill up the second bucket with a further THB 150,000, then THB 200,000 and so on. Thus, if your PIT base were THB 4 million, you would be liable to pay THB 965,000 in PIT.

*See a professional tax advisor*

Given all the different permutations depending on residency status, source and type of income, allowances and deductions, it is clear that tax plans are highly individual.

So to set out a tax plan tailored specifically for you, make sure you speak to a professional tax advisor. Don't forget, if you need this for the 2014 filing, you'll have to get the plan done by **31<sup>st</sup> December**.

MBMG Corporate Solutions offers a full range of all tax, accounting and auditing services and can help you with your Personal Income Tax reporting.

For further details please contact Pat by e-mail on [pat@mbmg-group.com](mailto:pat@mbmg-group.com) or call +66 2 665 2536.

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