Comments on Thai Tax Environment

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Quality In Everything We Do

Comments on Thai Tax Environment

- To promote outbound investments and Thai companies directly owns those investments
  - Thai tax on capital gain on future disposal of those investments should be revised
  - Change of repatriation of dividend may be secondary, as Thailand can directly own those investments

- To promote Thailand as a holding jurisdiction, all three below should be revised: -
  - Thai tax on repatriation of dividend from overseas subsidiaries
  - Thai tax on capital gain on future disposal of those investments
  - Thai tax on repatriation of dividend to overseas shareholders

- If the holding company can also function as a regional headquarter and/or regional trading hub
  - Regional headquarter and regional trading hub incentives offer reduced tax rates
  - It will allow the Thai government to expand tax collection base
  - It will also increase the competitiveness to Thailand, and
  - Add proper substance to the holding company

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- Thailand currently has Regional Operating Head office (ROH) incentive and International Procurement Centre (IPC) incentives, but they do not reflect the needs of investors
- Regional trading hub can be implemented with conditions e.g.,
  - Minimum annual turnover;
  - Maximum local purchase; and
  - Minimum annual spending which aims at improving the skills of the Thai workforce (e.g., language, R&D and vocational trainings) for the 2015 ASEAN Economic Community (AEC)
- Thailand may need to consider introduce an intermediary agency that has the authority to bind both the BOI and Thai Revenue Department

Observations: -

- Thailand may need to renegotiate tax treaty with major trading partners so that companies enjoying regional headquarter and regional trading hub incentives do not suffer tax leakage
- Secondary incentives, such as those focusing on finance and treasury, or R&D can be added to the main headquarter and/or trading hub incentives as needed