

THAILAND — TAX AMENDMENTS, 1986

AMENDMENTS of the Revenue Code (14th Royal Proclamation amending the Revenue Code, B.E. 2529 (1986), Royal Decrees Numbers 165, 166, 167, 168, and 169, B.E. 2529 (1986).

Major amendments to the Revenue Code took effect in January 1986. One of the key changes is the overall reduction of individual and corporate income tax. The maximum personal income tax rate of 65% has been lowered to 55%. Within stated limits, it is now possible to add the amount of interest paid for a housing loan to the eligible personal exemption item on the Revenue Code. As for corporate tax, the applicable tax rate has been lowered from 40% to 35%. This same reduction in tax rate is also applicable to the net profits of corporate partnerships and other juristic persons, ordinary partnerships, and groups of persons other than juristic persons.

Other changes to the Revenue Code to be noted are as follows:

- (i) tax rates for foundations and associations have been revised;
- (ii) the exemption of income tax for income derived from interest for deposit of money in cooperative institutions has been repealed;
- (iii) profits or gains from the trade of securities where such profits or gains cannot be deemed as the profits or gains from such trade but from the interest accrued to these securities are now taxable as income;
- (iv) a reduction in business tax imposed on gross receipts derived from leasing contracts; however, business tax is now additionally imposed on importation of machinery whether for importers' own production purposes or for hire or for sale to those who have been granted business tax exemption;
- (v) an increase in the business tax for the trade of certain types of motor vehicles powered by diesel engines;
- (vi) a revision of stamp duty rates for certain transactions such as a loan contract; and
- (vii) a revision in the individual income tax for the sale of immovable property inherited or acquired not for the purpose of a trading business or for profit speculation.

Finally, it should be of interest to note that tax amnesty procedures have also been provided for by the amendments.

APIRAT PETCHSIRI *

• Associate Professor of Law, Deputy Dean, Chulalongkorn University, Thailand.