



Timely Newsletter

Tax Incentive Applications for International Business Center Activities Now Available

A new Board of Investment promotion and tax scheme was introduced for International Business Centers in December 2018.¹ On 2 May 2019, the Revenue Department issued the Notification of the Director-General of the Revenue Department (No. 13) Re: Prescription of Rules, Procedures and Conditions for the Reduction of Income Tax Rates, Exemption of Income Tax and Exemption of Specific Business Tax for International Business Centers (the “**Notification**”).

A company may now apply for tax incentives for International Business Center Activities by submitting an application and supporting documents in hard copy to the Revenue Department. An online application system will be implemented by the Revenue Department, and once this system is launched, applications and supporting documents must be submitted using that online system at www.rd.go.th. Once an approval is granted, an applicant must submit, among other documents, a form for tax benefits for an International Business Center together with the applicant’s annual tax filings.

Any business currently enjoying tax benefits under the previous Regional Operating Headquarter (ROH) and International Headquarter (IHQ) system may also submit an application to convert to an International Business Center to extend the period of tax benefits.

In addition, the Notification also states the qualifications for an expat working for an International Business Center project to qualify for a 15% flat-rate personal income tax rate. Qualifications included in the Notification include the following:

- (1) be a permanent employee of an International Business Center project that engages in:

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¹ For more information, please see our Timely Newsletter, “New BOI Promotion and Tax Scheme for International Business Centers,” dated 13 February, 2019 [here](#).

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- a. International Business Center activities; and/or
 - b. International Trading activities.

if the business engaging in International Business Center activities also engages in other businesses other than those of an International Business Center and International Trading activities, the revenue from either the International Business Center or International Trading activities, or both, must be at least 70% of the total revenue of the company.

- (2) be listed in the application of expats eligible to apply for a reduction of personal income tax;
 - (3) reside in Thailand at least 180 days in the fiscal year in which the reduction of personal income tax is exercised. The expat may reside in Thailand less than 180 days for the first and last fiscal year in which the reduction of personal income tax is exercised;
 - (4) obtain a work permit; and
 - (5) receive personal income under Section 40(1) of the Revenue Code from International Business Center activities which averages not less than Baht 200,000 per month, and calculated on the basis of the number of months that such expat resides in Thailand for that respective fiscal year.
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This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact person(s) at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed in the far-right column.