

# NEWSLETTER

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## TAX UPDATE

### 1. Additional Tax Exemption for SME Company

The government enacts the Royal Decree issued by virtue of the Revenue Code Regarding the Reduction and Exemption of Revenue Tax (No. 564), B.E. 2556 (2013) to increase the tax exemption amount from Baht 150,000 to Baht 300,000 for the small and medium enterprise company in an accounting year that commences in 2013. This means first Baht 300,000 net profit is exempt from corporate income tax. To be eligible for this tax exemption, a company or a juristic partnership must have the paid up capital on the last date of the accounting year not in excess of Baht 5 Million and must derive the income from sale of goods or supply of services in the accounting year not in excess of Baht 30 Million.

The main benefit of being the SME under this definition is not the tax exemption for first Baht 300,000 net profit. It is not even the reduced rate of 15% for the net profit in excess of Baht 300,000 but not in excess of Baht 1 Million. The main benefit of being the SME is the perpetual income tax rate reduction. SME's net profit after Baht 1 Million is subject to corporate income tax at the reduced rate of 20% for good. But the reduced rate of 20% for non-SME companies will expire at the end of 2014. Theoretically speaking, unless the government extends the reduced rate of 20%, in 2015 corporate income tax rate will go back to 30%.

For more information, please contact our lawyers for consultation.

## TAX UPDATE

### 2. New Items that Must be Added to Tax Invoice, Credit Note and Debit Note

The Notifications of the Director-General of the Revenue Department are prescribed to require a VAT registrant to include the additional items on a tax invoice, credit note and debit note.

The tax invoice is the document in a value added tax system that a VAT registrant has to issue for a purchaser, when the tax registrant sells any good or service. A VAT registrant relies significantly on the presence of the properly worded tax invoice in order to claim back the input VAT from the Revenue Department.

While these new requirements sound regulatory in nature, the accounting/finance professionals in corporate Thailand must get them right to stay out of the trouble.

A tax invoice issued on January 1, 2014 and thereafter must also state these items.

1. Identifying whether the head office or the branch number of the VAT registrant issues the tax invoice.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the tax invoice for the head office or the branch number of a purchaser.

A debit note issued for a tax invoice issued on January 1, 2014 and thereafter must also state these items.

1. Identifying whether the head office or the branch number of the VAT registrant issues the debit note.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the debit note for the head office or the branch number of a purchaser.

A credit note issued for a tax invoice issued on January 1, 2014 and thereafter must also state these items.

1. Identifying whether the head office or the branch number of the VAT registrant issues the credit note.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the credit note for the head office or the branch number of a purchaser.

A VAT registrant must include these items in the input tax record.

1. Tax identification number of a seller of good or service.
2. Identifying whether the VAT registrant purchases from the head office or the branch number of a seller.

A VAT registrant must include these items in the output tax record.

1. Tax identification number of a buyer of good or service.
2. Identifying whether the VAT registrant sells the good or service to the head office or the branch number of a purchaser.

For more information, please contact our lawyers for consultation

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