

# NEWSLETTER

## Digital Tax Ecosystem: Thailand's Steps to Tax Compliance and Preventing Fraud

In pursuit of fully leveraging the Digital Tax Ecosystem by 2028, Thailand's Revenue Department has rolled out regulations related to digital systems. The latest development in this endeavor is the release of Notification No. 438 by the Director-General on Income Tax, focusing on Tax Returns Concerning Withholding Tax at Source for Individuals, dated September 21, 2023.

### This notification serves several pivotal objectives:

1. **Simplifying Taxation for Individuals:** The primary aim of this notification is to streamline the tax filing process for individual taxpayers. It enables them to conveniently access their income information through the "My Tax Account" platform while filing their personal income tax returns.
2. **Preventing Tax Refund Fraud:** A key focus of these regulations is to deter fraudulent claims for tax refunds by individuals.
3. **Combating False Expenses:** The notification also seeks to prevent juristic persons or individuals, from fabricating expenses, thereby ensuring the accuracy and integrity of financial reporting related to taxes.

Notification No. 438 outlines specific provisions that employers and payers are obligated to adhere to:

**Digital Filing Requirements:** Employers and payers are required to submit their withholding tax returns, specifically P.N.D. 1 and P.N.D. 1 Kor, exclusively through designated digital channels. These channels include e-filing, e-withholding tax, and other digital media channels i.e., SWC user interface program.

**Non-Digital Filing:** In situations where employers or payers encounter challenges in filing tax returns via digital channels, they are required to formally notify the Director-General in writing. This notification must include a comprehensive explanation of the obstacles preventing the use of digital channels for tax return submissions.

**Submission of Notification Letter:** The notification letter, explaining the incapability to file digitally, must be submitted alongside the tax return to the Revenue Officer at the Area Revenue branch office.

### Understanding P.N.D. 1 and P.N.D. 1 Kor:

- **P.N.D. 1:** Effective from the tax month of October 2023 onwards, employers shall file the monthly tax return for employees' income via digital systems on a monthly basis by the 15th day of the following month. It encompasses various income sources, including salary, wage, per diem, bonus, pension, and house rent allowance. Moreover, it also encompasses income derived from a post or performance of work paid to individuals, such as commissions, subsidies, and meeting allowances.
- **P.N.D. 1 Kor:** Effective from the tax year of 2023 onwards, this annual tax return is utilized to consolidate income from employment and income from a post or performance of work over the course of a year.

As Thailand continues its transition toward full digital integration in taxation, stakeholders are urged to remain vigilant and well-informed about these evolving regulations to ensure compliance with the law. For specific inquiries, please contact [law@ilct.co.th](mailto:law@ilct.co.th).