

NEWSLETTER

Personal Income Tax on foreign-sourced income brought into Thailand by Thai tax residents

The Revenue Department has recently announced changes to the taxation of foreign-sourced income brought into Thailand by Thai tax residents. Previously, Thai tax residents who earned income abroad would not be subject to personal income tax if the taxable income was not brought in within the same tax year that it was earned.

Effective from 1 January 2024 onwards, foreign-sourced income brought into Thailand in any tax year will therefrom be subject to Thai personal income tax. Additionally, personal income tax on foreign-sourced income shall be applied for the foreign-sourced income incurred from this date onwards. Simply put, this means that only income generated and brought into Thailand from the start of 2024 will be subject to Thai personal income. If the income was generated before 2024 and brought into Thailand in 2024, or later years, it will not be subject to Thai personal income tax.

Key Points of the Revenue Department Order:

A Thai tax resident is defined as an individual residing up to 180 days or more in Thailand within a tax year. Under the new regulations, Thai tax residents who earned foreign-sourced income in the same tax year are required to include foreign-sourced income in their Thai Personal Income Tax calculations in the tax year in which the taxable income was brought into Thailand.

This includes income from employment, foreign business activities, or foreign property ownership brought into Thailand in the tax year. The combined income, including foreign-sourced income, is subject to Thai Personal Income Tax at progressive rate of 0-35% of the net income.

Those who have experienced tax deductions or payments on their foreign-sourced income in another nation may have the opportunity to use these tax deductions or payments as tax credit against their Thai Personal Income Tax in Thailand or exemption, as the case may be. This option is available in accordance with the rules prescribed in the applicable Double Tax Treaties between Thailand and the respective foreign country.

These modifications represent a considerable transformation in the taxation of foreign-sourced income brought into Thailand, requiring thoughtful deliberation from individuals impacted by the updated regulations.

Seeking guidance from tax professionals is advisable to ensure proper compliance and tax optimization. Please reach out to law@ilct.co.th for any specific legal enquiries.