DIACRON

Thailand

Tax Highlights

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Introduction

“Siam” is the name by which the country was known to the world until 1939, when it was officially renamed to “Thailand”. The word “Thai” means “Free” and therefore “Thailand” means “Land of the Free.” It is the only South East Asian country never colonised. Bangkok has been the capital of the Kingdom since 1782.

Thailand is South East Asia’s second largest economy after Indonesia, it is bordered by Myanmar, Laos, Cambodia and Malaysia. Thailand is a warm and rather humid tropical country, with a monsoonal climate. It has a population of 71 million.

The form of government is a constitutional monarchy with a bicameral system comprising two Houses, the House of Representatives and the Senate. The head of state is the King and the head of government is the prime minister.

Thailand is one of the founding members of the ASEAN (Association of South East Asian Nations), comprising 10 Member States which have in place a Free Trade Area. In 2020 the ASEAN, together with Australia, China, Japan, New Zealand and South Korea, signed the RCEP (Regional Comprehensive Economic Partnership).

Thailand’s strategic position at the heart of the ASEAN mainland, combined with mature logistics infrastructure and a stable investment environment, makes it an increasingly preferred platform for multinationals seeking to serve the broader regional market.

Official currency is Thai Bath (THB).

Key facts

- Land area: 513,120 km^2
- Population: 71,801,279
- GDP growth (2024, BOT): 2.4%
- Economic structure (2024, NESDB/BOT): Services (40%); Agriculture (9%); Trade (16%); Manufacturing (30%); Real Estate (5%)
- Headline inflation (2025, BOT): -0.1%
- Net FDI inflows: USD 18.84 billion (2023)
- Unemployment rate (2025, BOT): 0.82%
- Minimum daily wage in 2026: THB 337-400, depending on the location
- Religion: Buddhism (94%); Islam (4.5%); other (1.5%)
- Calendar: Buddhist, 543 years ahead of the Gregorian calendar
- 12th largest automotive producer in the world and the largest in South East Asia
- 2nd largest producer of Hard Disk Drive (HDD) in the world
- 2nd largest producer of optical lenses in the world
- 5th largest producer of biodiesel in the world and the largest in South East Asia

1. Corporate Law and Tax system

Thailand's legal system is based on the civil law but have been influenced by common law.

The primary source of corporate law for private limited companies is the Civil and Commercial Code (CCC) and the Public Limited Companies Act for public limited companies (both listed and non-listed). The Foreign Business Act (1999) regulates the activities in which foreign companies may engage in.

The Department of Business Development (DBD) is the competent agency for enforcing above acts, within which the Bureau of Business Registration is responsible for registering the company incorporation and following amendments, the Bureau of Business Information is responsible for receiving companies' annual financial statements, and the Bureau of Foreign Business Administration is responsible for issuing foreign business licences and certificates.

The principal tax law in Thailand is the Revenue Code. Other tax laws include the Customs Act, the Excise Act and the Petroleum Income Tax Act.

The Revenue Department of the Ministry of Finance is responsible for the administration of personal income tax, corporate income tax, value added tax, specific business tax, and stamp duties. The administration of customs duties and excise tax is respectively the responsibility of the Customs Department and the Excise Department within the Ministry of Finance.

1.1 Company set up in Thailand

The most common for a foreign operator to set up a permanent establishment in Thailand is setting up a limited liability company. It must have at least 1 director and 2 promoters/shareholders.

Foreigners can hold 100% shares of a company in Thailand, provided they obtain a Foreign Business License, with the exception of the business activities reserved to Thai citizens as regulated in the Foreign Business Act.

Manufacturing and service activities with the transfer of technology can generally obtain full foreign ownership, including trading activities involving own goods with a technological component, along with retail and wholesale activities, despite the high capitalization requirements of these last ones.

Foreign operators can also opt for registering a branch office, suitable for projects with a limited time frame, or a representative office, indicated for business development, sourcing goods and services, distribution of information on goods and services of the foreign head office, quality control and information services on local market on behalf of the foreign head office.

Special provisions apply in case of setting up a BOI company (*see section 5. Foreign Business Promotion*).

2. Direct taxes

2.1 Taxes on legal entities

2.1.1. Corporate Income Tax

A company or a registered partnership incorporated under Thai law is considered as a resident company and be subject to 20% Corporate Income Tax (CIT) rate. SMEs with registered paid-up capital up to 5 million THB and annual net profits not exceeding 3 million THB, are subject to a 15% CIT.

The CIT must be filed and paid twice each year. The half-year CIT return is due within 2 months after the end of the first semester of the current accounting period. The annual CIT return must be filed within 150 days of the accounting period's closing date, e.g. if a company's accounting period ends on December 31, it must file its income tax return along with the audited financial statements and pay any tax due by May 30 of the following year.

Losses may be carried forward to offset against the profits of the following 5 accounting periods.

2.1.2. Withholding tax

Local legislation mandates withholding tax on payments from resident companies to non-resident companies deriving income from Thailand. The specific rates are outlined in the table below:

Category	Rate
Dividends	10%

Business profits	10%
Interests	15%
Royalties	15%
Management fees, technical fees	15%

Payments to domestic companies are also subject to withholding tax, which varies based on the type of income and the tax status of the local supplier. The main income categories and their respective withholding tax rates are detailed in the following table:

Category	Rate
Service and professional fees	3%
Rent	5%
Advertising	2%
Interests	1%
Dividends	10%
Royalties	3%

2.2. Taxes on individuals

2.2.1. Personal Income Tax

Residents are individuals residing in Thailand for an aggregate period of 180 days or more within a calendar year. They must apply for a Personal Income Tax (PIT) ID and are taxed on their assessable income earned from employment or business activities conducted in Thailand, as well as on the portion of income from foreign sources that is brought into Thailand. The tax rates are progressive, as outlined below:

Net income (THB)	PIT rate (%)
0 to 150,000	Exempt
150,001 to 300,000	5
300,001 to 500,000	10
500,001 to 750,000	15
750,001 to 1,000,000	20
1,000,001 to 2,000,000	25
2,000,001 to 5,000,000	30
Over 5,000,000	35

Filing and payment deadline of Personal Income Tax is 31 March following the tax year-end.

2.2.2. Social Security

If a company employs at least one person, it must register with the Social Security Office under the Social Security Act. Every employee must be registered within 30 days of their start date. Both the employer and the employee are required to contribute 5% of the employee's monthly salary to the Social Security Fund, with each contribution capped at a maximum of THB 875 per month. The employer is responsible for deducting the employee's contribution at the source and must remit both the employer's and the employee's contributions to the Social Security Fund by the 15th of the month following the salary payment.

3. Indirect taxes

3.1. Value Added Tax

Value added tax (VAT) is a consumption tax levied on goods and services supplied or consumed in the country, imposed on the value added of each stage of production and distribution.

Current VAT rate is 7%, but certain activities are liable at the rate of 0% and some are exempted.

VAT registration is compulsory within 30 days after a company's annual turnover reaches THB 1.8 million.

3.2. Stamp duty

Most documents are subject to stamp duty with fixed rates ranging from THB 1 to THB 200, expect loans and mortgage agreements which are subject to stamp duty at the rate of THB 1 for every THB 2,000 of the loan amount.

Stamp duty on the transfer of shares is payable at the rate of 0.1% of the transfer value.

3.3. Custom duty

Most tariffs are ad valorem ranging from 0% to 80% and a weighted average of 5.1% (AHS).

3.4. Excise tax

Excise tax is imposed on a number of commodities, whether they are manufactured locally or imported.

3.5. Other Taxes

Land and building tax

Land and buildings tax is a new type of tax that came into effect on 1 January 2020, imposed on owners of houses not occupied by the owner and on owners of industrial and commercial buildings.

Specific business tax

Specific business tax (SBT) is generally levied on the gross receipts of certain businesses not subject to VAT, such as commercial banking (3%) and life insurance (2.5%).

4. Corporate Compliance

All companies in Thailand must prepare and submit financial statements in Thai language to the Ministry of Commerce annually according to their assigned accounting period.

The CIT must be filed and paid twice a year: the half year CIT return is due within 2 months after the end of the first 6 months of the accounting period, while the annual CIT return must be filed within 150 days from the closing date of the accounting period.

Additionally, companies have other monthly obligations, including the preparation, submission and payment of VAT (once the company is VAT registered) and withholding tax (WHT) for payments made to employees and service providers. The WHT deducted must be paid to the Revenue Department by the 7th of the following month, while VAT returns are due by the 15th of each month. An extra week is granted for online filings.

Companies must also submit and pay Social Security contributions monthly to the Social Security Office by the 15th of the month following salary payments.

Annual transfer pricing reporting is mandatory for entities with total annual revenues of 200 million THB or more.

Furthermore, every company is required to hold an Annual General Meeting, within 4 months of the end of the fiscal year. Every company must also submit its audited financial statements along with updated info of its directors and shareholders to the Ministry of Commerce annually.

5. Foreign Investment Promotion

Thai Board of Investment (BOI) is a governmental agency under the Office of the Prime Minister. It is responsible to promote direct investments and grant tax and non-tax incentives to both foreign and Thai investors who engage in business activities that enhance national R&D and advanced manufacturing capacities, and overall competitiveness. Depending on how the BOI classifies investor activities and project location, incentives include tax holidays of up to 13 years and exemption from import duty for machinery and raw materials to be used in the project, in addition to non-tax incentives, namely obtaing foreign business certificate, foreign ownership of land and special visas for foreign technicians and experts.

Priority activities attracting the highest incentive tiers include advanced manufacturing (automotive components, electronics, medical devices), digital and data infrastructure, biotechnology and green/renewable energy.

Other Foreign Investment Promotion incentives are granted to projects located in the Industrial Estates, the Special Economic Zones and in the Eastern Economic Corridor (EEC), an ASEAN-leading economic zone for industrial, infrastructure, and urban development across the provinces of Chonburi, Rayong and Chachoengsao, developed around the following thematic/territorial projects: EECg - Genomics, EECd - Digital Park, EECmh - Medical Hub, EECh - High Speed Rail Ribbon Sprawl, EECi - Innovation, EECt - Tech Park Ban Chang, EECe - Eastern Airport City and Smart City.

6. Double Taxation Treaties

Thailand has bilateral taxation treaties with several countries to prevent a person from paying taxes in two countries on the same source of income during the same period.

Below the list of Thailand's counterparts in these deals:

Armenia, Australia, Austria, Bahrain, Bangladesh, Belarus, Belgium, Bulgaria, Cambodia, Canada, Chile, China, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hong Kong (China), Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kuwait, Laos, Luxembourg, Malaysia, Mauritius, Myanmar, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Romania, Russia, Seychelles, Singapore, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Taipei (China), Tajikistan, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Vietnam.

7. Thailand in the Regional Context

Thailand's tax and regulatory framework does not exist in isolation. For companies evaluating South-East Asia as a destination for investment, manufacturing or service activities, the choice of jurisdiction involves trade-offs across corporate taxation, indirect taxes, labour costs and ease of compliance.

The table below provides a snapshot comparison of the five main ASEAN economies.

	Thailand	*Vietnam*	*Indonesia*	*Malaysia*	*Singapore*
CIT (%)	20	20	22	24	17
VAT/Sales Tax (%)	7	10 (8)	11	5-10 (SST)	9 (GST)
WHT on dividends (%)	10	0	20	0	0
PIT top rate	35	35	35	30	24
CIT filing deadline	150 days	90 days	4 months	7 months	11 months
Min statutory wage (USD/month)*	254	205	320	328	NA

* ILO, 2024

Thailand stands out in the regional landscape for the stability and predictability of its fiscal framework and a compliance environment that remains relatively straightforward compared to the more complex regulatory realities of Vietnam and Indonesia. Beyond taxation, Bangkok is consistently recognized as one of the most accessible and cost-effective cities in the region for international business operations and expatriate deployment.

8. Our Services

Accounting services

We support the foreign accounting division of the client by analyzing and optimizing the local processes on the basis of local regulations, potential risk areas, reference industry and through periodic company site visits. We offer accounting outsourcing services customized to the specific needs of the client

Tax Services

We offer consulting services in domestic and international taxation, assisting clients that deal with different jurisdictions, guiding them in planning and complying with their local tax requirements and in cross-border transactions

Corporate services

We offer our own experience and competence to clients that start an internationalization project or a corporate reorganization abroad, in the market entry, in the establishment process, in local regulatory compliance and administrative support, leveraging our know-how and our strategic partnerships consolidated over time

8.1. Our services in Thailand

Accounting services

- Accounting system setup and implementation
- Accounting Outsourcing
- Customized Financial Reporting
- Financial Review
- Payroll Processing Services
- Treasury Services
- Financial Due Diligence

Tax services

- Tax Advisory
- VAT registration
- SSO registration
- Tax return filing
- BOI annual reporting compliance

Corporate services

- Company formation services and corporate reorganization
- Corporate secretarial & admin services
- Expat services, visas and work permits
- Quality Control services

Advisory services

- Market entry and feasibility studies in Thailand
- Advisory on local regulations
- Coordination of multi-jurisdiction operations in South East Asia

9. Strengths

Global Presence, Local Focus

7	Partner
12	Countries where we are present
15	Locations
100+	Employees
500+	Continuous customers worldwide

Why Diacron?

- Team of professionals with depth knowledge of tax systems and corporate regulations, both local and international
- Presence of staff who speak English and local language in all offices
- Consolidated collaborations with local partners
- International strategic presence

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