

# Luther.

## Memo: Accounting and Tax Compliance in Thailand

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## A. Introduction



**Financial records must accurately reflect a company's financial position, and it is important for businesses operating in Thailand to comply with the accounting standards prescribed by the Thai Accounting Act, the Thai Financial Reporting Standards, and other applicable regulatory requirements.**

We offer the full range of accounting, tax, and payroll-related services, allowing our clients to focus on their core operations and expand their presence in Thailand. We are available to support clients at any stage of their business lifecycle, whether from the date of incorporation or later during the course of operations.

Our team of certified public accountants (CPAs) and tax consultants, who are experts in Thai accounting standards and in Thai tax laws, will maintain your financial records and tax filings in full compliance with all applicable laws, rules, and regulations.

In this publication, we offer a detailed overview of the accounting obligations, associated tax filing requirements as well as transfer pricing documentations in Thailand.

# B. Accounting

## 1. Thai Accounting Standards

Thailand has adopted all effective International Financial Reporting Standards (IFRS Accounting Standards), including IAS Standards, IFRIC Interpretations and SIC Interpretations, known as Thai Financial Reporting Standards (TFRS Standards). The TFRS Standards are translations of the IFRS Accounting Standards with an effective date one year after the effective date of the IFRS Accounting Standards with early application permitted – except for IFRS 17 which will take effect on 1 January 2025 with early adoption permitted.

The TFRS is a set of rules to be applied in the preparation and presentation of financial statements of publicly accountable entities. For non-publicly accountable entities (NPAEs), the TFRS for NPAEs will be applied. However, NPAEs may elect to apply the TFRS.

Small- and medium-sized enterprises (SMEs) may apply TFRS or TFRS for NPAEs.

The TFRS and TFRS for NPAEs are based on the International Financial Reporting Standards (IFRS).

Foreign entities are permitted to apply the IFRS Standards.

A non-publicly accountable entity is an entity that does not have any of the following:

- An entity that has equity instruments or bonds that are traded on a public market (a domestic or foreign stock exchange or an over-the-counter market) or an entity that is in the process of issuing securities;
- An entity whose principal business is to hold assets in a fiduciary capacity for a broad group of outsiders, such as financial institutions, insurance companies, securities companies and mutual funds;
- Listed companies; and
- Other entities that may be specified in the future.

## 2. General Accounting Compliance Requirements

By default, the financial year end for companies registered in Thailand is 31 December.

The accounting period is 12 months, but a newly incorporated company, a company in the year of liquidation or a company that has changed its accounting method may have an accounting period of less than 12 months.

Companies may change their accounting period. To do so, the company must submit an application and receive written approval from the Director General of the Thai Revenue Department.

The accounts of a company must be prepared in accordance with the Thai Accounting Standards formulated by the Institute of Certified Accountants and Auditors of Thailand and should give a true and fair view of the company's expenses and assets.

The balance sheet, profit and loss account and cash flow statement (i.e., a company's financial statements), which show a company's assets and liabilities, its income and expenses, and its cash flows from operating, investing, and financing activities, must be prepared and filed at the end of each period.

The accounts and other relevant company documents must be kept at the company's registered address for at least five years from the date of their closing (depending on the company's business activity, this may be extended to seven years by the Thai Revenue Department.)

The financial statements, books and documents must be kept in Thai, or in a foreign language accompanied by a Thai translation, written in ink, typewritten or printed. Companies can choose to keep their books on a monthly basis or they can prepare their books and necessary reports once a year at the end of the financial year.

## 3. Financial Statements

Financial statements are written records that convey the business activities and financial performance of an enterprise.

Financial statements are often audited by government agencies, accountants, companies, etc. to ensure accuracy and for tax, financing, or investment purposes.

## 4. Annual Audit

All companies, whether listed or not, are required to prepare financial statements at the end of the financial year, which must be audited and certified by an independent auditor.

The auditor must give an opinion on the financial statements, as the auditor's opinion is required when the financial statements and tax returns are filed.

## C. Tax Filings

For private and public limited companies, the board of directors must convene the annual general meeting to approve the audited documents within four months of the end of the financial year. The approved documents, together with supporting documents, including the list of shareholders, must be submitted to the Revenue Department and the Commercial Registrar within one month of the shareholders' meeting. Failure to comply may result in a fine of up to THB 200,000.

Joint stock companies must also publish the balance sheet in a newspaper for at least one day within one month after it has been approved at the general meeting.

A foreign company (branch, representative office or regional office) must submit a copy of the financial statements to the Department of Business Development ("DBD") of the Ministry of Commerce no later than 150 days after the end of the financial year.

### 5. Annual Reports

Both private and public limited companies must submit the following documents at the end of each accounting period:

- Audited financial statement;
- Balance sheet;
- Company name;
- Detail of directors;
- List of shareholders;
- Minutes of the annual meeting;
- Profit and loss accounts; and
- Type of business.

The documents must be prepared in Thai.

Foreign companies may prepare their documents in a foreign language, but a Thai translation must be attached.

Unless exempted, any company, whether it is profit generating or not, is subject to certain tax filing obligations.

#### 1. Taxpayer Identification Number

Once the incorporation of the company with the DBD is completed, the registration number issued by the DBD is automatically linked to the Revenue Department's tax filing system – a separate application is not required.

#### 2. Corporate Income Tax

The standard Corporate Income Tax (CIT) rate in Thailand is typically 20%. However, SMEs with paid-up capital not exceeding THB 5 million and total income not exceeding THB 30 million in the previous accounting period may be eligible for an exempt or reduced tax rate, potentially as low as 15%.

Companies are required to file tax return (Form PND 50) within 150 days from the closing date of their accounting periods. Tax payment must be submitted together with the tax returns. Any company that remits profits out of Thailand is required to pay withholding tax at a rate of 10%. This tax must be paid within seven days from the end of the month in which the profit is remitted, using the withholding tax return (Form PND 54).

In addition to the annual tax payment, a company is required to make a half-year tax prepayment by submitting the half-year tax return (Form PND 51). The company must estimate its annual net profit and corresponding tax liability, and pay half of the estimated tax amount within two months after the end of the first half of its accounting period. This prepaid tax is creditable against the company's annual tax liability.

As regards to income paid to foreign company not carrying on business in Thailand, the foreign company is subject to a 15% tax rate at maximum in which the payer shall withhold tax at source at the time of payment. The payer must file the return (Form PND 54) and make the payment to the Revenue Department within seven days of the following month in which the payment is made.

## 3. Value Added Tax

### Registration

Companies that have turnover in excess of THB 1.8 million must register for Value Added Tax (VAT) with the Revenue Department within 30 days from the date of exceeding this annual threshold. All documents associated with the registration of the company's VAT certificate and the tax ID must be submitted to the relevant Revenue Office where the company's registered office is located.

Alternatively, the company may apply for the VAT certificate online through the Revenue Department's website. Supporting documents will be requested during the location inspection as part of the online registration process.

### VAT Return

VAT is typically levied on sales and service transactions conducted within Thailand. The applicable rates are 7%, 0%, or exempt, depending on the nature of the activity in question.

Once a VAT certificate has been obtained, the registrant is required to submit a monthly VAT return (Form PP 30) by the fifteenth day of the subsequent month. This is to be done in accordance with the VAT liability that has arisen in the preceding month. The amount of VAT payable is calculated by deducting input VAT (from purchases) from output VAT (from sales).

In addition, in the case of a non-VAT registrant that is a foreign company temporarily conducting business in Thailand or providing services overseas that are used in Thailand, the payer of income is required to withhold and pay VAT on behalf of the non-VAT registrant. The VAT remittance must be made by submitting the VAT return (Form PP 36) within seven days after the end of the month in which the payment is made.

## 4. Withholding Tax

Withholding Tax (WHT) is the deduction of tax from payments made to suppliers who provide a service. The WHT rates can vary between 1% up to 15%, depending on the type of income and the status of the resident. Expenses that require the deduction of WHT are expenses of more than THB 1,000 or those less than THB 1,000 in the case that a long-term contract is in place (i.e., telephone or internet bills).

Companies that withhold tax on behalf of other companies or individuals are required to submit the WHT return (Form PND 3 or PND 53 for Thai income recipients, and Form PND 54 for non-Thai income recipients) to the Revenue Department within the first seven days of the month following the month in which the payment was made.

## 5. Specific Business Tax

The Specific Business Tax (SBT) is an indirect tax that was introduced to replace the former business tax. It is imposed on companies that are engaged in activities that are excluded from VAT. These activities include, but are not limited to, banking, finance, insurance, and the sale of immovable properties. The SBT rate varies between 0.1% and 3%, depending on the activity.

# D. Tax Forms

## 1. Corporate Income Tax

Form	Purpose
PND 50	An annual CIT return form for companies or juristic partnerships. It must be submitted to the Revenue Department within 150 days of the end of the accounting period.
PND 51	This form must be completed by companies or juristic partnerships in order to submit a mid-year CIT return to the Revenue Department. The deadline for submission is two months after the midpoint of the accounting period.

## 2. Withholding Tax

Form	Purpose
PND 1	A tax return filled when the company withholds tax from employees' salaries. It must be submitted within seven days of the following month.
PND 1 Kor	A tax return providing a summary of all employees' salaries and taxes paid throughout the year. It must be submitted within the end of the February in the following year.
PND 2	A tax return used for withholding tax on dividends paid to shareholders, or royalties payments. It must be submitted within seven days of the following month.
PND 3 & PND 53	A tax return filed when the company withholds tax on the local payments for services, rentals, freelance work, transportation, advertising services. The returns must be submitted within seven days of the following month.
PND 54	A tax return used when a company withholds tax from payments to a non - tax resident who receives income such as commissions, fees, goodwill, dividends, profit shares, royalties from Thailand.

## 3. Value Added Tax

Form	Purpose
PP 30	A monthly VAT return. The form must be submitted within 15 days of the following month.
PP 36	A VAT return form for the payment made to overseas non-VAT registrant. It must be submitted within seven days of the following month.

## 4. Specific Business Tax

Form	Purpose
PP 40	A monthly SBT return. The form must be submitted within 15 days of the following month.

## E. Transfer Pricing

Taxpayers who are deemed to be related parties, and who have an total annual revenue of at least **THB 200 million**, are mandatorily required to prepare and file:

- An annual transfer pricing disclosure form, together with their annual corporate income tax return. This form requires taxpayers to disclose relationships with all related parties and the total value of related-party transactions during the accounting period, and
- An annual Thailand transfer pricing local file report (including benchmarking study), in Thai, for each financial year, where the total annual revenue reached the THB 200 million threshold.

Taxpayers that fail to submit the transfer pricing disclosure form or transfer pricing documentation by the due date, or that submit the form or documentation with incorrect or incomplete information, are subject to a fine of up to THB 200,000.

The Revenue Department's tax auditors are granted the authority to request transfer pricing documentation from taxpayers within five years of the transfer pricing disclosure form being filed. Taxpayers must submit their transfer pricing documentation within 60 days of receiving notice to do so from the Revenue Department.

## F. Our Services

We offer the full range of accounting, tax, payroll and transfer pricing related services to businesses in Thailand.

We offer flexible accounting packages tailored to the specific needs of our clients. Costs depend on the size and nature of the client's business, the volume of monthly turnover and the number of transactions to be recorded each month.

We would further be happy to assist with general compliance matters, such as: accounting, tax, payroll, transfer pricing, corporate secretarial services, as well as all kinds of legal and tax advisory services.

We hope we can be of assistance to. Should you have any questions, please do not hesitate to contact us.

# Luther in Asia

## Expertise

Our office works closely together with the other Luther offices in Asia and Europe. We take a holistic approach, dealing with Asia-wide compliance issues, assisting with the creation of international holding structures and ensuring tax-efficient repatriation of profits.

We provide the complete range of legal and tax advice to clients doing business in and from Asia. To offer a seamless service, we have teams in Europe as well as in Asia, led by partners with many years of experience on both continents. That way, we can immediately answer questions concerning investment decisions and provide our clients with an accurate assessment of the particularities of their projects, no matter where they are located.

Our lawyers unite substantial practical knowledge in important legal areas and cover the entire spectrum of law in Asia and beyond. We support foreign investors in the assessment of location and investment criteria, the structuring of investment projects, acquisitions and joint ventures. Finding and implementing solutions for sensitive areas like technology transfer and know-how protection also form part of our work. Alongside our clients we negotiate with future partners and local authorities and ensure the enforcement of their rights, in and out of court as well as in arbitration proceedings.

The services of our lawyers are complemented by our accountants, HR professionals and tax consultants offering all the services one would necessarily associate with a “one-stop shop” concept, from outsourced administration to accounting, payroll and tax compliance. Additionally, we provide corporate secretarial services, especially in Asian “common law” countries.

Collectively, our lawyers, tax consultants and professionals combine the competence and experience necessary to comprehensively assist comprehensively on all business matters in Asia. Our tax experts advise on individual and corporate tax compliance as well as on withholding tax issues, on Double Taxation Agreements and on complex international tax structures. Our accountants and professionals carry out the time-consuming administrative tasks of accounting and payroll functions a business must undertake, allowing our clients to concentrate on growing their business.

## Singapore

Singapore is a leading international trade and financial hub. As such, it serves as Asian headquarters for many international companies operating within the Asia-Pacific region.

With a staff strength of more than 90, Luther is by far the largest continental European law firm in Singapore. More than 26 lawyers from Singapore, Germany, France and other jurisdictions cover the full range of corporate and commercial legal work as well as the structuring of investments within South and South East Asia.

Our team is supported by excellent local Singaporean lawyers, notary publics, tax advisors, accountants, corporate secretaries and other professionals.

## Shanghai

Shanghai is the main hub for doing business in China, and with a team of more than 20 international lawyers, Luther is the largest German-speaking law firm in the city. Our China team consists of German and Chinese legal experts most of whom have over a decade of experience in developing and entering the Chinese market.

Luther Shanghai is fully authorised to offer legal services including litigation and provides advice on all questions of Chinese law. Our legal team is supported by Chinese tax advisors, accountants, corporate secretaries and other professionals.

## Region

Our two principal Asian offices in Singapore and Shanghai are complemented by offices and teams in Yangon (Myanmar), Bangkok (Thailand), Delhi-Gurugram (India), Ho Chi Minh City (Vietnam), Kuala Lumpur (Malaysia) and Jakarta (Indonesia).

This network of Luther offices is further strengthened by the long-established business relationships that we have successfully developed both locally and with our regional partners in Australia, Hong Kong, Japan, New Zealand, the Philippines and South Korea.

# Hits the mark. Luther.

Luther Rechtsanwaltsgesellschaft mbH is one of the leading corporate law firms in Germany. With some 420 lawyers and tax advisors, we can advise you in all fields of German and international corporate law. In addition to having offices in every economic centre throughout Germany, we are also present in 11 locations abroad: in Brussels, London and Luxembourg in Europe, and in Bangkok, Delhi-Gurugram, Ho Chi Minh City, Jakarta, Kuala Lumpur, Shanghai, Singapore and Yangon in Asia.

Our advisory services are tailored to our clients' corporate goals. We take a creative, dedicated approach to achieving the best possible economic outcome for each of our clients. The name "Luther" stands for expertise and commitment. With a passion for our profession, we dedicate all our efforts to solving your issues, always providing the best possible solution for our clients. Not too much and not too little – we always hit the mark.

We know how crucial it is to use resources efficiently and to plan ahead. We always have an eye on the economic impact of our advice. This is true in the case of strategic consulting as well as in legal disputes. We have complex projects on our agenda every day. At Luther, experienced and highly specialised advisors cooperate closely in order to offer our clients the best possible service. Thanks to our fast and efficient communication, permanent availability and flexibility, we are there for you whenever you need us.

Luther has been named "Law Firm of the Year: Germany 2024" by The Lawyer, one of the most well-known legal magazines worldwide.



## About unyer

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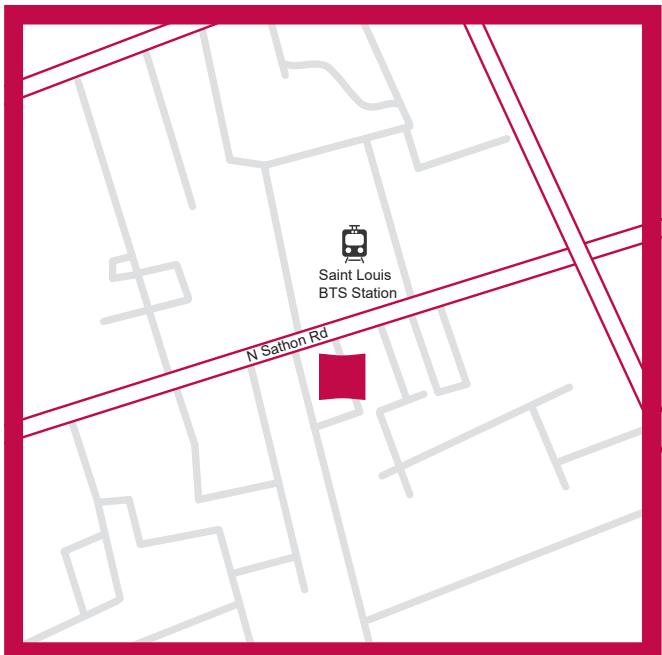
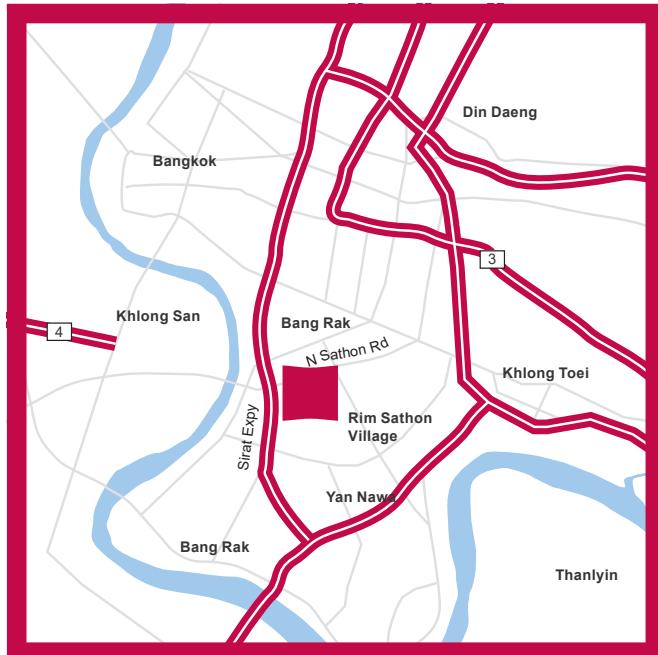
# Our Locations

Our and our local partners' offices in important European and Asian markets



The shown locations are either Luther legal or corporate services offices and/or offices of our local cooperation partners.

# Our Office in Bangkok



## Our office in Bangkok

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**For reasons of better legibility, the simultaneous use of gender-specific language forms is dispensed with.**

Corresponding terms apply in principle to all genders in the sense of equal treatment. The abbreviated form of language has only editorial reasons and does not imply any valuation.

#### **Disclaimer**

Although every effort has been made to offer current and correct information, this publication has been prepared to provide information on recent regulatory and legal developments in Thailand only. It is not exhaustive and thus does not cover all topics with which it deals. It will not be updated and cannot substitute individual legal and/or tax advice. This publication is distributed with the understanding that Luther, the editors and authors cannot be held responsible for the results of any actions taken on the basis of information contained herein or omitted, nor for any errors or omissions in this regard.

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