

# **Employment and Taxes**

presented by

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## Employment and taxes

Labour Protection Act

Labour Relation Act

Act on Establishment of Labour Court and Court Proceedings

Social Security Act

Working Compensation Act

Act for Promotion of Disabled people

Provident Fund Act

Copyright Act and employee

Revenue Code

Tax principles on individual

- Source principle
- Resident principle

Residence

- Resident and non-resident
- A resident of Thailand must reside in Thailand for at least 180 days in any tax year

Employment income

- Salary, bonus, any financial assistance
- Property
- Fringe benefits
- Tax paid for an individual
- Tax credit

Exemptions of taxable income include

- Per diem or transport expenses that an employee spends honestly, necessarily, exclusively and wholly in carrying out duties of the employee;
- Income derived from maintenances and support under moral purposes or from inheritance, or gift received in a ceremony or on occasions in accordance with custom and tradition.

#### Expense deductible

- Annual expense of an individual of 50% of the annual income which shall not exceed Baht 100,000 per annum

#### Allowances include

- Personal allowance of a taxpayer of not more than Baht 60,000 per annum
- Personal allowance of a spouse of a taxpayer of not more than Baht 60,000 per annum
- Personal allowance of a legitimate child of a taxpayer of not more than Baht 30,000 per annum
- Payment for a life insurance premium of not more than Baht 100,000 per annum provided that an insurance policy must be made for at least a period of 10 years with an insurance company operating in Thailand
- Expense deductible for payment for purchase of provident fund at 15% of the total annual income which shall not exceed Baht 500,000 per annum
- Expense for payment for purchase of retirement fund at 15% of the total annual income which shall not exceed Baht 100,000 per annum (together with provident fund)
- Expense deductible for payment for purchase of provident fund at 15% of the total annual income which shall not exceed Baht 500,000 per annum (together with retirement fund)
- Expense deductible for payment for purchase of long term equity fund at 15% of the total annual income which shall not exceed Baht 500,000 per annum
- Donations of not more than 10% of the assessable income after deduction of personal expense and other allowances to hospitals, education institutions and public organizations

#### Normal Employees

#### Outsourced employee

#### Payment in lieu of an advance written notice of termination of employment

#### Severance pay

#### Payment for special damage

#### Employee with secondment

#### An employee of a company of country 1 works in country 2

#### Issues

- A resident and a non-resident
- Employment and hire of work
- Employment and professional service
- Employment income and hire of work income
- Employee and consultant

- Employee and director
- Primary employee and secondment employee
- Individual and group of persons
- Employee, professional , business operator
- Employee salary and director fee
- Employee , consultant and value added tax
- Travel expenses wholly paid
- A person working in 1 country but travelling to 8 countries in 1 year
- Reward to an employee
- Compensation payment for injury
- New year gift to an employee
- Company seminar and travel
- One time payment to an employee after termination of employment contract
- Travel allowance
- Shares
- Share option
- Warrants - issue price and exercise price
- Copyright , employee and contractor
- International business centre - personal income tax of a foreign employee

#### DTA

##### Resident

- Permanent home
- Centre of vital interest
- a national
- mutual agreement

##### Business profits

- sale
- service

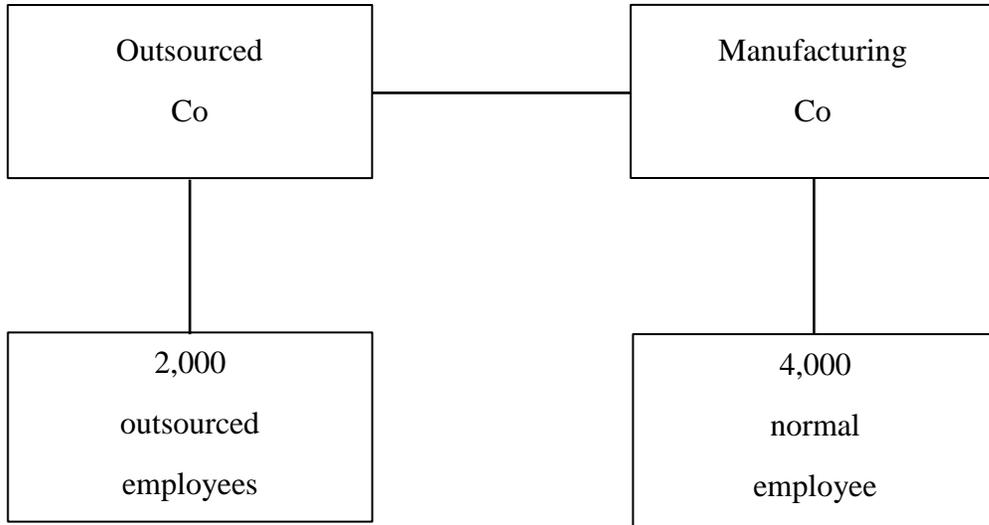
##### Permanent establishment

- asset PE
- activity PE
- agent PE

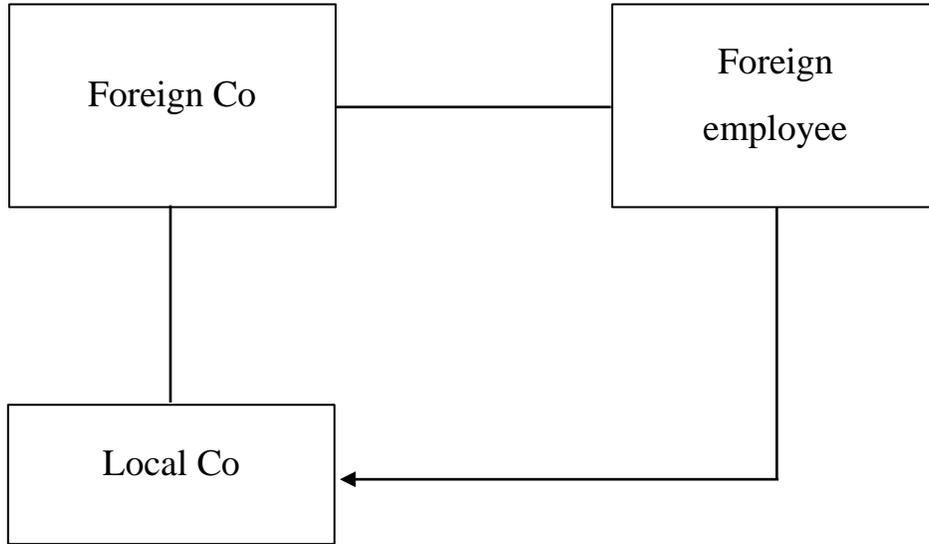
##### Dependent Personal services

- not more than 180 days in any twelve-month period
- remuneration not paid by a resident of the source state
- remuneration not borne by a PE of a resident of the source state

**Chart on normal employees and outsourced employeee**



**Chart on local Co, Foreign Co and Foreign employee**



**Thank you very much  
for your kind attention**

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