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Revenue Department issued Director-General's Notification No. 457 Prescribing Regulation regarding the Appointment of Withholding Tax Agent

Thailand's Revenue Department has introduced a significant administrative change through Director-General's Notification No. 457 (Notification No.457), aiming to streamline the withholding tax process. This notification, issued under Section 50 bis of the Revenue Code, lays out the framework for appointing an agent to handle income tax withholding and remittance on behalf of income payers.

The primary goal of this new regulation is to simplify compliance for scenarios where multiple payers make payments to the same juristic person payee. Under the authority granted by Section 50 bis, paragraph 3, which empowers the Director-General to exempt the issuance of a withholding tax certificate when it deemed appropriate.

Under this Notification No. 457, the appointment of an agent to withhold and remit income tax on behalf of a payer of income shall be subject to the following conditions:

1. There must be a written agreement expressly stating that the income payer agrees to appoint the payee, being a juristic person subject to withholding tax, as its agent to withhold income tax, file tax returns, and remit the tax via the Revenue Department's electronic system
2. The agreement must clearly specify the commencement and termination dates of the agency appointment, including the scope of the authority granted to the agent.
3. The agency agreement must be subject to stamp duty in monetary form paid via the Revenue Department's electronic system, using Form Or. Sor. 9.
4. Both the income payer and the appointed agent must retain the agency agreement and all relevant supporting documentation at their respective head offices, so that such documents are available for inspection by the competent officers upon request.

To become a withholding tax agent, a juristic person must first register and agree to the terms through one of the Revenue Department's designated electronic systems, such as e-Filing, WHT Software Component (SWC), or WHT Services System (SVS). This electronic registration is a mandatory first step before undertaking any agent duties.

Once approved, the appointed agent (the payee) takes on several key responsibilities. Primarily, they must file the P.N.D. 53 withholding tax return electronically on behalf of the income payer. Additionally, the agent is required to include a specific notation on all receipts or tax invoices issued to the income payer. This notation, whether on paper or e-Tax Invoice/e-Receipts, must state that tax has been withheld at a certain rate and amount on behalf of the payer, and that the agent will remit this tax via the Revenue Department's electronic system by the 15th day of the following month.

Notification No. 457 allows for a crucial change and clarification on withholding tax agent transaction. Instead of each individual payer handling the payer own withholding tax obligations, the payee (if a juristic person) may be appointed as an agent to perform these duties and remit the tax electronically to the Revenue Department. This centralized approach promises to reduce the administrative burden on income payers and improve the overall efficiency of tax collection. It shall be noted that the Notification No. 457 will be implemented for payment subject to withholding tax made from 1 July 2025 onwards.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com