Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

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Notification Clarifies Incentives for Returning Thai Nationals

The Royal Decree on tax incentives provides two main incentives. First, eligible employees are entitled to pay a flat personal income tax rate of 17% on qualifying employment income, significantly lower than Thailand's progressive tax rates. Second, employers hiring these returning nationals are entitled to a 150% corporate income tax deduction on the associated salary costs. Together, these measures are designed to make Thailand more competitive in attracting skilled professionals back to the country.

The Notification of the Director-General of the Revenue Department introduces compliance obligations to operationalize the incentives. Thai nationals seeking the reduced 17% personal income tax rate must submit their annual return, clearly identifying the eligible income, and retain supporting evidence of their educational qualifications and overseas work experience. Employers, meanwhile, must notify the Revenue Department by submitting the prescribed form before making the first salary payment to the employee, ensuring transparency and oversight in granting the 150% deduction. Failure to comply with these procedural requirements could result in disqualification from the incentive regime.

By combining reduced personal tax burdens with enhanced corporate deductions, Thailand's new framework aims to both incentivize repatriation of skilled Thai talent and reward employers who participate in the program. However, both employees and companies should pay close attention to the detailed filing and documentation requirements to ensure that the incentives are validly claimed and sustained in practice.

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