Daily Thai News Summary: 20 July 2015

1. Personal income tax reduction for the non-Thai employees

Source: **The Nation** (Link)

One of the most attractive tax benefits under the recently issued International Headquarters (IHQ) is the reduction of Thai personal income tax for non-Thai employees working at an IHQ.

Under Royal Decree No 586, non-Thai employees who meet the qualifications will have the withholding tax on their gross employment income derived from IHQ reduced to 15 per cent. Non-Thai employees who qualify for the reduced tax of 15 per cent of gross income can then choose to treat the 15 per cent withholding tax as a final tax payment on such employment income. An individual who earns employment income is generally subject to Thai personal income tax at a progressive tax rate from zero to 35 per cent on net income after deduction of standard expenses not exceeding Bt60,000 and qualified allowance deductions.

If the effective tax rate (total tax divided by gross income) of an individual is higher than the 15 per cent withholding tax, an employee would end up with additional tax payable on employment income. In this regard, it would be more beneficial to elect to treat the 15 per cent withholding tax as the final tax paid on employment income. Assuming the employee is single and earns a gross income of US$100,000 (Bt3.2 million) from employment, his or her Thai tax computation based on a progressive tax rate would be about $23,000, which results in an effective tax rate of 23 per cent. In this regard, if a non-Thai employee chooses to pay Thai tax at 15 per cent of gross income, he/she would save tax on 8 per cent of income. The savings will increase to 13 per cent and 15 per cent for gross income of $200,000 and $300,000, respectively.

2. More invest in Thailand but value plummets

Source: **Bangkok Post** (Link)

More foreign companies were approved to operate businesses in Thailand in July than in the previous month, but their combined investment value was much lower. Authorities approved licences to 35 foreign entities to operate businesses in the country this month, up 9% from June but down 10% year-on-year, said Pongpan Jiarawiriyapan, director-general of the Business Development Department.

The combined value of their investment fell 63%, or 987 million baht, from the previous month to 580 million baht. The new businesses planned to hire 385 Thais. In the first seven months of this year, 242 foreigners were approved to run businesses in the country, up 18% year-on-year. Their combined investment was 8.59 billion baht, down 34% or 4.47 billion baht from the previous year.

3. Hoteliers predict Chinese tourist rush to continue

Source: **The Nation** (Link)

Hoteliers predict that tourist arrivals from China will continue to increase by up to 25 per cent a year over the next three years with a huge number of young Chinese travelers descending on the Kingdom.

According to the Chinese International Travel Monitor 2015 report, 84.9 per cent of hoteliers revealed that they had seen an increase in Chinese travelers, with 30 per cent experiencing an increase of between 26 and 50 per cent. Hoteliers forecast that trend would continue with an increase of between 11-25 per cent a year until 2018. On top of the increasing numbers, hoteliers say Chinese travelers are getting younger.

The report found that 81.7 per cent of hoteliers said they had noticed more independent young Chinese travelers, or those aged between 18 and 35 (millennials). China has been Thailand's clear No 1 source market for a number of years.

4. As rice importers target self-sufficiency, Thailand urged to review its policies

Source: **The Nation** (Link)

Thailand has been warned to manage its rice industry more efficiently in terms of global supply and demand, as many countries have become more self-sufficient in rice cultivation and will rely less on import of the grain.

These countries include Nigeria, South Africa, Indonesia, and some in the Middle East. "*With these self-sufficiency policies, Thailand, which is one of the world's major rice suppliers, will need to ensure that its agricultural policy, especially rice cultivation, is balanced in terms of supply and demand in the world market,"* a rice trader said. "*In the near future, if Thailand has not adopted a policy to control rice plantation, it could face an oversupply and a serious drop in rice prices, because many countries will rely more on their own crops."*

The source said several countries had started to become more self-sufficient in rice as a food-security measure many years ago. Not only have such countries started to cultivate more of their own cereal crops, they have adopted new technologies to increase production.

5. College courses to tackle skilled worker shortage

Source: **The Nation** (Link)

Thailand is facing a shortfall of 400,000 skilled workers each year, mainly in management, information and communications technology and hospitality, according to Virachai Techavijit, honorary adviser to the National Legislative Assembly's committee on education and chairman of Regent's International College (RIC) in Bangkok.

He also said the proficiency of Thai labourers should be improved so that there could be demand for them from overseas employers, especially when the Asean Economic Community |was fully implemented at the end of the year. To help produce more skilled labourers and strengthen the country's competitiveness, RIC is working with the United Kingdom's Business Technology Education Council and its owners, Pearson, the world's largest professional education body, to offer more international curricula in Thailand.

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By Harsha Hazarika