

# Tax Incentives for International Business Center



## Incentives

### Corporate Income Tax (CIT)

- ❑ The **Reduction in CIT Rate** on net profits from the eligible IBC income  
The eligible IBC income includes:
  - ↳ Income derived from providing administrative services, technical services, supporting services, or financial management services to associated enterprises in Thailand or overseas
  - ↳ Royalties received from associated enterprises in Thailand or overseas but only those arising from the results of technological R&D carried out in Thailand

|   |                 |                 |                |
|---|-----------------|-----------------|----------------|
| Incurring expenses paid to recipients in Thailand | 600 Million THB | 300 Million THB | 60 Million THB |
|   | ↓               | ↓               | ↓              |
| Reduced CIT Rate                                  | 3%              | 5%              | 8%             |

- ❑ CIT rate will be reduced to **8%, 5%, or 3%** based on IBC's incurred expenditure paid to recipients in Thailand

- ❑ The **Exemption from CIT on Dividends** received from associated enterprises in Thailand or overseas

### Specific Business Tax (SBT)

- ❑ The **Exemption from SBT** on gross receipts received from providing financial management services to associated enterprises in Thailand or overseas

### Withholding Tax (WHT)

- ❑ The **Exemption from WHT on Dividends paid by the IBC** to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand
- ❑ The **Exemption from WHT on Interests paid by the IBC** to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand but only from loans taken out by the IBC to relend to its associated enterprises in Thailand or overseas for the purpose of providing financial management services

### Personal Income Tax (PIT)

- ❑ The **Reduction in PIT Rates** from the progressive rates (maximum 35%) **to 15%** for expatriate employees\* working for the IBC

\* whose income from working for IBC computed in accordance with section 50(1) of the Revenue Code, is subject to withholding tax at the rate of more than 15 percent of income.

## Requirements

### Application Requirements

- ❑ Having paid-up capital of at least 10 million Baht
- ❑ Having at least 10 knowledgeable and skilled employees or at least 5 knowledgeable and skilled employees if the IBC acts only as a treasury center

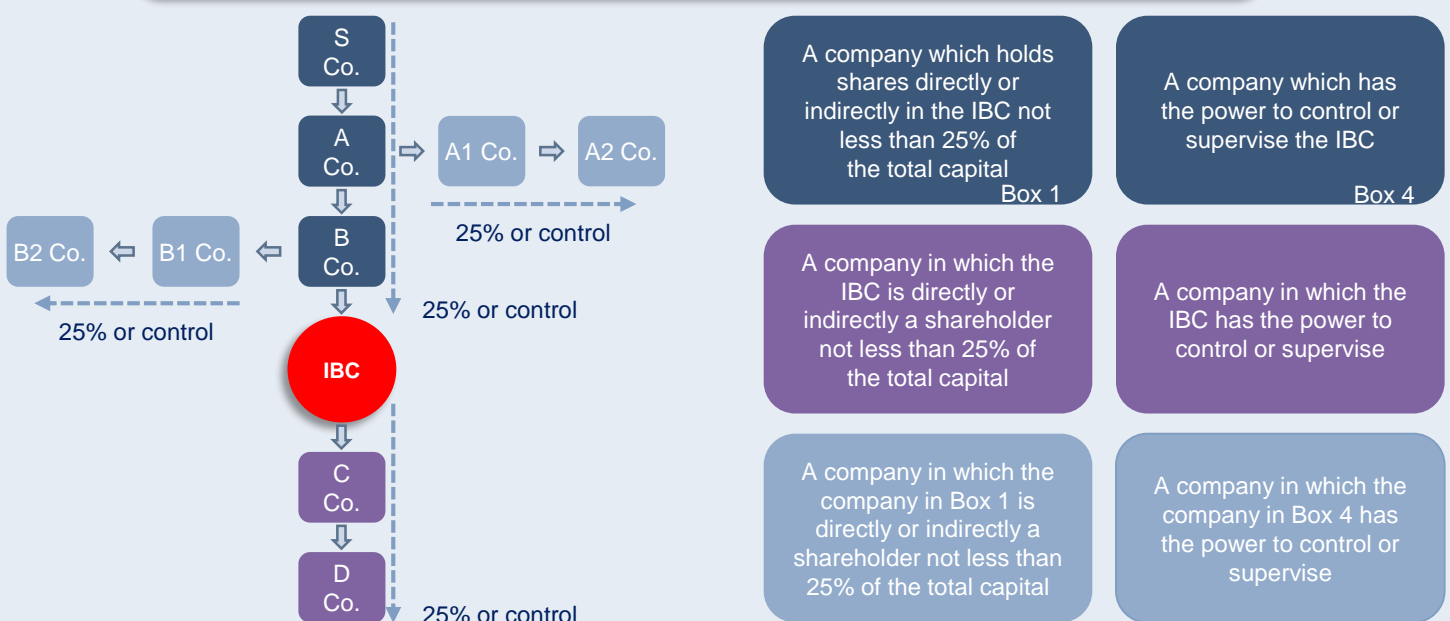
### Tax Reduction and Exemption Requirements

- ❑ Having paid-up capital of at least 10 million Baht
- ❑ Having at least 10 knowledgeable and skilled employees or at least 5 knowledgeable and skilled employees if the IBC acts only as a treasury center
- ❑ Incurring expenditure paid to recipients in Thailand of at least 60 million Baht in the accounting period
- ❑ Having provided administrative services, technical services, supporting services, or financial management services to associated enterprises in Thailand or overseas
- ❑ Complying with other regulations prescribed by the Director-General of the Revenue Department (No. 13) B.E. 2562 (2019)

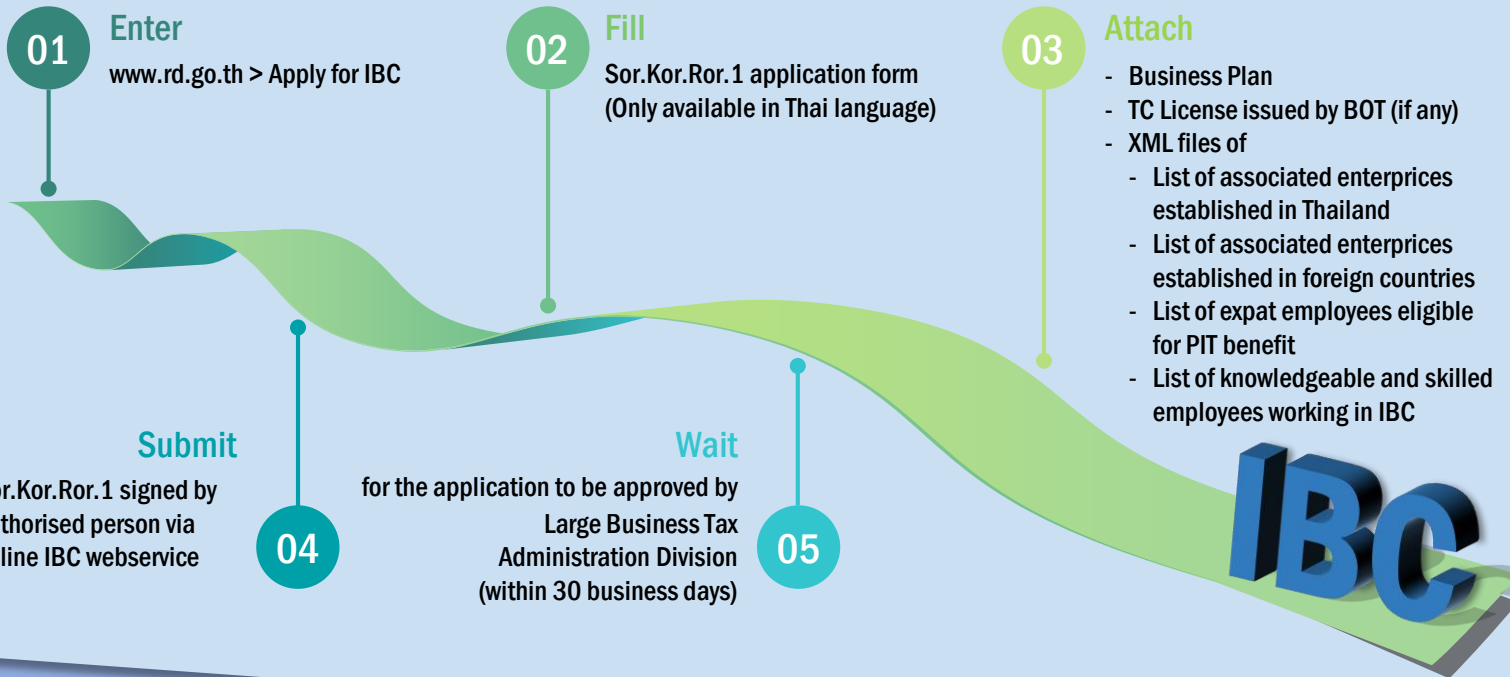
\* If the IBC lacks any of the qualifications in any accounting period, its entitlement to tax benefits in that accounting period will be suspended.

\*\* If the IBC's entitlement to tax benefits has been suspended continuously for at least 2 accounting periods or the IBC lacks the characteristic of the IBC company, the Director-General of the Revenue Department may revoke tax benefits with effect from the first accounting period.

## Definition of Associated Enterprises Qualified for Tax Incentives



# Journey to Tax Incentives for International Business Center



## Did you know?

### You can choose when to start your IBC tax benefit

#### 1<sup>st</sup> option: A day after your application is approved

This option is good when you apply during the beginning of your accounting period

#### 2<sup>nd</sup> option: The next accounting period

This option is good when you apply during the end of your accounting period

