



Intro to Thai Personal Income Tax

Simplified version that may appear on a programming quiz or exam.

Thai Income Tax

Terminology

Income - รายได้, includes

wages (ค่าจ้าง), salary (เงินเดือน), interest (ดอกเบี้ย),
dividends (เงินปันผล), and more

Tax withheld (ภาษีหัก ณ ที่จ่าย) - tax withheld by the source

Salary (เงินเดือน) - tax varies based on total income

Interest (ดอกเบี้ย) - may withhold 15% from some accounts

Dividend (เงินปันผล) - TSD withholds 10%

Actual Income Tax Computation

Net taxable income (รายได้สุทธิ) =

Total income (may exclude interest & dividends)

- personal exemption 60,000 Bt
- expense allowance 50% of wages/salary, max 100K
- life insurance (เบี้ยประกันชีวิต)
- social security (เบี้ยประกันสังคม)
- Retirement Mutual Fund purchase (กองทุนรวมเลี้ยงชีพ)
- Super Saver Fund (SSF) purchase
- *many more*

For the quiz, we will omit all the colored deductions

Tax Rates

Interest Income: 15% tax.

For bank interest, if **total** is less than 20,000 Baht, then no tax.

Dividend Income: 10% tax. Flat rate.

Ordinary Income (ค่าจ้าง, เงินเดือน). After deductions the rates are...

<u>รายได้สุทธิ</u>	<u>ภาษี</u>
0 - 150,000	0
150,000 - 300,000	5%
300,000 - 500,000	10%
500,000 - 750,000	15%
750,000 - 1M	20%
1M - 2M	25%
2M - 4M	30%
> 4M	35%

ภาษีของรายได้สุทธิ, ดอกเบี้ย, และ เงินปันผล

Your Choice:

1. Pay tax on interest at 15% and dividends at 10%, and exclude them from calculation of tax on regular income.
2. Include interest and/or dividends in regular income and use the regular tax formula (combined income).

Why?

If your total income is low ($< 500,000$ Bt) you pay less tax by counting interest & dividend as regular income.

Simplified Tax Rules for Quiz

1. Only deduction is personal exemption (60,000).
2. Only wages, interest, and dividend income types.

Interest income tax: first 20,000 Baht is exempt from tax.
Above that pays 15% tax.

Dividend income tax: pay 10% tax on all dividends.

Example

Fatalai Jon earned:

	จำนวนเงิน	ภาษีหัก ณ ที่จ่าย
Wages from KU	320,000	5,800
Bank interest	12,500	0
Dividends	30,000	3,000

Net Income 320,000 - 60,000 = 260,000

Tax on Wages 5%*(260,000-150,000) = 5,500

Tax on Interest (<= 20,000) 0

Tax on Dividends 10%*30,000 3,000

Total Tax 8,500

Refund (8,800 tax paid - 8,500) 300

Include Dividends as Ordinary Income

Fatalai Jon can include dividends as regular income...

	จำนวนเงิน	ภาษีหัก ณ ที่จ่าย
Wages from KU	320,000	5,800
Bank interest	12,500	0
Dividends -->	30,000	3,000
Regular income	350,000 including dividends	
Net Income	350,000 - 60,000 = 290,000	
Tax on Income	5%*(290000-150000) = 7,000	
Tax on Interest	0	
Total Tax	7,000	
Refund (8,800 - 7,000)	1,800	

Another Example

Taksin Shinawat earned:

	จำนวนเงิน	ภาษีหัก ณ ที่จ่าย
Salary	8,000,000	0
Bank interest	2,000,000	0
Dividends	6,000,000	0

Taxable Ordinary Income

Salary	8,000,000
Personal Exemption	- 60,000
Net Ordinary Income	7,940,000

What is the tax on 7,940,000?

Taksin's Tax Computation

Net Income 8,000,000 - 60,000 = 7,940,000

Apply the tax formula for regular income:

$$\begin{aligned} \text{Tax On Ordinary Income (รายได้สุทธิ)} \\ = & 5\% * 150,000 + 10\% * 200,000 \\ & + 15\% * 250,000 + 20\% * 250,000 \\ & + 25\% * 1,000,000 + 30\% * 2,000,000 \\ & + 35\% * (7,940,000 - 4,000,000) \end{aligned}$$

we need a simpler tax formula!

Tax On Ordinary Income

Taxable Ordinary Income (ค่าจ้าง, เงินเดือน)

<u>รายได้สุทธิ</u>	<u>ภาษี</u>	<u>ของจำนวนเงินที่เกิน</u>	
0 - 150,000	0		
150,000 - 300,000	0	+ 5%	150,000
300,000 - 500,000	7,500	+ 10%	300,000
500,000 - 750,000	27,500	+ 15%	500,000
750,000 - 1M	65,000	+ 20%	750,000
1M - 2M	115,000	+ 25%	1,000,000
2M - 4M	365,000	+ 30%	2,000,000
> 4M	965,000	+ 35%	4,000,000

Example: Salary 1,200,000

You earn 100,000/month as a software developer (if you get "A" in ISP). What is your simplified income tax?

Net income = $12 \times 100,000 - 60,000$ (deduction) = 1,140,000

Apply the tax formula for $1M < \text{income} \leq 2M$

$$\text{Tax} = 115,000 + 25\% \times 140,000 = 150,000$$

In reality, you will have other deductions so your income tax will be lower than this.

Exercise:

What is Taksin's Income Tax?

Taksin Shinawat earned:

	จำนวนเงิน	ภาษีหัก ณ ที่จ่าย
Salary	8,000,000	0
Bank interest	2,000,000	0
Dividends	6,000,000	0
Tax on ordinary income(7940000)= _____		
Tax on interest	15%*1,980,000	297,000
Tax on dividend	10%*6,000,000	600,000
Total tax		<i>sum above</i>

Python .format()

```
>>> desc = "Net Taxable Income"
>>> amount = 7452,234
>>> print(f"{desc:32} {amount:,.2f}")
Net Taxable Income                1,234,567.00
```

Same as:

```
>>> print("{:32s} {:,.2f}".format(desc, amount))
```

Advantage of .format is it's reusable

```
>>> fmt = "{:32s} {:,.2f}"
>>> print(fmt.format("Net Income", income))
>>> print(fmt.format("Tax", income_tax))
>>> print(fmt.format("Refund", tax_refund))
```

What is .format ?

- 1) Python built-in command
- 2) A function
- 3) A method