



TAX Alert

Foreign source income Tax Update under The Revenue Department's Instruction No. Paw.162/2566 ("Paw. 162")

On November 20th, the Thai Revenue Department (TRD) issued The Revenue Department's Instruction No. Paw.162/2566 ("Paw. 162"), providing guidance to tax officers on personal income taxation, inspections, and recommendations for Thai tax residents earning income from positions, businesses abroad, or properties located overseas, as outlined in paragraph 2 of Section 41 of the Thai Revenue Code (TRC).

Paw.162 serves as an additional directive by introducing a new paragraph to Clause 1 of The Instruction No. Paw.161/2566 ("Paw. 161"). As specified in paragraph two of Paw.161, the directive explicitly states that "paragraph one does not apply to income from foreign sources generated before January 1, 2024."

Deloitte's Comments:

In September, TRD released Paw.161, indicating its intention to impose Personal Income Tax (PIT) on foreign-sourced income, generated in any calendar tax year, and brought into Thailand from calendar tax year 2024 onward. However, with the introduction of Paw.162, TRD has reevaluated its previous position presented in Paw.161. The revised focus is on collecting taxes from foreign-sourced income generated on or after January 1, 2024. Given this change, taxpayers need to engage in careful planning, including determining whether the income meets the definition of assessable income subject to Thai taxation, deciding when to bring in foreign-source income, and developing strategies to distinguish between income generated before and after January 1, 2024.

Before implementing any plans, feel free to reach out to us. We welcome the opportunity to engage in a discussion with you, offering our professional guidance and conducting a thorough examination of the income.

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