

## Thai Revenue Department Introduces Significant Tax Policy Changes with Order No. 161/2023

On September 18, 2023, the Thai Revenue Department made a noteworthy announcement with the unveiling of Order No. 161/2023, marking a substantial alteration to the primary policy governing tax residents in Thailand. This latest directive will amend the income tax regulations outlined in Section 41, paragraph 2 of the Tax Code.

Order No. 161/2023 specifically mandates that individuals with taxable income originating from foreign countries or properties abroad, upon bringing such income into Thailand, must utilize those earnings for calculating their income tax liability in the fiscal year they repatriate the funds.

The implementation of this policy adjustment comes as no surprise to industry observers and tax experts, who anticipated such measures given the growing international pressure on Thailand to align its domestic tax policies with global standards.

According to the Thai Revenue Department, this regulatory amendment aims to close legal loopholes related to the timing of income recognition for Personal Income Tax. Previously, only income brought into Thailand within the same fiscal year by the tax resident was subject to taxation.

The revised framework expands personal income tax liability to include all foreign-sourced income brought into Thailand by both foreign nationals and Thai residents (residing in Thailand for at least 180 days within a fiscal year). This applies regardless of the fiscal year the income was earned, following the provisions of any Double Taxation Agreement between Thailand and the source country.

Our Bangkok-based tax experts and legal advisors predict this policy change could affect not only high-net-worth individuals but also small-scale investors. Order No. 161/2023 took effect on January 1, 2024, applying the revised tax provisions to foreign-sourced income repatriated to Thailand from that date onwards.

Throughout 2024, it will be crucial to closely monitor and assess the ongoing repercussions of this new tax policy. This includes observing the implementation process by the Thai Revenue Department, particularly the tools used for tracking assessable incomes.

For those seeking legal guidance on Thai tax law and navigating double taxation agreements, GWA ASIA stands ready to provide expert consultation. Please reach out to our Bangkok office at [bangkok@gwa-asia.com](mailto:bangkok@gwa-asia.com) for assistance and support.



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