



BDO Tax Newsletter: Prescribing Criteria for Calculating the Value of Assets Subject to Inheritance Tax No.2

Thailand Clarifies Valuation Rules for Inheritance Tax on Private Company Shares

Thailand's inheritance tax applies only to estates exceeding THB 100 million, with preferential rates for direct descendants or ascendants (5%) and full exemptions for spouses. In 2025, the Revenue Department issued a formal amendment to clarify how certain assets, particularly shares in private companies, may be valued for inheritance purposes.

Background

On 5 February 2016, the Minister of Finance issued the first Ministerial Regulation, "*Prescribing Criteria for Calculating the Value of Assets Subject to Inheritance Tax,*" which defined taxable assets as:

1. Immovable property
2. Securities under the Securities and Exchange Act
3. Deposits or similar monies withdrawable from financial institutions
4. Registered vehicles
5. Financial assets prescribed by Royal Decree

Clause 3 of this regulation provided that the value of unlisted shares should equal their book value in the accounting period preceding the transfer, with additional rules for companies holding shares in other entities.

The 2025 Amendment

On **24 July 2025**, Ministerial Regulation No. 2 repealed the complex valuation method and replaced it with a simplified rule, as follows:

“For shares of a company or registered partnership, the value shall be equivalent to their book value in the accounting period preceding the period of ownership transfer.”

The explanatory note states that the amendment aims to enhance clarity and fairness, reduce administrative burdens, and encourage compliance.

BDO Insight

The amendment reflects a deliberate effort to simplify the valuation process for inheritance tax on shares in private companies. By removing the previous multi-layered approach, which required factoring in the value of other entities held by the company, the regulation now applies a straightforward rule: valuation based on the company’s own book value from the preceding accounting period.

This change reduces complexity for both taxpayers and tax authorities, making compliance more practical and predictable. While the amendment streamlines the process, accurate accounting remains essential to avoid disputes and ensure proper reporting under the clarified rules.

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