



**Royal Decree (RD) No. 793, B.E. 2568 (2025)**, effective from March 25, 2025, introduces a reduction in the personal income tax rate for returning Thai nationals employed in the targeted industries. This decree aligns with the government's policy to enhance national competitiveness and stimulate investment in high-value sectors. It aims to attract highly skilled Thai professionals working abroad to return and contribute to these industries in Thailand.

**Target Industries:** The industries covered under this decree include companies or juristic partnerships operating in sectors defined by the following laws:

- National Competitiveness Enhancement for Targeted Industries Act B.E. 2560
- Investment Promotion Act B.E. 2520, as amended
- Eastern Special Development Zone Act B.E. 2561

#### **Summary of Tax Incentive Measures:**

##### **1. Tax Incentives for Employees:**

- **Personal Income Tax (PIT) reduction:** The withholding tax (WHT) rate on assessable income derived from employment by companies or juristic partnerships in target industries is reduced to 17% from the enforcement date of this RD until December 31, 2029, subject to criteria, methods, and conditions prescribed by the Director-General (DG) of the Thai Revenue Department (TRD).

- **Exemption from PIT:** If the WHT calculated under Section 50 (1) of the TRC is less than 17%, taxpayers are exempt from including such assessable income in their PIT calculation, provided they agree to have the tax withheld at the reduced rate of 17%.
- **Exemption from including the income in the tax return:** Taxpayers who have had taxes withheld at 17% will be exempt from including this assessable income in their annual income tax returns, provided they do not request for a refund or credit for the taxes withheld.
- **Choice for assessable income:** For income under Section 40 (4) and (8) of the TRC, taxpayers can choose to pay PIT under Section 48 (3) and (4) of the TRC, provided they do not include this income in their PIT calculation or claim a refund or tax credit for the taxes withheld. Taxpayers must submit PIT returns to declare the income taxed at 17%.
- **Application Period:** The tax incentive applies to Thai nationals returning to Thailand from 15 March 2025 until December 31, 2025.

## 2. Qualifications, Methods, and Conditions for Employees:

- Must be a Thai national.
- Must have at least a bachelor's degree.
- Must have at least 2 years of work experience abroad.
- Must be employed under an employment contract by a company or juristic partnership in the target industries and return to Thailand to work in Thailand during the validity of this decree.
- The company or juristic partnership must notify the TRD of the employee's employment before the first salary payment. The employee will receive the tax exemption benefit starting from the date the TRD receives the notification.
- Must not have worked in Thailand in the tax year the benefit is first applied and must not have stayed in Thailand under Section 41, paragraph 3, for at least 2 years prior to using the benefit.
- Must be considered a Thai tax resident under Section 41, paragraph 3 of the TRC in the tax year to claim tax benefits, except for the first and last tax years, during which employees can stay less than 180 days.
- Must meet the qualifications and other criteria set by the DG of the TRD.

## 3. Tax Incentives for Employers:

- Companies or juristic partnerships in target industries are granted income tax exemption on 50% of the expense on salaries paid under the employment contract to an employee exercising the right under this RD, from its enforcement date until December 31, 2029, subject to criteria, methods, and conditions prescribed by the DG of the TRD.
- The assessable income for which companies or juristic partnerships have claimed the tax exemption must not be income already claimed for tax exemption under any other law or royal decree issued under the TRC.

**BDO Insights:**

This Royal Decree aims to attract highly skilled Thai professionals working abroad by offering reduced tax rate for those employed in the target industries, boosting national competitiveness and addressing skill gaps. However, it may create inequality among local professionals, pose implementation challenges, and potentially offer only short-term benefits without sustained efforts to retain these professionals. Despite these potential drawbacks, the decree is designed to stimulate investment and innovation, ultimately contributing to Thailand's economic growth and reversing the brain drain by retaining talent within the country.

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