



กรมสรรพากร
THE REVENUE DEPARTMENT



Scope of IBC and Tax Incentive Scheme

The Revenue Department
Ministry of Finance Thailand

What is IBC

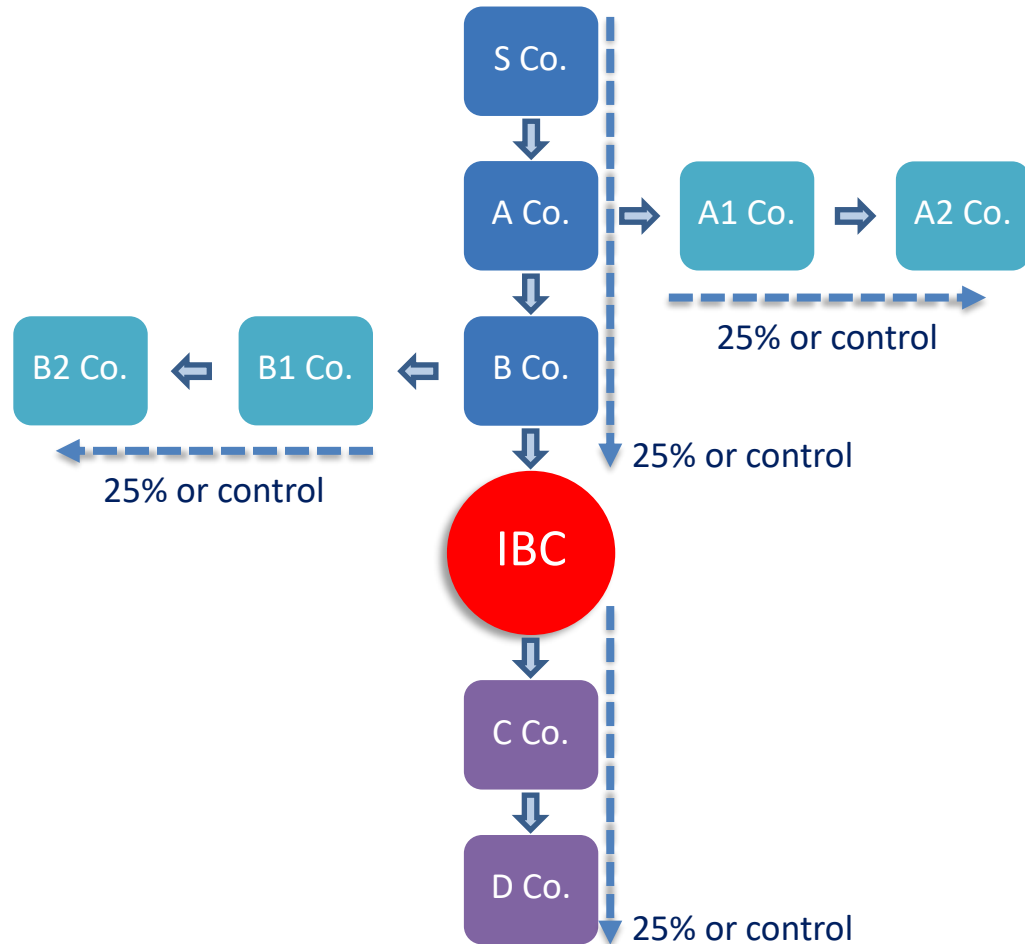
A company incorporated under the laws of Thailand for the purpose of providing administrative services, technical services, supporting services, or financial management services to its associated enterprises, or conducting international trade.

Headquarters
Business

Licensed
Treasury
Centre
Business

International
Trade
Business

Associated Enterprises



A company which holds shares directly or indirectly in the IBC not less than 25% of the total capital

Box 1

A company which has the power to control or supervise the IBC

Box 4

A company in which the IBC is directly or indirectly a shareholder not less than 25% of the total capital

A company in which the IBC has the power to control or supervise

A company in which the company in Box 1 is directly or indirectly a shareholder not less than 25% of the total capital

A company in which the company in Box 4 has the power to control or supervise

Corporate Income Tax Benefits

- The Reduction in corporate income tax (CIT) rate on net profits from the eligible IBC income
- The eligible IBC income includes:
 - Income derived from providing administrative services, technical services, supporting services, or financial management services to associated enterprises in Thailand or overseas
 - Royalties received from associated enterprises in Thailand or overseas but only those arising from the results of technological R&D carried out in Thailand

Corporate Income Tax Benefits (cont.)

- The eligible IBC income does not include income derived from conducting international trade.
 - The international trade business receives only personal income tax benefit.
- CIT rate will be reduced to
 - 8% if the IBC incurs expenditure paid to recipients in Thailand of 60 million Baht in the accounting period.
 - 5% if the IBC incurs expenditure paid to recipients in Thailand of 300 million Baht in the accounting period.
 - 3% if the IBC incurs expenditure paid to recipients in Thailand of 600 million Baht in the accounting period.
- The exemption from CIT on dividends received from associated enterprises in Thailand or overseas

Specific Business Tax Benefit

- The exemption from specific business tax (SBT) on gross receipts received from providing financial management services to associated enterprises in Thailand or overseas

Withholding Tax Benefit

- The exemption from withholding tax (WHT) on dividends paid by the IBC to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand
- The exemption from WHT on interests paid by the IBC to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand but only from loans taken out by the IBC to relend to its associated enterprises in Thailand or overseas for the purpose of providing financial management services

Personal Income Tax Benefit

- The reduction in personal income tax (PIT) rate from the progressive rates (maximum 35%) to 15% for expatriate employees* working for the IBC
- * Whose income from working for IBC computed in accordance with section 50(1) of the Revenue Code, is subject to withholding tax at the rate of more than 15 percent of income

Duration

- 15 accounting periods
- The accounting period after the accounting period in which the application for IBC is approved becomes the first accounting period for IBC's tax benefits. **OR**
- The accounting period in which the application for IBC is approved becomes the first accounting period for IBC's tax benefits although the duration of such accounting period is less than 12 months.

Application

- Filing an application electronically
 - Submitting a business plan, details of associated enterprises in Thailand and overseas, and other supporting documents electronically
- * A company can apply for PIT benefit for international trade business only if it has and applies for tax benefits for headquarters business or treasury centre business

Application Requirements

- Having paid-up capital of at least 10 million Baht
- Having at least 10 knowledgeable and skilled employees or at least 5 knowledgeable and skilled employees if the IBC acts only as a treasury centre

Tax Reduction and Exemption Requirements

- Having paid-up capital of at least 10 million Baht
- Having at least 10 knowledgeable and skilled employees or at least 5 knowledgeable and skilled employees if the IBC acts only as a treasury centre
- Incurring expenditure paid to recipients in Thailand of at least 60 million Baht in the accounting period
- Having provided administrative services, technical services, supporting services, or financial management services to associated enterprises in Thailand or overseas

Tax Reduction and Exemption Requirements (cont.)

- Complying with other regulations prescribed by the Director-General of the Revenue Department (No. 13) B.E. 2562 (2019)
- * If the IBC lacks any of the qualifications in any accounting period, its entitlement to tax benefits in that accounting period will be suspended.
- ** If the IBC's entitlement to tax benefits has been suspended continuously for at least 2 accounting periods or the IBC lacks the characteristic of the IBC company, the Director-General of the Revenue Department may revoke tax benefits with effect from the first accounting period.



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