



Newsletter No. 5 (EN)

**Withholding Tax Certificate for
Interest Payments from Thailand
and
Foreign Currency Invoices in Thailand**

March 2022

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1. Withholding Tax Certificates for Interest Payments from Thailand to Germany

Withholding tax is levied on certain types of income of natural and juristic persons. It is not a tax per se, but rather a type of tax collection, i.e. the income payer withholds a certain amount from such payment and submits it directly to the Revenue Department (Sec. 50, 52, 53 RC).

The withholding tax levied on foreign companies' income is generally higher because the Thai Revenue Department has limited access to foreign companies' assets, e.g. if they only conduct business in Thailand temporarily.

The withheld tax can be credited against the tax due (Sec. 60 RC) by way of a tax credit which is evidenced by a withholding tax certificate issued by the payer.

If a Thai company pays interest to a foreign company, such interest payment is subject to 15% withholding tax (Section 70 Revenue

Code; also see the applicable Double Taxation Agreement, if any).

The paying has to fill out the non-resident withholding tax deduction certificate (see next page) that can be obtained from the local Revenue Office.

The form must include the following:

- Name of payee
- Name and address of payer
- Gross amount of payment and amount of withheld tax
- Date of payment to payee and date of tax payment

This certificate serves as proof of the payment of withholding tax to the Revenue Office. The foreign company needs this certificate to have the withheld tax credited against the tax payable in its home country, if applicable.



No. 0707 /ro/

Regional Revenue Office 3
Chaofa Road, Pranakorn,
Bangkok 10200, Thailand
Tel : 66 (0) 2281 5951
Fax : 66 (0) 2281 5766

February 26 , 2014

Non-Resident Withholding Tax Certificate : R.O.20

To whom it may concern :

Description of Income	Interest
Name and address of person from whom tax was withheld	Aktiengesellschaft , Germany
Tax ID. Name and address of withholding agent	(Thailand) Co., Ltd. , Bangkok 10120, Thailand
Amount of gross income and date of payment	447,232.00 Baht (Four hundred forty seven thousand two hundred thirty two baht only) November 7, 2013
Amount of tax withheld and date of tax payment	67,085.80 Baht (Sixty seven thousand eighty five baht and eighty satang) February 17, 2014
Relevant provisions of law	Section 70 of the Thai Revenue Code

I hereby certify that the amount of tax withheld shown above has been paid to The Revenue Department of Thailand. This certificate is issued upon the request of the above taxpayer for whichever legal purpose it may serve.



2. Foreign Currency Invoices in Thailand

It is a common misconception that foreign currency invoices are not permitted in Thailand. A Thai natural or juristic person can issue invoices in foreign currency to recipients both in Thailand and abroad.

However, the withholding tax and VAT implications must be observed, which can further be complicated due to the fact that the currency exchange rate varies depending on whether payment is made via cheque or via bank transfer.

Example: A Thai company issues an invoice for services to another Thai company in the amount of US\$ 100. This amount is subject to

- 3% withholding tax must be withheld; and
- 7% VAT on the invoice amount of US\$ 100

and submitted to the Revenue Department. (The VAT must be submitted by the 15th, the

withholding tax by the 7th of the following month.)

Since payment to the Revenue Department are only permissible in Thai Baht, the following calculation is required:

The amount of US\$ 100 has to be converted into Thai Baht using the Bank of Thailand's exchange rate that is announced on that day:

- The calculation of the withholding tax is based on the **buying rate**.
- The calculation of the VAT is based on the **selling rate**.

The amount actually to be paid by the recipient of the invoice (US\$ 100 \times 3 + 7 = US\$ 104) depends on the mode of payment. For payment by cheque, the **cash rate** applies, whereas for bank transfer, the **TT rate** applies. The TT rate is usually higher, but bank transfer are usually executed within the same day.

Accordingly, foreign currency invoices are also possible in Thailand and make particular sense for large projects with high import ratio.

*We hope that the information provided in this newsletter was helpful for you.
If you have any further questions please do not hesitate to contact us.*

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