

Departmental Regulation No. Taw. Paw. 4

Clause 6 Every juristic company or partnership or any other juristic person who pays rent or any other benefits from letting out property on hire under Section 40(5)(a) of the Revenue Code, not including the benefits in the nature of value of the buildings or houses received in ownership, to a recipient being

- 1) A person liable to personal income tax shall deduct tax at source at the rate of 5.0 percent;
- 2) A juristic company or partnership carrying, on business in Thailand other than that specified in (3) shall deduct tax at source at the rate of 5.0 percent;
- 3) A foundation or association engaged in any revenue-producing business, but not including any of the foundations or associations designated by the Minister in notifications given under Section 47(7)(b) of the Revenue Code, shall deduct tax at source at the rate of 10.0 percent;
- 4) A person liable to personal income tax or a juristic company or partnership carrying on business in Thailand other than as specified in (3), in respect of rent for a ship under the law governing the promotion of merchant navy used for international carriage of goods shall deduct tax at source at the rate of 1.0 percent.

The provisions of the first paragraph shall not apply to the payment of rent under a leasing agreement satisfying the following rules:

- 1) The lessor is a juristic company or partnership whose registered and paid-up capital amounts to 60 million baht or more and is a registrant for the purpose of value added tax who is liable to tax under Section 82/3 of the Revenue Code;
- 2) The lessee is a juristic person;
- 3) The lease period is duration of three years or longer, except where the leased property is one repossessed from another lessee, in which case, the lease period may be shorter than three years.

The term “leasing” means hire of property belonging to and leased out by the lessor with a promise that upon the completion of the lease, the lessee has the right to select to buy the leased property or return the leased property to the lessor.