

## Daily Thai News Summary: 26 April 2016

### 1. Key features of new Thai-India DTA

Source: **The Nation** ([Link](#))

The Double taxation treaty (DTA) between India and Thailand has been successfully renegotiated and agreed to by both states and will come into force in January next year. The key highlights include a reduction of withholding tax on dividends, interest and royalties. Article 10 reduces the dividend withholding tax to 10 per cent, where previously it had been 15 per cent or 20 per cent, depending on the circumstances. Because Thailand's domestic dividend withholding tax rate is only 10 per cent, the reduction in the DTA makes no practical difference. More important is the new DTA's reduction of withholding tax on interest and royalty payments. Article 11 of the new DTA reduces withholding tax on interest to 10 per cent in all cases except where the beneficial owner of the interest is the government, a political subdivision, a local authority, the Reserve Bank of India, the Export-Import Bank of India, the Bank of Thailand, the Export-Import Bank of Thailand or any other institution as may be agreed, in which case the rate is 0 per cent.

Because Thailand's domestic interest withholding tax rate is 15 per cent in the case of Indian non-financial institutions, the reduction in the DTA will be more favourable. In addition, withholding tax on royalties has been reduced from 15 per cent to 10 per cent. This should be beneficial to many software companies located in India that provide software-related services subject to Thai withholding tax prior to remission to India. Unfavourable features compared with the existing DTA include a tax on capital gains. Under the existing DTA, capital gains are taxable in the country of the transferor. Article 13 of the new DTA has been updated to allow capital gains on disposal of shares in a property-rich company to be taxed in the state in which the property is located. In other words, a capital gain derived by an Indian tax resident from the disposal of shares in a company, the property of which consists predominantly of immovable property situated in Thailand, whether directly or indirectly, thereby considered property-rich, will be taxed in Thailand.

## **2. TCEB expands digital marketing to tap business travelers**

Source: **The Nation** ([Link](#))

The Thailand Convention and Exhibition Bureau yesterday launched the Biz Thailand mobile application as an information gateway for MICE (meetings, incentives, conventions and exhibitions) travellers. As part of its digital marketing plan for this year, the TCEB has also enhanced its website [www.businesseventsthailand.com](http://www.businesseventsthailand.com) with comprehensive information in eight languages on MICE products and services. President Nopparat Maythaveekulchai said the bureau's online marketing and public relations campaigns are more aggressive for both domestic and international business travellers. Sarita Chintakanond, information-technology director, said the app, available in Thai and English, pooled useful information on attractions, restaurants, hotels, flight details, and MICE venues in Bangkok and other major cities.

## **3. Ministry sure of progress on transport projects**

Source: **The Nation** ([Link](#))

The Finance Ministry is more confident that the infrastructure projects worth Bt130 billion will boost the economy during the rest of this year after meeting with the economic and investment steering committee yesterday. Meanwhile, the ministry is revising the draft bill for the land and building tax after it was sent back by the Cabinet last week. The main idea of the proposed bill is to collect tax from the second home, not the first one. However, more details will wait until the Cabinet approves the draft bill, which might be next month, Finance Minister Apisak Tantivorawong said yesterday. The ministry has no plan to extend the temporary measure that cuts the mortgage and transfer fee for the property industry. It expires at the end of this month. The property market has already recovered and there is also the Baan Pracha Rath scheme to serve demand for residences in the lower-income market, he said. *"According to the strong demand for Baan Pracha Rath, state-owned banks such as the Government Housing Bank, Krungthai Bank and the Government Savings Bank have asked the Finance Ministry to expand the loans for Baan Pracha Rath if they need it and it does not affect their financial results,"* he said. The committee confirmed that of the 20 infrastructure projects, eight worth Bt56 billion were on time and 12 would be two to three months behind schedule. Of the Bt80 billion budgeted for the water-management system, Bt60 billion is already used up. The remaining Bt20 billion will be spent during the rest of this year. The next Bt50 billion will be invested in a highway and a motorway.

#### 4. MBK outlines three year development budget

Source: **The Nation** ([Link](#))

MBK announced an investment budget of between Bt5 billion and Bt6 billion for the next three years to focus on existing and new developments of its core property businesses, comprising its shopping centres and housing estates. Chief executive officer Suvait Theeravachirakul said MBK had Bt3.8 billion cash in hand for future expansions. About Bt2 billion will be invested this year, of which half will be for construction of a new facade and skywalk at the MBK complex on Rama I Road in Bangkok. Another Bt1 billion will be allocated to the group's new housing projects in Bang Kadi, Pathum Thani - Park Riverdale and Riverdale Residence. The Park Riverdale will contain about 70 housing units, selling at between Bt5 million and Bt10 million each. Meanwhile, the Riverdale Residence project will contain 50 housing units at between Bt30 million and Bt50 million each.

Suvait said the group by the end of this year would also develop a new low-rise condominium project close to its The Nine shopping mall on Rama IX Road. Costing about Bt1 billion, the eight-storey condominium will contain 420 units selling at no more than Bt3 million each. *"Next year we will develop a new 400-unit high-rise condominium at Sukhumvit Road Soi 101. It will have more than 30 storeys and cost about Bt1.5 billion. Their selling price will be between Bt160,000 and Bt170,000 per square metre, which is at the same level as competitors in the area,"* he said. Suvait said MBK would focus on three core businesses, which the group calls its "crown jewels" - shopping centres, real estate, and financial businesses. *"We have set aside about Bt4 billion for the renovation of MBK shopping centre that started last year. About Bt1 billion each has been spent last year and this year, and the remaining Bt2 billion will be spent in 2017 and 2018,"* he said. He said MBK had also consolidated all back-office activities into a central support unit to provide shared services to the rest of the group.

#### 5. Tourism, exports show improvement

Source: **The Nation** ([Link](#))

The Thai economy showed signs of improvement, led by the continued recovery in export revenue as well as the further increase in tourist arrivals. A number of 9.03 million international visitors landed in Thailand in the first quarter of this year, generating Bt455 billion in tourism revenue, according to the Tourism Authority of Thailand. TAT expected a further increase in the second quarter, when 7.87 million international arrivals are anticipated. Tourism revenue in the period is expected to reach Bt375 billion.

Meanwhile, the Commerce Ministry's data showed growth in export in March. Export value in the month reached US\$19.1 billion, an increase of 1.3 per cent from the same period last

year. Positive growth was registered for two months in a row, resulting in the 0.9 per cent growth rate in the first quarter when combined export value reached \$53.83 billion. In March, imports still contracted by 6.94 per cent on year to \$16.16 billion. In the first quarter, imports contracted by 11.99 per cent to \$45.64 billion. Nevertheless, export value in March contracted 1.1 per cent on year if gold was excluded, as the value of electronics and electrical appliances continued to slide. Oil-related products also showed a decrease in value. Excluding gold, the three-month figures contracted 2.7 per cent.



**By Harsha Hazarika**