

*This guide has been prepared by an independent third-party law firm*

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## **THAILAND – TAX CONSIDERATIONS ON SHORT-TERM RENTALS**

The following information can help you start learning about some of the tax requirements that might apply when providing short-term rental accommodation in Thailand.

Tax can be tricky and it is important to ensure that you keep up-to-date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term rental accommodation in Thailand, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you:

- Personal Income Tax ("**PIT**"); and
- Value Added Tax ("**VAT**").

In this document, it is assumed that you as an individual person supply short-term rental accommodation in Thailand. This document therefore only covers PIT and VAT. Besides, this document covers only income derived from short-term rental of immovable properties situated in Thailand.

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals. To the fullest extent allowed by law, we exclude all liability (whether arising in contract, negligence or otherwise) in respect of all and each part of this information, including without limitation, any errors or omissions.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

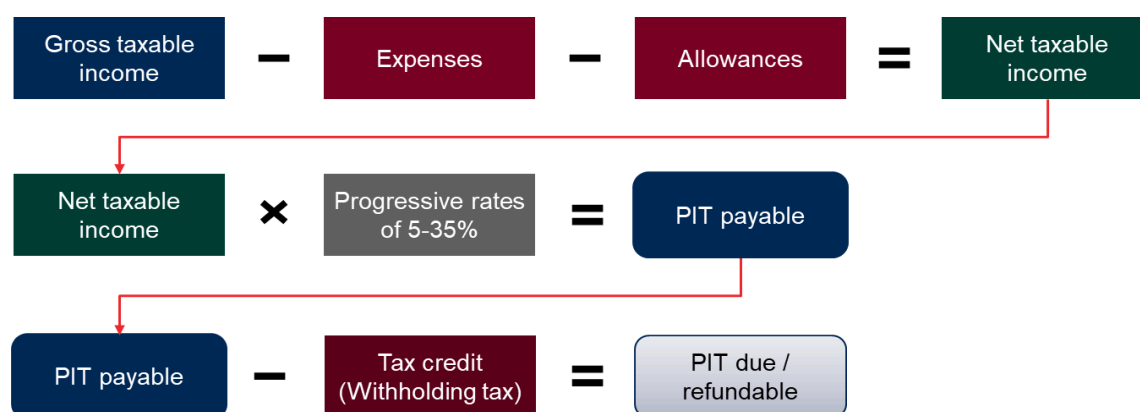
*We also draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your PIT return, the tax authorities may ask you questions.*

## **PERSONAL INCOME TAX**

Below is a brief outline of PIT that may arise on income earned from short-term rentals in Thailand, and some information on how the PIT can be paid to the Thai Revenue Department (the "TRD").

Generally, an individual who derives Thai-sourced income is subject to PIT, regardless of where the income is paid and whether the person is a Thai tax resident or not. Thai-sourced income should include income derived from properties situated in Thailand. Therefore, if you derive income from providing short-term rentals of properties located in Thailand, you will be subject to PIT in Thailand.

When computing net taxable income, you can deduct expenses, which depends on income category, and allowances against taxable income. You may credit the tax withheld by the payer of taxable income against the PIT payable.



To find out the PIT rates that may apply to you, please refer to [TRD's official website](#).

Thailand's tax year runs from 1 January to 31 December. Annual PIT returns for individuals (PND 90 and PND 91) are due by 31 March following the end of the tax year for paper-based return (8 April for electronic return).

If you derive certain types of income including accommodation rental income in January to June, you also have to file a mid-year PIT return of the first six months (PND 94) and pay the tax due by 30 September of the same tax year for paper-based return (8 October for electronic return). You can credit the PIT paid when filing mid-year PIT return against PIT payable upon filing annual PIT return.

## General Thai rules applicable to income earned in relation to short-term rentals

If your short-term rental is classified as a lease,<sup>1</sup> your income from short-term rental may be qualified for a standard expense deduction of 30%. You may elect to deduct actual expenses (as necessary and appropriate) (e.g., maintenance or administration cost) instead of taking standard expense deduction. Deduction of the actual expenses requires documentary evidence. If you can prove expenses for an amount that is less than the standard expense deduction, the amount of deductible expenses is limited to the amount that you can prove. Below is a sample of net taxable income calculation if you choose to take the standard expense deduction.

Description	Amount (Baht)
Total accommodation rental income in the year	500,000
Standard expense deduction of 30%	(150,000)
Deduction of allowance (assuming that you only deduct personal allowance of Baht 60,000)	(60,000)
<b>Net taxable income</b>	<b>290,000</b>

On the other hand, if your short-term rental is classified as a service where you do not hand over possession of the property or also provide other services, such as cleaning services or laundry services, a standard expense deduction is not available. You can only deduct actual expenses (as necessary and appropriate), based on evidence and supporting documents.

As there are many factors to be considered for your PIT obligations, you may wish to consult a tax advisor if you need assistance with your income classification.

## VALUE ADDED TAX

Broadly speaking, VAT is applicable on a sale of goods in Thailand, a provision of services in Thailand, and an importation of goods into Thailand. Certain services, including a lease of immovable property, are exempt from VAT.

### Do I need to register for VAT? Do I need to collect any VAT from guests if I am renting out short-term accommodation in Thailand?

Generally, if your short-term rental is classified as a lease of immovable property, you should be exempt from VAT and not required to register as a VAT registrant and collect VAT from guests.

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<sup>1</sup> A lease is generally the case where a lessor agrees to let a lessee have the use or benefit of the property for a limited period of time, and hands over possession of the immovable property to the lessee. There are many factors to be considered whether your arrangement with your guests is regarded as a lease. For example, repair responsibilities and how the property is handed over.

On the other hand, a business similar to a hotel business, such as a guesthouse, serviced apartment, bungalow, or resort, is regarded as a business subject to VAT. If you do not hand over possession of the property or you also provide other services, such as cleaning services or laundry services, it is likely that you would be regarded as operating a business similar to a hotel business which is subject to VAT and be required to apply for VAT registration within 30 days from the date your gross revenue from taxable supply exceeds Baht 1.8 million. In this case, you will be required to collect VAT on your accommodation fees from guests.

You may wish to consult a tax advisor if you need assistance in determining whether you need to register for VAT and if the short-term rental accommodation you supply is subject to VAT, or refer to TRD's official website.

### **I am registered for VAT. How do I collect VAT from guests?**

If you are a VAT registrant and required to charge VAT on the accommodation service you provide to guests, you generally have to charge VAT at 7% on the accommodation fees, and issue a tax invoice to your guests when the VAT liability occurs. The VAT liability will occur upon the receipt of service fee payment, or the issuance of a tax invoice, whichever is earlier.

You may refer to Airbnb's help center [here](#) to find out more about how to add VAT to your accommodation fee if you are required to charge VAT under the VAT law.

### **Filing your VAT returns**

As a VAT registrant, you have to file a monthly VAT return, and pay VAT to the TRD by the 15th day of the month following that in which the VAT liability occurs. You have to include the VAT charged to your guests, which is considered your output tax, in the calculation of your monthly VAT liability.

If you are not registered for VAT, you are not allowed to charge VAT or issue a tax invoice.

For further guidance on filing VAT returns, VAT registration and issuance of tax invoices, please see the [TRD's official website](#).

## **OTHER INFORMATION**

### **The Thai Revenue Department contact details**

The contact details for the TRD are as follows:

- 1161, if you are calling from Thailand;

- +66-2-272-9529 or +66-2-272-8000, if you are calling from abroad; and
- the TRD's website: <https://www.rd.go.th/english/index-eng.html>