TMI EYES

TMI Associates (Thailand) Co., Ltd.

TMI Eyes No. 19: Time to File a Half-Year Tax Return

The time has come again for companies whose accounting periods ended on December 31. These companies must submit their half-year corporate income tax return (PND.51) and pay corporate income tax (CIT) by August 31, 2024. Companies should be aware that failing to file the return within the deadline or incorrectly calculating and paying CIT may result in a tax surcharge. TMI provides information on what companies need to know.

Requirement to File a Half Year Tax Return, PND.51

The Thai Revenue Code (TRC) requires companies to file PND.51 within two months from the last day of the first six-month period of the accounting period. For example, if a company's accounting period starts on January 1, it must file PND.51 and pay CIT accordingly, if any, by the end of August of the same year. However, for companies with an accounting period starting from April 1, the deadline is the end of November 30.

In addition, the deadline is extended by eight days if companies file PND.51 and make payment via the Internet submission platform of the TRD. This extension period is applicable only for filings that are due from 1 February 2024 to 31 January 2027.

Calculation of Half-Year CIT payable

There are two rules for the calculation of half-year CIT:

1. Listed Companies, Commercial Banks, Financing, Security Companies, Credit Foncier Companies, and Companies with Audited Financial Statements under the TRD’s announcement No.128: These entities are generally required to pay CIT based on actual net profits.

2. Most Companies: These companies pay half-year CIT based on estimated profits. Companies must estimate net profits or losses for the entire accounting period and pay half of the CIT based on this estimate.

For instance, if A Co. operates a trading, manufacturing, or service business with an accounting period ending on December 31, it must estimate the net profits or losses for the entire year, calculate CIT based on this estimate, and pay CIT on half of the estimated net profits.

Table 1: Estimation of Half-Year CIT Payable

No.	Description	Amount (THB)
1	Estimated net profits for the entire accounting period	10,000,000
2	50% of the estimated net profits	5,000,000
3	Half-year CIT (20%) of the estimated net profits	1,000,000

Companies must be aware that underestimating net profits by more than 25 percent of the actual net profits at year-end without justifiable cause will trigger negative tax consequences. Such companies will be subject to a surcharge amounting to 20% of the half-year tax payable or half of the actual tax payable at year-end. However, the surcharge can be reduced to 1.5% per month by the order of the Director General of the TRD or approval from the authorized tax authority under the TRD Tor.Paw.81/2542.

Based on Table 1 above, the conditions under which CIT for the entire accounting period is underestimated and CIT is underpaid are as follows:

A	B	C	D	E	F	G
Estimated net profits for the entire year	Half Year CIT paid. (20% of 50% of A)	Actual net profits	Actual Half-Year CIT (20%) (20% of 50% of C)	Half-Year CIT shortfall (D-B)	% of underestimated (C-A/C)	Surcharge (20%) (20% x E)
10,000,000	1,000,000	9,000,000	900,000	(100,000)	(11%)	-
		12,000,000	1,200,000	200,000	17%	-
		15,000,000	1,500,000	500,000	33%	100,000

However, where the company has a justifiable ground for the underestimation, the company may be relieved from the 20% surcharge. To this extent, TRD provides ground that could be considered justifiable under TRD Paw.152/2558 as follows:

1. Where the companies estimated the net profit in the current year in the amount of not less than half of the previous accounting period.

2. The companies estimated the net profit in the current year in the amount of not less than half of the previous accounting period, but the underestimated profit is due to the tax exemption or reduced tax rate as such.

TMI provides that where TRD would accept the above predetermined ground in most cases, TRD would be inclined not to accept other ground of the underestimation. Hence, companies must be able to substantiate grounds, other than the above, that they are justifiable for the underestimation.

TMI's Notes

It is imperative that the companies adhere to all relevant regulations and procedures stipulated by the TRD including accurately calculating the half-year tax and adhering to filing it on time. Properly filing the half-year tax return and submission deadlines is crucial for ensuring compliance with TRD guidelines and Thai tax laws, thereby avoiding a 20% surcharge.

Furthermore, the half-year tax return filing also presents an opportunity for the company to assess its financial performance and planning to reduce the large tax payments at the end of the fiscal year and it can lead to strategic tax planning and beyond strategies. Therefore, understanding the precise calculating procedures and adhering to deadlines are critical steps that are more significant than you expected.

Daiki Koso, Partner
Monchai Varatthan, Partner
Sunanta Mueangjan, Associate
TMI Associates (Thailand) Co., Ltd.

** This Article is for general informational purposes only and does not constitute legal or tax professional advice. Readers are urged to thoroughly review the information before acting upon it. TMI accepts no responsibility whatsoever with respect to the use of this information.*

ASSOCIATES
THAILAND

bangkok@tmi.gr.jp

Tokyo | Nagoya | Osaka | Kyoto | Kobe | Fukuoka | Shanghai | Beijing | Yangon | Singapore | Ho Chi Minh City | Hanoi | Phnom Penh | Bangkok | Jakarta* | Kuala Lumpur* | Silicon Valley | London | Paris

*Affiliated office

Sathorn Square Office Tower, 22nd Floor, unit 2212, North Sathorn Rd., Silom, Bangrak, Bangkok 10500

Facebook: TMI Associates – Thailand
Instagram: tmibkk
LinkedIn: TMI Associates (Thailand)