
Newsletter

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Understanding Tax Assessment and Collection Procedures in Thailand: Key Points for Taxpayers



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Navigating Thailand's tax assessment and collection procedures can be complex, as different rules and timelines apply depending on the type of tax involved. Understanding these statutory timeframes and compliance requirements is essential for effective risk management and for avoiding unnecessary disputes or penalties. This article summarizes the key procedures, legal considerations, and practical implications for taxpayers under the Thai Revenue Code.

1. Overview of Tax Assessment Procedures

Tax authorities in Thailand have the power to assess a range of business-related taxes, including:

- Value Added Tax (VAT)
- Specific Business Tax (SBT)
- Stamp duty
- Income tax.

The procedures and timelines for assessments differ depending on the type of tax involved and the taxpayer's compliance status.

The information provided in this bulletin is summary in nature and does not purport to be comprehensive or to render legal advice.

Please contact our lawyers if you would like to obtain advice about specific situations.

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2. VAT and SBT Assessments

Tax officials may assess VAT or SBT without issuing a summons in certain circumstances, such as:

- Failure to file a required tax return or import entry by the legal deadline;
- Under-declaration of tax in the filed tax return or import entry;
- Failure to comply with a summons or to respond to officials' questions without reasonable cause;
- Inability to present original or copy of tax invoices for input or output tax calculation;
- Failure to maintain required copies of tax invoices or supporting evidence;
- Failure to register for VAT when required;
- Issuance of tax invoices, credits, or debits by a non-VAT registrant.

In these cases, the decision to issue a summons for further information or documentation is at the discretion of the tax officials.

3. Stamp Duty Collection

Stamp duty is not classified as an assessable tax under the Revenue Code. As confirmed by a Supreme Court Judgment, the collection of stamp duty does not require the issuance of a summons for examination and is not subject to the same assessment procedures applicable to other taxes.

4. Income Tax Assessments

Income tax assessment procedures vary depending on the type of income tax involved:

- **Withholding Tax:** If the party liable fails to withhold or remit tax properly, officials can make an assessment without issuing a summons.
- **Direct Income Tax:** If a taxpayer fails to submit a return, a summons for further inquiry is required. The summons must be issued within two years from the tax return filing date, extendable to five years if there is evidence of tax avoidance or if a tax refund application is under review.

Note: These periods define the timeframe within which officials may issue a summons, not the statute of limitations for tax collection. If a summons is issued outside these periods, the taxpayer is not legally required to comply.

5. Assessment Timelines by Tax Type

The statutory periods for tax assessment are as follows:

5.1 VAT

- **VAT Registrants:**
 - 2 years from the statutory tax return filing deadline;
 - 2 years from the actual filing date (if the return is filed late), but not exceeding 10 years from the statutory deadline;
 - 10 years from the deadline if no return is filed or if the tax base is underdeclared by more than 25%.
- **Non-VAT Registrant Importers:** 2 years from the date of import entry submission, or from the date of a customs ruling or final judgment in the event of an objection.
- **Other Liable Parties (e.g., auctioneers, purchasers of imported goods/services):** 2 years from the relevant filing deadline.

5.2 SBT and Stamp Duty

- Both SBT and stamp duty are subject to a 10-year assessment period, consistent with the statute of limitations for tax claims under the Civil and Commercial Code.

5.3 Income Tax

- Income tax assessments must be completed within 10 years from the date the right to claim arises.

6. Distinction Between Assessment and Collection Periods

It is important to distinguish between:

- **Assessment Authority Periods:** The timeframes (e.g., 2, 5, or 10 years) within which tax officials may issue a summons or assess tax shortfalls.
- **Collection Periods:** The statute of limitations for collecting assessed taxes, which may differ and is governed by separate provisions under the Revenue Code and the Civil and Commercial Code.

Taxpayers should be aware of both sets of timeframes to ensure full compliance and effective risk management.

7. Practical Implications of Summons Compliance

Failure to comply with a summons issued within the prescribed period (2 years, or up to 5 years if extended) can lead to serious consequences, including:

- Loss of the right to appeal or seek leniency regarding penalties;
- Exposure to criminal liability under Section 36 of the Revenue Code, which may result in imprisonment for up to one month, a fine of up to 2,000 Baht, or both.

8. Key Takeaways and Recommendations

Understanding the procedures and statutory timeframes for tax assessment and collection is crucial for all taxpayers in Thailand. To minimize risk and ensure compliance, we recommend that taxpayers:

- Maintain accurate and complete tax records;
- Respond promptly to any summons or requests from tax authorities;
- Seek professional advice if there is any uncertainty regarding tax obligations or assessment procedures.

Chandler Mori Hamada will closely monitor these legal developments and keep you informed of any updates. If you have any questions in relation to the issues raised in this newsletter, please contact the authors listed above.