

## Royal Decree

**Issued under the Revenue Code regarding Deduction of Wear and Tear (No.406),  
B.E. 2545 (2002)**

**Translation**

BHUMIBOL ADULYADEJ REX.

Given on the 5th day of August B.E. 2545

Being the 57th year of the Present Reign

His Majesty King Bhumibol Adulyadej has been graciously pleased to proclaim that:

Whereas it is appropriate to prescribe rules, methods, conditions and rates for deduction of wear and tear and depreciation of assets;

Be it, therefore, enacted a Royal Decree by His Majesty the King, in exercise of the power under Section 221 of the Constitution of the Kingdom of Thailand, and Section 65 bis (2) of the Revenue Code as amended by the Revenue Code Amendment Act (No.25), B.E. 2525 as follows:

### **Section 1**

This Royal Decree shall be called "Royal Decree Issued under Provisions in the Revenue Code Regarding Deduction of Wear and Tear (No.406), B.E. 2545 (2002)".

### **Section 2**

This Royal Decree shall come into force on and from the date following the date of its publication in the Government Gazette.

### **Section 3**

There shall be added the following provision to become Section 4 Septem of Royal Decree Issued under the Revenue Code Regarding Deduction of Wear and Tear (No.145), B.E. 2527.

"Section 4 Septem

Deduction of wear and tear and depreciation in respect of an asset in the category of permanent building that a company, which is a Regional Operating Headquarters, purchased or acquired for the purpose of carrying on its business shall be allowed on the date of purchase or acquisition at the rate of 25 percent of cost value, and the residual value shall be depreciated in accordance with the condition and at the rate prescribed in Section 4. The aforesaid rule shall be applied to assets purchased or acquired on and from 1 January, B.E. 2545 (2002)

For the purpose of this Section, there shall be the definitions of "Regional Operating Headquarters" and "Supporting Services" under the Royal Decree issued under the Revenue Code regarding Reduction and Exemption from Revenue Taxes (No.405), B.E. 2545"

Countersigned by

Pol. Lt. Col. Taksin Shinnawattana

Prime Minister

**Remark:** The justification on issuance of this Royal Decree is that the government has a policy to enhance the investment of foreign companies throughout incorporation of Regional Operating Headquarters in Thailand with an aim to develop Thailand into an investment center in Southeast Asia. This Royal Decree is enacted with tax privileges for the operation of the Regional Operating Headquarters through special deduction of wear and tear and depreciation of the permanent building purchased or acquired, in addition to the regular deduction of wear and tear and depreciation of assets under the general criteria, in the computation of the net taxable profit or loss.

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Dated 15<sup>th</sup> August B.E. 2545 (2002)

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