

Tax for Retirees



Retirees, both men and women, have previously contributed to the welfare of the nation. Tax privileges therefore serve as a form of social welfare for retirees, apart from other welfare offered by the state.

Personal income tax allowance is one direct benefit to retirees. Sons and daughters of retirees can make use of income tax allowance if they are caring for their father or mother and for health insurance policies which they purchased for their father or mother. This relieves the personal income tax burden for the father and mother and sons and daughters of retirees by a noticeable amount. In the process, the government may forgo some tax revenue collection but this is offset by the benefits extended to society and the family institution. Most people are already aware of income tax allowances for those who are caring for their elderly father or mother, but few know

about other tax privileges that are directly offered to elder people. These are summarized below:

- Retirees are entitled to tax exemption on withholding tax on interest income from bank deposits. Many retirees depend on interest income to cover their daily expenses, in order to avoid being a financial burden on family and relatives. Interests earned from bank deposits are typically moderate and the withholding tax would erode that further. Hence, to alleviate this burden, the law states that this tax would be exempted for retirees. The tax privileges however require that the interest income must be generated from a fixed deposit of 1 year or longer and the interest income applicable must not exceed 30,000 Baht during the respective tax year. The taxpayer must be aged 55 or more and will be required to submit a declaration for this tax privilege to the bank.
- Income tax exemption on pension income that is withdrawn as a lump sum. Eligible taxpayers must qualify with the terms Civil Servants Pension Act.
- Income tax exemption on income or any other benefits generated by a provident fund that the tax payer receives upon retirement, provided that the taxpayer has reached age 55 or more and has been a provident fund member for at least 5 years.
- Income tax exemption on income or any other benefits from a government pension scheme, provided the taxpayer retires at age 60 or early-retire at 55.
- Income tax exemption on income or any other benefits that the taxpayer earns from a **providen fund** if the taxpayer reaches age 55 and have held the fund for at least 5 years.

- Income tax exemption for residents of Thailand that have reached age 65 on all income up to 1.9 million Baht in the respective tax year. The taxpayer must state this clearly in the Por Ngor Dor 91 or Por Ngor Dor 90 form.
- Income tax deductions for sons and daughters that are caring for their elderly father or mother aged 60 or over, on condition that the father and mother do not earn income over 30,000 Baht in that tax year. Eligible taxpayers may deduct 30,000 Baht for each parent from their tax income filing. The father and mother of spouses not earning income are also covered by this privilege. While this tax privilege applies to the sons or daughters, elderly citizens are considered indirectly benefiting from the tax laws.
- Income tax exemption for sons and daughters which have purchased a health insurance policy for their father or mother where the parents do not have income exceeding 30,000 baht each, in that tax year. The amount of tax deductible is equivalent to the actual cost of the health insurance, but the combined amount must not exceed 15,000 baht in that tax year. This tax privilege does not impose restrictions on the parent's age.

There are various types of tax privileges for the elderly in the form of exemptions or deductions on income taxes as described above. Elderly citizens or their sons and daughters expecting to use these tax privileges are recommended to become familiar with the terms and conditions of tax laws associated with these tax privileges.

Tax privileges which directly benefit elderly citizens also benefit sons and daughters of elderly citizens who are caring for their parents or are covering the cost of health insurance policies for their parents. These tax privileges may result in noticeably lower tax burden for the elderly citizens and their sons and daughters.

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