



Tax & Legal Newsletter

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Modification of personal income tax incentives with respect to investments in Thai ESG funds

On 30 July 2024, the Thai cabinet approved a draft ministerial regulation that would modify certain personal income tax incentives for investments in Thai environmental, social, and governance (ESG) funds, with the aim of promoting and encouraging investments that improve factors relating to ESG. The modifications would apply to investment units purchased from 1 January 2024 through 31 December 2026.

Currently, a personal income tax deduction is available with respect to certain payments made to purchase investment units in Thai ESG funds. The deduction is capped at THB 100,000 per tax year and the total deduction may not exceed 30% of the taxpayer's assessable income. In addition, a personal income tax exemption is available for certain capital gains derived from the redemption of investment units in Thai ESG funds. To qualify for the tax incentives, the investment units generally must be held for at least eight years from the date of purchase.

The modifications to the tax incentives include an increase in the personal income tax deduction cap from THB 100,000 per tax year to THB 300,000 per tax year, with the total deduction continuing to be limited to 30% of the taxpayer's assessable income. Additionally, the holding period requirement for investment units to qualify for the personal income tax incentives would be reduced from a minimum of eight years to a minimum of five years.

For the regulation to become effective, a final version of the regulation must be published in the government gazette.

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