



Tax & Legal Newsletter

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Extension of tax measure to promote use of biodegradable plastic products

On 5 April 2022, the Thai cabinet approved a draft royal decree to provide a retroactive extension of a tax measure to promote the use of biodegradable plastic products, which expired on 31 December 2021. The draft royal decree would provide a company or juristic partnership with an additional corporate income tax deduction of 25% (i.e., a total deduction of 125%) for expenses incurred to purchase biodegradable plastic products of a type specified by the Director-General of the Thai Revenue Department and certified by the Office of Industrial Economics. The additional deduction would be available for amounts that have been paid or that will be paid during the period from 1 January 2022 to 31 December 2024, in accordance with rules, procedures, and conditions to be prescribed by the Director-General of the Thai Revenue Department.

The decree must be published in the government gazette to become effective.

Extension of tax measure to support procurement of COVID-19 antigen test kits

On 26 April 2022, the Thai cabinet approved a draft royal decree to provide a retroactive extension of a tax measure to support the procurement of COVID-19 antigen test kits, which expired on 31 March 2022. The draft royal decree would provide a company or juristic partnership with an additional corporate income tax deduction of 50% (i.e., a total deduction of 150%) for expenses incurred to purchase COVID-19 antigen test kits for their employees and staff. The objective of the additional tax deduction is to encourage employers to take workplace measures to prevent the spread of COVID-19. The additional deduction would be available for amounts that have been paid or that will be paid during the period from 1 April 2022 to 31 December 2022.

The decree must be published in the government gazette to become effective.

Extension of tax measures to encourage importation of certain goods used to diagnose or treat COVID-19

On 26 April 2022, the Thai cabinet approved a draft royal decree to provide a retroactive extension of the VAT exemption for imports of medicines, medical supplies, and medical equipment used to diagnose or treat COVID-19 that are to

be donated to eligible bodies for charitable purposes. The draft royal decree also would provide a retroactive extension of the corporate income tax exemption and VAT exemption for companies or juristic partnerships with respect to such donations. According to the draft royal decree, the tax exemption period would be extended for another year and nine months from the previous deadline of 31 March 2022, i.e., the exemptions would apply to importations and donations that have been made or that will be made from 1 April 2022 to 31 December 2023, in accordance with rules, procedures, and conditions to be prescribed by the Director-General of the Thai Revenue Department.

The decree must be published in the government gazette to become effective.

Amendment of ministerial regulation on conditions for certain write offs of bad debt

A ministerial regulation (No. 381) was issued on 29 March 2022 to amend clause 6 quarter of an existing ministerial regulation (No. 186) issued on 29 October 1991 ("MR No. 186"), to relax the conditions for the write off of certain bad debts in accordance with the Thai Revenue Code. The relaxation is part of a series of measures that aim to encourage the restructuring of debt, to assist debtors affected by the economic downturn caused by the COVID-19 pandemic. The amendments provide that, under certain circumstances, an account receivable may be written off from a debtor account of a corporate creditor other than a financial institution, without the creditor being required to comply with the conditions under clauses 4, 5, and 6 of MR No. 186 (which relate to the actions a creditor generally must take before writing off a debt, depending on the amount of the debt). For the relaxation to apply, the bad-debt write off generally must be made during the period between 1 January 2022 and 31 December 2026 as a result of debt forgiveness in relation to a debt restructuring carried out by such a creditor in accordance with the rules set forth by the Bank of Thailand on debt restructuring for financial institutions (except for debt forgiveness in connection with a debt restructuring carried out by certain types of corporate creditors, such as creditors that carry on hire-purchase and leasing businesses, for which the relaxation is available for debt write offs made from 1 January 2021 to 31 December 2026).

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