



## Tax & Legal Newsletter

### June 2021

#### **Extension of enhanced tax relief for employee training**

Royal Decree No. 716 issued on 26 May 2021 extends through 30 September 2021 the additional tax relief for qualifying employee training expenses that expired on 31 December 2020. The decree provides a company or juristic partnership with an additional deduction of 100% (i.e., a total deduction of 200%) of expenses for the hire of a seminar room, accommodation, transport and other expense related to arranging training seminars in Thailand for employees, or for expenses paid as a service fee to a travel agency under the law governing tourism business and guides for the seminar in Thailand. The expenses must be incurred from 1 January 2021 through 30 September 2021.

#### **Additional deduction of 200% for donations made to qualified funds**

Royal Decree No. 717 issued on 26 May 2021 provides an individual, a company, or a juristic partnership with an additional deduction for donations made via the electronic donation system to the Metrology System Development Fund, the Health System Research Fund, the Science and Technology Development Fund, or the Scientific Research and Innovation Fund from 27 May 2021 through 31 December 2021. In accordance with the decree:

- An individual is entitled to an additional deductible expense or allowance of 200% (i.e., a total deduction of 300%) of qualifying donations. However, when combined with the “double deductions” allowed under other royal decrees, the total deductible donations may not exceed 10% of the individual’s net income (i.e., assessable income after deducting all allowances and deductions).
- A company or juristic partnership is allowed an additional deduction of 200% (i.e., a total deduction of 300%) of qualifying donations. However, when combined with the double deductions allowed under other royal decrees, the total deductible donations may not exceed 10% of the entity’s net profit before the deduction of donations made to support charity, the public interest, education, and sports under section 65 ter (3)(b) of the Thai Revenue Code.

### **Tax incentive to promote investment in and usage of electronic tax systems**

Royal Decree No. 718 issued on 26 May 2021 provides a company or juristic partnership with an additional deduction of 100% (i.e., a total deduction of 200%) on the following qualifying expenses (based on the amounts expended) during the period from 1 January 2020 through 31 December 2022, which can be summarized below:

- Expenses of investment in an electronic tax system for the preparation of electronic data and the procurement of a computer program, equipment for storing electronic certificates, a computer or other equipment used together with a computer for preparing, delivering, receiving, or maintaining electronic tax invoices or electronic receipts. The cost of repairs to restore equipment to its original condition does not qualify.
- Expenses of investment in a tax payment system, including the procurement of computer software, equipment for storing electronic certificates, a computer, or other equipment used together with a computer for making tax payments. The cost of repairs to restore equipment to its original condition does not qualify. These expenses are merely relevant to companies or juristic partnerships that are qualified tax payment agents for withholding tax, income tax, or value added tax under section 3 Quindecim of the Revenue Code and other tax payment agents.
- Service fees paid to qualified service providers who are preparing or delivering electronic data or tax payments.

## Justifiable reason for charging a lease fee lower than the market price

Order of the Revenue Department No. Paw. 158/2564 issued on 21 May 2021 confirms that a lease fee below the market rate is justifiable under section 65 (4) of the Revenue Code where a debtor transfers an asset to repay a loan from a financial institution and that financial institution leases the asset back to the debtor with the lease fee lower than the market price and the financial institution has carried out a debt restructuring as prescribed by the Bank of Thailand during the period 1 January 2020 through 31 December 2021.

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