



Tax & Legal Newsletter

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Tax incentives provided for certain foreign nationals with long-term resident visas

A Thai royal decree (No. 743) issued on 21 May 2022 provides the following tax incentives for certain foreign nationals granted a long-term resident visa (“LTR visa”):

- A reduction in the personal income tax rate and withholding tax rate, from the maximum statutory progressive tax rate of 35% to a flat tax rate of 17%, on the employment income that is derived by a foreign national with specialized skills who possesses an LTR visa from working for a company or juristic partnership carrying on targeted activities in accordance with the Competitive Enhancement Act, the Investment Promotion Act, or the Eastern Economic Corridor regulations; and
- An exemption from personal income tax for foreign nationals from jurisdictions designated as “wealthy countries,” retired foreign nationals, and foreign nationals who want to work remotely from Thailand and who are granted an LTR visa, in respect of their income derived in a prior fiscal year from work or undertakings carried out in a foreign country, or from assets situated in a foreign country, where such income is brought into Thailand in a fiscal year subsequent to the year in which the income is derived.

To be eligible for the income tax incentives, a foreign national also must comply with the rules, criteria, and conditions to be prescribed by the Director-General of the Thai Revenue Department.

VAT exemption provided for certain transfers through digital asset exchange

A Thai royal decree (No. 744) issued on 21 May 2022 provides a VAT exemption for transfers of cryptocurrency or digital tokens carried out from 1 April 2022 to 31 December 2023 through a digital asset exchange licensed under Thai law. The objective of the VAT exemption is to encourage digital asset trading through a regulated digital asset exchange, to enhance the effective supervision of digital asset transactions.

VAT exemption provided for transfers of digital currency issued by Bank of Thailand

A Thai royal decree (No. 745) issued on 21 May 2022 provides a VAT exemption for transfers of central bank digital currency (CBDC) that was issued by the Bank of Thailand under the CBDC research project for the purpose of retail use. The VAT exemption is available for transfers made from 1 April 2022 to 31 December 2023, to foster the development of the digital economy and support safe financial innovation in the future.

E-book operators eligible to apply for VAT registration

A Thai royal decree (No. 746) issued on 21 May 2022 amends a previous royal decree (No. 241 of 1991) enacted under section 81/3(3) of the Thai Revenue Code, to allow service providers that are engaged in the business of providing newspapers, magazines, or textbooks in an electronic format via the internet (“e-book operators”) to apply for VAT registration. The amendment is effective as from 25 May 2022 (the date following the date of publication of the royal decree in the government gazette).

Section 81/3 of the Thai Revenue Code permits certain businesses that are VAT-exempt (for e-book operators, an exemption applies under section 81(1)(Nor) of the Thai Revenue Code) to voluntarily apply for VAT registration and payment of VAT by submitting a notification to the Director-General of the Thai Revenue Department. The objective of the amendment is to provide equal treatment under the VAT regime applicable to sellers of newspapers, magazines, or textbooks in a physical format (which already had been eligible for VAT registration and VAT payment) and the regime applicable to service providers that provide newspapers, magazines, or textbooks in an electronic format.

Corporate income tax exemption provided for certain government subsidies

A Thai royal decree (No. 747) issued on 21 May 2022 provides a corporate income tax exemption with respect to certain government subsidy payments.

The royal decree provides a corporate income tax exemption with respect to subsidy payments obtained under the employer and insurer’s compensation program under section 33 of the Social Security Act 1990 (as amended) that are paid to companies or juristic partnerships that were affected by the containment measures implemented by the Thai government within the areas of maximum and strict controls in response to the COVID-19 pandemic.

The royal decree also provides a corporate income tax exemption with respect to subsidy payments obtained under the program supporting employment by small and medium-sized enterprises (SMEs), subject to the condition that the qualifying company or juristic partnership receiving the subsidy must not include expenses incurred in relation to the subsidy amount in its corporate income tax calculation.

The benefits of the foregoing tax exemptions must be claimed in the same fiscal period in which the subsidy is granted.

Specific business tax exemption granted to financial institution development fund

A Thai royal decree (No. 748) issued on 21 May 2022 amends a previous royal decree (No. 240 of 1991) enacted under section 91/3(7) of the Thai Revenue Code, to provide an exemption from specific business tax for the operations of the financial institution development fund established under the law on the Bank of Thailand. The objective of this specific business tax exemption is to support the operations of the financial institution development fund, which are beneficial for the development and improvement of Thailand’s financial institution system. The exemption is effective as from 25 May 2022 (the date following the date of publication of the royal decree in the government gazette).

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