



Tax & Legal Newsletter

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Increase of thresholds and changes to conditions to write off bad debts

Ministerial Regulation No. 374 was issued on 29 April 2021 to increase the thresholds for the conditions to write off bad debts for tax purposes in Thailand and to make certain changes to these conditions, to better reflect the current economic environment. The regulation applies retroactively to bad debts written off in accounting periods commencing on or after 1 January 2020. The key rules and conditions are summarized below:

1. The conditions to write off bad debt under clause 4 of the existing ministerial regulation (No. 186), which previously applied to debt exceeding THB 500,000 per debtor, are modified to apply to debt exceeding THB 2 million per debtor. One of the following actions must have been pursued to write off such debt:
 - a. Demands for payment have been made to the extent reasonable based on the facts of the case, through

actions that have been documented, but the debt remains unsettled;

- b. A civil action has been brought to court against the debtor and a court injunction or order has been issued but the debtor has no property to settle the debts, as indicated in the first report from the Legal Execution Department;
- c. A bankruptcy action has been brought to court against the debtor and a compromise has been reached with the debtor and approved by the court, or the debtor has been adjudicated bankrupt and the first batch of the debtor's property has been distributed, or the court has issued a case closure order; or
- d. A type of action against the debtor mentioned in 1(b) or 1(c) above already has been carried out abroad and the debtor has documentation issued by an authority of the relevant country that supports that the action has been taken. Such documentation is required to be translated into the Thai language in accordance with the rules and criteria provided by the Ministry of Foreign Affairs regarding the verification of documents.

2. The conditions to write off bad debt under clause 5 of Ministerial Regulation No. 186, which previously applied to debt not exceeding THB 500,000 per debtor, are modified to apply to debt not exceeding THB 2 million per debtor. One of the following actions must have been pursued to write off such debt:

- a. Demands for payment have been made to the extent reasonable based on the facts of the case, through actions that have been documented, but the debt remains unsettled or a civil action has been brought to court against the debtor and the court has issued an order accepting the petition;
- b. A civil action has been brought to court against the debtor and the court has issued an order accepting the petition;

- c. A bankruptcy action has been brought to court against the debtor and the court has issued an order accepting the petition; or
 - d. A type of action against the debtor mentioned in 2(b) or 2(c) above has been carried out abroad and the type of documentation referred under 1(d) above is available.
3. The conditions to write off bad debt under clause 6 of Ministerial Regulation No. 186, which previously applied to debt not exceeding THB 100,000 per debtor, are modified to apply to debt not exceeding THB 200,000 per debtor. The taxpayer is not required to pursue the actions required under items 1 and 2 (set forth above) to write off bad debt if there is evidence that the demands for payment have been pursued to the extent reasonable based on the facts of the case but the debt remains unsettled and the costs that would be associated with bringing the matter to court exceed the debt that would be recoverable.

Extension of deadlines for electronically filed withholding tax and value added tax (VAT) returns

On 14 May 2021, the Ministry of Finance issued a notification (No. 5) to extend the deadlines for certain filings and payments relating to withholding tax returns (P.N.D.1, P.N.D.2, P.N.D.3, P.N.D.53, and P.N.D.54) and VAT returns (P.P.30 and P.P.36). The extension applies only for returns submitted via the online platform, as follows:

- For filings and payments for the tax returns listed above for the month of June 2021, which normally would be due by 15 July 2021 (P.N.D.1, P.N.D.2, P.N.D.3, P.N.D.53, and P.N.D.54) or 23 July 2021 (P.P.30 and P.P.36), the deadlines are extended to 30 July 2021.
- For filings and payments for the tax returns listed above for the month of July 2021, which normally would be due by 15 August 2021 (P.N.D.1, P.N.D.2, P.N.D.3, P.N.D.53, and P.N.D.54) or 23 August 2021 (P.P.30 and P.P.36), the deadlines are extended to 31 August 2021.

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