



## Tax & Legal Newsletter

### October 2023

#### Extension of reduced 7% VAT rate

A Thai royal decree (No. 780) issued on 15 September 2023 provides that the reduction of Thailand's statutory VAT rate from 10% to 7% (inclusive of municipal tax) is extended for an additional year. The statutory VAT rate applies to the sale of goods, the provision of services, and importations, and the extension is effective from 1 October 2023 to 30 September 2024.

#### Rules, criteria, and conditions provided for corporate income tax exemption for government subsidies to promote use of electric vehicles

A notification from the Director-General of the Thai Revenue Department on income tax (No. 436) issued on 14 September 2023, which is effective retroactively as from 16 August 2023, sets forth the rules, criteria, and conditions regarding eligibility for a corporate income tax (CIT) exemption pursuant to a royal decree (No. 773) dated 12 August 2023, i.e., a CIT exemption for certain subsidies received by companies or juristic partnerships from the government to promote the use of electric vehicles. The notification includes provisions relating to situations in which subsidies received are subsequently "clawed back" by the Thai Excise Department. The salient features of the notification are as follows:

- To qualify for the CIT exemption for a subsidy, companies or juristic partnerships must meet the criteria set forth by the Thai Excise Department. If a subsidy is granted and the company or juristic partnership subsequently fails to meet the relevant criteria, the subsidy may be clawed back by the Thai Excise Department and the CIT exemption claimed for the subsidy under Royal Decree No. 773 would be revoked. The company or juristic partnership would be required to include the amount of the clawback as income for CIT computation purposes for the accounting period in which the exemption was initially claimed; and
- A company or juristic partnership that includes the clawback amount as income in its CIT computation as described above would be able to claim an amount equivalent to the clawback amount as an eligible expense to be

deducted for CIT computation purposes for the accounting period in which the clawback is made.

### **Mandatory submission of personal income tax withholding returns via electronic means**

A notification from the Director-General of the Thai Revenue Department on income tax (No. 438), issued on 21 September 2023 and effective as from the date of issuance, provides that the remittance of tax via certain withholding tax returns for personal income tax withheld on payments to individuals in relation to employment or the performance of work (i.e., PND. 1, PND. 1 Gor., and PND. 1 Gor. Special) must now be made exclusively through a computer-based system/electronic data format, as prescribed by the Thai Revenue Department (unless otherwise provided by the Director-General of the Thai Revenue Department). For PND. 1, electronic submission is required for tax returns for the month of October 2023 and subsequent months. For PND. 1 Gor. and PND. 1 Gor. Special, electronic submission is required for returns for tax year 2023 and subsequent years.

Where a person required to deduct tax at source is unable to submit such a return through the required electronic means, the person may submit a written notification stating the reason to the local revenue office for the area in which the person's place of business is located, along with a return in paper form.

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