



Tax & Legal Newsletter

September 2023

Corporate income tax and VAT exemptions provided in relation to transfers of digital investment tokens

To promote investment in digital tokens, a Thai royal decree (No. 779) dated 13 August 2023 was issued to provide corporate income tax and VAT exemptions for a company or juristic partnership for income and amounts included in the tax base arising from a transfer of a digital investment token acquired on or after 14 May 2018 (the effective date of a government decree on the tax treatment of cryptocurrency and digital tokens), in accordance with the provisions on initial coin offerings under the law regarding digital asset businesses. The tax exemptions must be claimed in accordance with rules and conditions prescribed by the Director-General of the Revenue Department. The royal decree also provides a VAT exemption for transfers of digital investment tokens as from 14 May 2018.

Extension of tax incentive to encourage employee development

A Thai royal decree (No. 778) dated 13 August 2023 provides a retroactive extension of a tax incentive to encourage employee development, which expired on 31 December 2022. The decree provides a company or juristic partnership with an additional corporate income tax deduction of 150% (i.e., a total deduction of 250%) for expenses incurred from 1 January 2023 to 31 December 2025 for sending employees to attend training courses or for offering employee training programs approved by relevant authorities. The income tax deduction must be claimed in accordance with rules and conditions prescribed by the Director-General of the Revenue Department. A company or juristic partnership that has claimed the income tax deduction provided under this royal decree may not claim an income tax deduction for the same expense (wholly or partially) under other royal decrees, and the tax deduction may not be claimed for a business entitled to a corporate income tax exemption granted pursuant

to the law on investment promotion, the law on enhancement of national competitiveness for targeted industries, or the law on eastern special development zones.

Extension of tax incentive to encourage employment of highly skilled personnel

A Thai royal decree (No. 777) dated 13 August 2023 provides a retroactive extension of a tax incentive to encourage the employment of certain highly skilled personnel, which expired on 31 December 2022. The decree provides a company or juristic partnership with an additional corporate income tax deduction of 50% (i.e., a total deduction of 150%) for salary expenses incurred (not exceeding a maximum salary of THB 100,000 per month per employee) for certain highly skilled personnel in the areas of science, technology, engineering, or mathematics from 1 January 2023 to 31 December 2025, in accordance with rules and conditions prescribed by the Director-General of the Revenue Department.

Extension of tax incentive for investments in automation systems

A Thai royal decree (No. 776) dated 13 August 2023 provides a retroactive extension of a tax incentive to support investments in automation systems, which expired on 31 December 2022. The decree provides a company or juristic partnership with an additional corporate income tax deduction of 100% (i.e., a total deduction of 200%) for capital expenditure incurred for investments in automation systems, including machinery and computer software for connecting machinery to an automation system (but excluding amounts paid for repairs to maintain such assets in their present condition) during the period from 1 January 2023 to 31 December 2025. The machinery and computer software must qualify for depreciation under section 65 bis (2) of the Revenue Code and must be ready for its intended use by 31 December 2025.

The additional tax deduction must be claimed in accordance with rules and conditions prescribed by the Director-General of the Revenue Department.

Extension of deadline for certain VAT payments for nonresident electronic service providers and electronic platform operators

On 11 August 2023, the Thai Ministry of Commerce issued a notification, which is effective as from 1 September 2023, to extend the deadline for the filing of VAT returns (Form P.P.30.9) and the submission of VAT payments for nonresident electronic service providers and nonresident electronic platform operators, under certain circumstances. If applicable, the extension applies for eight additional days from the filing due date, or the extended due date, whichever is later. The extension is available only where the Form P.P.30.9 was filed via the internet by the deadline or by the extended deadline, but the payment was unsuccessful or incomplete by that deadline, and is available only for the filing and payment of VAT for periods from September 2023 to August 2025.

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