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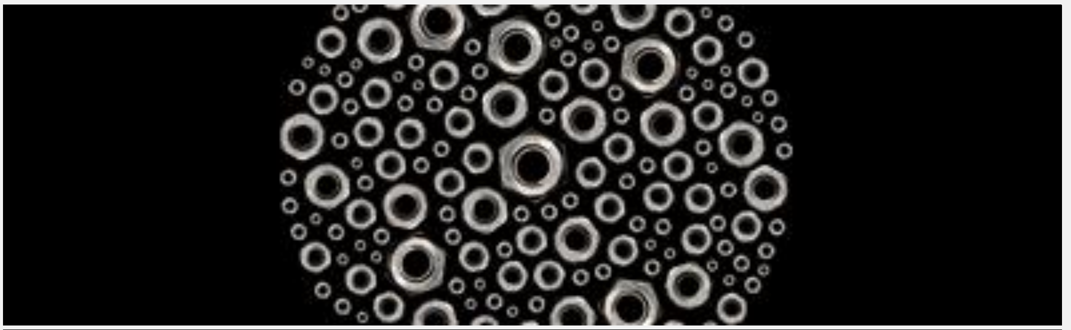

Tax & Legal Newsletter
April 2025

Tax incentives provided for donations to certain foundations or public organizations via e-Donation system

Two Thai royal decrees (No. 794 and No. 795) issued on 20 March 2025 allow additional personal or corporate income tax deductions for donations made to certain foundations or public organizations via the electronic donation ("e-Donation") system, as well as exemptions from VAT, specific business tax, and stamp duty with respect to income derived from a transfer of assets or a sale of goods, or with respect to the execution of an instrument, in connection with a qualifying donation. The incentives are available with respect to donations to the Thai Red Cross Society or to 26 qualifying medical and public health foundations, as prescribed under the royal decrees, that are made from 1 January 2025 through 31 December 2027. The incentives are also available with respect to donations to the Office of Knowledge Management and Development (OKMD) that are made from 1 January 2024 through 31 December 2026. The salient features of the royal decrees relating to the additional income tax deductions are as follows:

- Individuals will be entitled to a double deduction (i.e., a total income tax deduction of 200%) for cash contributions made to a qualifying foundation or public organization, up to an amount equal to 10% of the individual's net income (i.e., assessable income reduced by all applicable allowances and deductions).
- Companies or juristic partnerships will be entitled to a double deduction for cash or asset contributions made to a qualifying foundation or public organization, up to an amount equal to 10% of the entity's net profits.

The rules, criteria, and conditions for the tax incentives will be announced by the Director-General of the Thai Revenue Department.

Tax incentives provided to attract highly skilled Thai nationals working abroad to return to work in Thailand

A Thai royal decree (No. 793) issued on 20 March 2025 (following the 30 July 2024 approval of a draft royal decree by the Thai cabinet) provides for certain tax incentives that aim to encourage highly skilled Thai nationals with international work experience to return to work in Thailand, including a reduced personal income tax rate of 17% for qualifying individuals and an additional corporate income tax deduction for certain employers of such individuals. The Director-General of the Thai Revenue Department will announce rules, criteria, and conditions for the tax incentives, which will apply in addition to the conditions set forth in the royal decree.

The conditions set forth in the royal decree for individuals to qualify for the reduced personal income tax rate of 17% (currently, the maximum progressive rate is 35%) include, among other things, being a Thai national, having at least two years of work experience in a country other than Thailand, and deriving income from employment with a company or a juristic partnership operating in a targeted industry in Thailand, as specified in the royal decree. The reduced personal income tax rate is available for income derived from the effective date of the royal decree (24 March 2025) through 31 December 2029.

Companies or juristic partnerships (employers) operating in targeted industries, as specified by the royal decree, may be able to claim a tax deduction of 150% of employee salary expenses for workers who meet the qualifications set by the royal decree and the Director-General of the Thai Revenue Department. The additional deduction is available for salaries paid from the effective date of the royal decree (24 March 2025) through 31 December 2029, subject to the criteria, procedures, and conditions specified by the Director-General of the Thai Revenue Department.

Tax incentives provided for domestic training seminars held for employees

A Thai royal decree (No. 792) issued on 20 March 2025 allows companies or juristic partnerships an additional corporate income tax deduction for qualifying expenses that were incurred from 1 May 2024 to 30 November 2024 for hosting employee training seminars in Thailand. Qualifying expenses include seminar room fees, accommodation fees, transportation fees, and other costs associated with hosting the seminar, as well as service fees paid for the purpose of the seminars to tourism business operators registered under the law on tourism and tour guides. The salient features of the royal decree are as follows:

(1) An additional deduction of 100% (i.e., a total deduction of 200%) is available for expenses incurred for training seminars that the company or juristic partnership arranged for local employees in the "secondary tourist provinces" as designated in the royal decree or any other tourist areas announced by the Director-General of the Thai Revenue Department;

(2) An additional deduction of 50% (i.e., a total deduction of 150%) is available for expenses incurred for training seminars that the company or juristic partnership arranged for local employees in areas other than those specified in (1) above; and

(3) An additional deduction of 50% (i.e., a total deduction of 150%) is available for expenses incurred for training seminars that the company or juristic partnership arranged for local employees in certain situations where the expenses cannot be clearly allocated between the areas specified in (1) and (2) above.

The rules, criteria, and conditions for the tax incentives will be announced by the Director-General of the Thai Revenue Department.

Tax incentives provided for investments in "Thai ESG Extra" funds

A ministerial regulation (No. 398) issued on 24 March 2025 amends an existing ministerial regulation (No. 126) on tax incentives for taxpayers that are subject to Thai personal income tax (other than ordinary partnerships, non-juristic bodies of persons, and undivided estates), to provide incentives for investments in certain Thai environmental, social, and governance funds referred to as “Thai ESG Extra” funds or “Thai ESGX.” The incentives aim to encourage long-term investments in Thai ESGX, in accordance with the Securities and Exchange Act. The salient features of the ministerial regulation are as follows:

- A personal income tax deduction is allowed for the amount spent to purchase investment units in Thai ESGX, up to 30% of the taxpayer’s assessable income, with a cap of THB 300,000 per tax year. The investment must be made in the Thai ESGX within two months from the first offering of units in the Thai ESGX, but no later than 30 June 2025. The investor must hold the investment units for at least five years from the purchase date.
- A personal income tax deduction is also allowed that is equal to the total value of investment units held in a long-term equity fund (LTF) that are exchanged for investment units in Thai ESGX. The total tax deduction for the individual taxpayer is capped at THB 500,000. In 2025, the maximum allowable deduction is THB 300,000, and from 2026 to 2029, the maximum is THB 50,000 per year. Investors must express their intent to exchange all of their LTF investment units for investment units in Thai ESGX within two months from the first exchange offering date, but no later than 30 June 2025, to qualify for the deduction. The investor must hold the Thai ESGX units for at least five years from the date of their declaration of intent.
- A personal income tax deduction is available for cash or any other benefits derived from the resale of investment units to the Thai ESGX, but only under certain conditions.

The rules, criteria, and conditions for the tax incentives will be announced by the Director-General of the Thai Revenue Department.

Contacts

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, or any member of the **Thailand Tax & Legal team**.

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