

# Thailand update



# Speakers



**Vorasa Palsingh**  
**Tax Partner**  
Deloitte Thailand

## Adoption of IFRS 17

- TFRS 17 became effective 1 Jan 2025, however, no material progress or formal guidance issued by the Revenue Department (TRD).
- The Director of the Large Taxpayer Office is in active dialogue with relevant bodies including the OIC, TLAA, TGIA and the Federation of Accounting Professions. However, progress remains stalled by the rigid revenue recognition tax principle.
- Companies now face an imminent annual CIT (PND 50) filing deadline without confirmed tax treatment guidance.
- To manage the 2025 filings, Clients are adopting these approaches:
  - Maintaining two sets of books (TFRS 17 for regulators and TFRS 4 for tax purposes);
  - Engaging auditors to review dual financial statements; or
  - Most commonly, filing tax returns based on TFRS 4 and performing extensive manual reconciliations to align with TFRS 17 audited figures.

## CRS 2.0

- No formal guidance or a confirmed implementation timeline for CRS 2.0.
- No draft legislation or regulatory consultation has been publicly released.

## Pillar 2

- Pillar Two effective in FY2025. Follows Globe Rules
- QDMTT, IIR, and UTPR.
- Thai tax authorities and BOI have announced “qualified refundable tax credit” (QRTC) style investment incentive, under which qualifying investments and expenditures could be converted into tax credits usable against prescribed taxes. Details to follow.

## Foreign Tax Credit (FTC) Enforcement Strengthened

- The TRD introduced FTC calculation tool for deduction against taxable foreign income remitted into Thailand by Thai tax residents.
- The system computes remitted foreign income, total assessable income, and the maximum allowable FTC under the ordinary credit method, separating calculations for each country and income type.
- TRD also released list of documents that needs to be maintained for FTC claims. Examples include:
  - Foreign tax return
  - Tax assessment notice
  - Employment contract/lease agreement
  - Foreign tax payment receipt or certificate
  - Withholding tax certificate

# Country Update—Thailand

## Key observations and developments

### Financial Hub Act

#### (First–Third Readings)

15 Jul 2025

**Cabinet Approval of Final draft of the Financial Business Center Act**

Now

**Under consideration by the House of Representatives**

2026

**Expected to be published in the Royal Gazette**

#### Key Principles of the Draft Legislation including:

- Business Categories under the Financial Hub
- Incentives for Target Businesses
- Supervision of Target Businesses
- Criminal Penalties and Administrative Fines

#### Tax incentives

- CIT exemptions or reductions (rates and duration to be determined by the supervisory committee, aligned with BOI-style incentives)
- Withholding tax relief on certain payments to non-residents
- VAT exemptions or streamlined treatment for qualifying cross-border services

#### Non-tax incentives

- Exemption from Foreign Business Act restrictions
- Condominium ownership rights for business or residential use (exempt from the 49% foreign ownership cap)
- Streamlined visas, work permits, and immigration facilitation for foreign executives, specialists, and their families
- Simplified licensing through the One-Stop Authority and access to international foreign exchange

# Country Update—Thailand

## Key observations and developments

### Virtual Bank

The Minister of Finance has approved three qualified applicants to establish virtual banks:

1. ACM Holding Company Limited (Ascend Money Group/TrueMoney)
2. Krung Thai Bank Public Company Limited, Advanced Info Service Public Company Limited (AIS/ADVANC) and PTT Oil and Retail Business Public Company Limited (OR), operating under the name KBank Click Public Company Limited (transliteration: Thanakhan KliX Public Company Limited)
3. SCBX Public Company Limited with WeTechnology Limited and KakaoBank Corp. from the Republic of Korea

The virtual banks shall begin business operations within 19 Jun 2026.

#### Tax Benefit

Access BOI promotions for fintech/digital banking: 8-year CIT exemption (uncapped for advanced activities), import duty waivers on IT equipment, 200% training deductions

Standard banking exemptions apply (e.g., no VAT on interest income, certain fees)

#### Non-tax Benefit

No physical branches required: Eliminates real estate costs; full digital operations via apps/agents for cash

Targeted inclusion focus: Prioritises SMEs/unbanked (40% portfolio mandate), enabling higher yields via tailored loans, no-frills accounts

Regulatory sandbox alignment: BOT testing for innovations like AI credit scoring; streamlined supervision

# Country Update—Thailand

## Audit trends and focus

### Transfer Pricing (TP)

- Starting Jan 26, full implementation of TP regulations by selecting taxpayers for TP audit using risk-based approach.
- High risk taxpayers are receiving TP Notice Letter requiring them to submit highly detailed TP documentations covering multiple years, together with supporting information. Taxpayers are given 180 days to prepare from receiving the Notice.
- TP documentation must align with tax filings, such as CIT and WHT filings and TP Disclosure forms.
- Acceptance of documents is preliminary only. Incomplete, inconsistent, or insufficient documentation may still be treated as non-compliance, potentially triggering penalties.

# Country Update—Thailand

## Audit trends and focus

### TRD to Implement AI by 2027

- Thailand National AI Board approved a government investment of 25 bil baht (US\$770 mil) for the National Artificial Intelligence Development Framework
- Key AI Roles for TRD



#### RD Voice Chatbot:

- Thai-language AI for taxpayer queries, standardising responses to cut disputes



#### Data Analytics:

- Real-time anomaly detection in income/remittances, risk-based audits, cross-border monitoring



#### E - Tax Upgrades:

- Thailand is moving toward mandatory e-Tax invoices and e-Receipts
- Risk-based pattern analysis and automated compliance checks are already being used
- Large taxpayers are being prioritised in earlier phases

#### The initiative aims to:

- Enhance audit efficiency and tax assessment accuracy
- Expand the tax base
- Bring more taxpayers into the formal tax system



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