



## Tax Alert

### New VAT rules on e-Services enacted

#### Introduction

On 10 February 2021, the e-Service Act was published in the Royal Gazette amending and introducing new provisions under the Revenue Code with respect to VAT on electronic services provided by foreign service providers and platforms to non-VAT registrants. The new rules will be effective on **1 September 2021**.

#### Key points of the new rules:

##### Definitions

For VAT purposes,

- The definition of "goods" explicitly excludes intangible goods delivered through the internet or other electronic networks.
- "Electronic services" are defined as services delivered through the internet or any other electronic network with substantially an automatic nature, and such services cannot be provided without using such information technology.
- "Electronic platforms" are markets, channels or any other procedures used by several service providers in providing electronic services to service recipients.

##### Liability and responsibility

- Business operators providing e-services from overseas and used by non-VAT registrant users in Thailand are required to register for VAT and pay for VAT on a monthly basis when their annual income exceed THB 1.8 million.
- The foreign e-Service providers and e-platform operators are not required to prepare tax invoices or output tax reports. However, they are not allowed to claim the input tax.
- Non-VAT registrants who are payers for the e-services to foreign service providers and e-platform operators are not required to self-assess VAT.

##### Businesses impacted by the new VAT rules

- Online downloading services e.g., music, games, movies or sticker in chat application
- Streaming services e.g., concert, events or games
- Advertisement services on websites or applications

## What should companies do next?

The Revenue Department will provide further details through secondary laws and guidelines in the coming months. In the meantime, it would be prudent for companies to already start mapping out their online service activities and determine whether they will be caught by the e-services tax net as non-compliance could lead to penalties

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