



Tax & Legal Services Newsletter

[Tax measure for encouraging the relocation of manufacturing bases of foreign investors \(Thailand Plus Package\)](#)

On 28 April 2020, the Thai cabinet approved draft royal decrees containing proposed tax measures to encourage the relocation of manufacturing bases of foreign investors to Thailand, also known as the Thailand Plus Package. The proposed tax measures include the following:

- Tax measure supporting investments in automation systems:
Companies and juristic partnerships would be allowed a corporate income tax deduction equal to 200% of purchases of machinery and computer programs that connect to the machinery for projects investing in automation systems (excluding amounts for maintenance/repairs). The 200% deduction would apply to amounts paid from 1 January 2019 to 31 December 2020.
- Tax measure supporting employment of highly skilled employees:
Companies and juristic partnerships would be allowed a corporate income tax deduction equal to 150% of the salary paid to an employee that is highly skilled in science, technology, engineering, or mathematics under a hire of service contract between 1 January 2019 and 31 December 2020. The 150% deduction would apply to the portion of the salary actually paid between 1 January 2019 and 31 December 2020 that does not exceed THB 100,000 per month.
- Tax measure supporting the development of highly skilled employees:
Companies and juristic partnerships would be allowed a corporate income tax deduction equal to 250% of the expenses paid for sending employees to receive education or training or for in-house training the employees, provided the training is qualified

by the government or a public authority. The deduction would apply to expenses paid from 1 January 2019 to 31 December 2020.

[Tax measure supporting community enterprises](#)

On 12 May 2020, the Thai cabinet approved a draft Ministerial Regulation that would extend the period during which a partnership or group of persons that qualifies as a “community enterprise” under the Community Enterprise Promotion Act is exempt from personal income tax. The measure would extend the tax exemption period for three years, i.e., for assessable income received from 1 January 2020 to 31 December 2023 (the exemption currently applies through 2019). However, the extension would apply only to community enterprises that receive income of no more than THB 1.8 million during the tax year.

[Extension of deadline for paying tax on certain income from rental agreements](#)

According to a notification of the Ministry of Finance issued on 8 July 2016, a taxpayer that receives income or benefits other than rent (e.g., a gratuity, ground rent, etc.) to enter into a long term rental agreement is eligible to average the amount of such benefits over the remaining rental term for purposes of computing personal income tax. Generally, the tax return (PND.93) and tax payment in relation to the benefits must be submitted by 31 March. However, due to the effects of COVID-19 on the Thai economy, on 8 May 2020 the government issued a notification that extends the deadline for filing the income tax return and paying the tax from 31 March 2020 to 31 August 2020.

[Criteria for deducting payments for supporting promoted enterprises](#)

Royal Decree No. 692, which applies as from 8 February 2020, allows companies or juristic partnerships having fixed assets (excluding land) of more than THB 200 million and employing more than 200 persons (enterprises qualified for the tax deduction) to deduct 200% of expenses paid for promoting the business operations of companies or juristic partnerships that have fixed assets (excluding land) of THB 200 million or less and employ no more than 200 persons (promoted enterprises). The Director-General of the Revenue Department (DGR) has issued Notification No. 371 to provide the following deduction criteria effective as from 1 May 2020:

- An enterprise qualified for the tax deduction that pays a guarantee fee for a credit facility to the Thai Credit Guarantee Corporation for a promoted enterprise must have a receipt issued by the Thai Credit Guarantee Corporation that shows the enterprise qualified for the tax deduction as payer.
- An enterprise qualified for the tax deduction that makes a payment for a promoted enterprise in relation to the transfer of knowledge, research and development, increase of production efficiency, or a marketing promotion that is qualified by the Federation of Thai Industries or the Board of Trade of Thailand must have a certificate issued by the qualifying organization and prepare supporting documents in accordance with the form and rules specified by the DGR.

[Filing of transfer pricing disclosure form via tax authorities' website](#)

Notification of the Director-General of the Revenue Department No. 372, issued on 20 May 2020, provides the rules for filing the transfer pricing disclosure form under paragraph one of section 71 ter of the Thai Revenue Code. For accounting periods beginning on or after 1 January 2019, the disclosure form can be filed via the Revenue Department's website or the Tax Single Sign On System in accordance with rules specified under the notification.

[Personal income tax exemption for promoting payments via the electronic system](#)

Ministerial Regulation No. 362 was issued on 8 May 2020 to provide a personal income tax exemption for subsidies or compensation received from the sale of goods or services by retailers or service providers via the electronic system of the government. The regulation follows the measure to promote local tourism in Thailand and the measure to promote local consumption approved by the Thai cabinet on 22 October 2019 and 12 November 2019, respectively.

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