



Tax & Legal Services Newsletter

Tax Measures to Stimulate Automotive R&D

Royal Decree No. 613 provides a VAT exemption on the import of car and motorcycle prototypes for R&D purposes, provided an excise tax exemption also is granted on the imports. Additionally, Royal Decree No. 620 allows depreciation of the prototypes based on the actual cost (rather than only up to THB 1 million).

Tax Measures Relating to Trading of Gems

To promote Thailand as a world hub for jewelry trading, Royal Decree No. 617 provides a VAT exemption on the importation for sale or resale of non-faceted diamonds, precious stones, etc. Royal Decree No. 618 reduces the personal income tax rates applicable to the seller of the gems where tax already was withheld at a rate of 1%.

Tax Measures in SEZ

The Cabinet has presented a resolution to extend the period for the promotion of business operations in the Specific Economic Development Zone (SEZ):

- For the period 2018-2020: A reduction of the personal income tax rate to 0.1% of assessable income.
- For accounting periods 2018 to 2020: A reduction of the corporate income tax to 3% of net profits.
- For the period 2018-2020: A reduction of the personal income withholding tax rate to 0.1% of assessable income on the sale of immovable property situated within the SEZ.
- For the period 2018-2020: A reduction of the specific business tax rate to 0.1% on the sale of immovable property situated in the SEZ.
- For accounting periods 2016 to 2020: A double deduction for individuals, companies or juristic partnerships on the purchase/installation of CCTV systems.

Tax Measures to Stimulate Business Operations of Juristic Entities

The Cabinet has approved the following measures to encourage individuals to operate businesses in the form of juristic persons:

- Income tax, VAT, specific business tax and stamp duty exemptions on the transfer of ownership of immovable property and assets to newly established companies or juristic partnerships.
- Double deduction of expenses incurred on the set-up of a new company and accounting and audit fees for five accounting periods, provided the capital of the new company does not exceed THB 5 million and income derived from sales or the provision of services does not exceed THB 30 million.
- Reduced fees for the registration of rights and juristic acts relating to the transfer of immovable property and condominiums of shareholders that are to be used as capital of the new company. The 2% fee rate on the appraisal value is reduced to 0.01%.
- Standard deduction of expenses up to 60% of assessable income under Section 40(7) and (8) derived from 1 January 2017.

Tax Law on Electronic Transactions

The Cabinet has approved draft changes to the Revenue Code that would facilitate the use of electronic payments and documentation under the National e-Payment Master Plan. Changes are made to the rules governing the electronic filing of tax returns, electronic withholding of tax and tax remittances, the preparation/sending of electronic tax invoices/receipts and the sending of electronic transaction information.

Tax Measures Applicable to Small and Medium-Sized Enterprises (SMEs)

The Cabinet has approved tax measures to enhance SME businesses by allowing a double deduction of expenses paid by the non-SME companies and incurred for business enhancement projects during accounting periods 2016 to 2018. To qualify for the double deduction, the SME must have assets not exceeding THB 200 million and fewer than 200 employees. The projects must be either 1) related to the imparting of knowledge, e.g. managerial, marketing, accounting knowledge 2) R&D and innovation 3) improving the effectiveness of manufacturing 4) marketing or 5) certain payments of loan guarantee fee.

Tax Measures for Promotion of Investment in Rural Areas

The Cabinet has approved tax measures to promote investment in rural areas. Specifically, a double deduction will be granted for three accounting periods (2016-2018) on expenses incurred on projects in rural areas that are in need of social and economic investment, particularly with respect to infrastructure, development and the improvement of tourist locations.

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