



Tax & Legal Services Newsletter

Taxation of Digital Asset Business

The Thai Cabinet has approved, in principle, two emergency decrees that would regulate investment in digital currency (cryptocurrency). One decree addresses businesses involved in trading “digital assets” and the other an amendment to the Revenue Code for the collection of tax on digital currency. The decrees define digital assets, and would require operators (that include intermediaries, brokerages, providers of platforms and dealers) to register with the relevant authorities with a view to preventing money laundering and/or fraud. A 15% withholding tax would be imposed on dividends and capital gains arising from digital currency investments, and such income would have to be included in an individual’s personal income tax computation. A complete detail of the draft decrees will be submitted to the Thai Cabinet again for consideration in the near future.

Tax Incentive to Support Welfare Card Scheme

The Thai Cabinet has approved, in principle, a tax measure that would provide support to welfare card holders by granting a 150% corporate income tax deduction for wages paid to employees who are welfare card holders, but may not exceed 10% of the total number of employees. Eligible expenses for the deduction would not include wages paid to a welfare card holder employee who receives monthly income exceeding THB 15,000 or who derives assessable income that does not fall within the exempted revenues under section 42 of the Thai Revenue Code in an amount exceeding THB 100,000 in the previous tax year.

If passed, the deduction would be available for the accounting period beginning on or after 1 January 2018, but not later than 31 December 2019.

Tax Measures to Encourage Electronic Payments

To encourage electronic transactions, Royal Decree No. 653 was issued on 2 March 2018 (and applies as from 3 March on ward) to provide a personal income tax exemption on prizes awarded under the Instruction and Promotion of Electronics Transactions Project as from 1 June 2017. A 5% tax must be levied on the prize paid to an individual to be eligible for the exemption, but the prize does not have to be included in the individual's personal income tax computation at year end.

Following the issuance of Royal Decree No. 640, which allows a double deduction for capital expenditure incurred on the acquisition of electronic data capture (EDC) equipment, the Director-General of the Revenue Department issued a notification (Notification No. 317) on 14 March 2018 (and that applies retroactively from 1 November 2016) that sets out the eligibility requirements:

- The investment must be made between 1 November 2016 and 31 December 2018, and the depreciation of the assets must start within that period; and
- Actual payment for the equipment must be claimed as an expenses in the accounting period in which the depreciation starts.

The Notification provides that eligible expenses for a double deduction of expenses incurred on the collection of fees arising from debit card payments via the EDC means the merchant discount rate arising from payments made by individuals or companies to EDC service providers, provided no fees are collected from the recipient of goods or services.

Revenue Department Rulings

Proceeds Received from Termination of Provident Fund

Company A operated a provident fund for several years, but subsequently terminated the fund because of its business difficulties. Termination of the fund resulted in termination of the membership of its employees and full benefit payouts were made to all fund members.

The Thai Revenue Department ruled that proceeds received by an individual upon the termination of the provident fund will be regarded as income derived from employment, rather than a lump sum payment made by the employer due to termination of the employment contract since the employment still exists and, hence, the income must be included in the individual's personal income tax calculation.

Anthony Visate Loh

**Business Tax & Indirect Tax,
Legal Services**

Tel: +66 (0) 2034 0000 ext 40112
Email: aloh@deloitte.com

Darika Soponawat

**Business Tax (Japanese Services Group)
& Indirect Tax**

Tel: +66 (0) 2034 0000 ext 40115
Email: dsoponawat@deloitte.com

Dr. Kancharat Thaidamri

Transfer Pricing & Business Tax

Tel: +66 (0) 2034 0000 ext 40118
Email: kthaidamri@deloitte.com

Korneeka Koonachoak

**Business Tax (Business
Model Optimization)**

Tel: +66 (0) 2034 0000 ext 40122
Email: kkoonachoak@deloitte.com

Mark Kuratana

Global Employer Services

Tel: +66 (0) 2034 0000 ext 40125
Email: mkuratana@deloitte.com

Stuart Simons

Transfer Pricing & Customs Services

Tel: +66 (0) 2034 0000 ext 40135
Email: ssimons@deloitte.com

Wanna Suteerapornchai

Business Tax (M&A) & FSI

Tel: +66 (0) 2034 0000 ext 40144
Email: wsuteerapornchai@deloitte.com

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