



Tax & Legal Services Newsletter

Rules on Tax Allowance for Year-End Shopping

Following to the issuance of Ministerial Regulation No. 333 which allows the personal income tax allowances not exceeding the amount of THB 15,000 in the computation of personal income tax on value of goods or services supplied to them, up to a maximum of THB 15,000, the Director-General issued a notification (Notification No. 311) on 10 November 2017 (applies as from 11 November 2017) that sets out the requirements for individuals to benefit from a such deduction. According to the notification, the individual may not be an ordinary partnership or a non-juristic body of persons and the individual may not use the input VAT on the value of the goods or services supplied in computing VAT.

Double Deduction for Computer Software

Royal Decree No. 647, issued on 31 October 2017 and applicable as from 1 November 2017, grants a double deduction for expenditure incurred by companies on the acquisition of computer software. The main features of the new rules are as follows:

- The double deduction is available only to companies or juristic partnerships with paid-up capital not exceeding THB 5 million on the last date of the accounting period and income from sales and services in the accounting period that do not exceed THB 30 million.

- The expenditure must be incurred for the acquisition of custom-made computer programs or service fees paid for the use of computer programs to sellers or service providers registered with the Digital Economy Promotion Agency, and only expenditure up to THB 100,000 is eligible.
- The expenditure must be incurred for the accounting period beginning on or after 1 January 2017, but not later than 31 December 2019.
- The taxpayer may not previously have been granted any tax benefits relating to the computer software in accordance with the Royal Decrees pursuant to the Thai Revenue Code.
The tax benefit must be utilized in accordance with rules, procedures and conditions prescribed by the Director-General.

Tax Measures to Support Gold Trading

The Thai Cabinet has approved tax measures for trading under the gold futures agreement on the Thailand Futures Exchange (TFEX), based on the physical delivery of gold bars. The new measure can be summarized as follows:

- There is an income tax exemption for taxpayers deriving capital gains from the trading of gold futures on the TFEX where the payer has deducted a 15% withholding tax from the payment of the sale proceeds.
- There is an income tax exemption for taxpayers that receive compensation for delayed delivery in the context of gold futures trading on the TFEX where the payer has deducted a 15% withholding tax from the compensation.
- Gold futures trading on the TFEX is exempt from VAT.

Revenue Department Ruling Corporate Income Tax Exemption on IHQ Revenue

The Thai tax authorities recently issued a ruling involving a company engaged in the business of asphalt manufacturing and the domestic and international sale of the product (the “**Company**”). The Company has a subsidiary in Malaysia to perform crude oil refining processes. The Company procured crude oil from overseas and delivered it to its subsidiary for refining; the subsidiary then would store the refined product and deliver it to overseas customers when the customers placed orders without importing the product into Thailand.

The tax authorities ruled that income derived from the overseas procurement by the company is exempt from corporate income tax in accordance with Royal Decree No. 586.

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