



Tax & Legal Services Newsletter

Tax Measure to Support Research and Development Fund

The Thai Cabinet has approved a draft royal decree that includes tax measures to support research and development (R&D) and an innovation fund under the laws for the development of science and technology, national metrological systems, and health systems research institutions, as well as the Thailand Research Fund.

For contributions made as from the effective date of the royal decree until 31 December 2019:

- Individual taxpayers will be entitled to a personal income tax allowance of 200% of the amount contributed. However, when combined with amounts paid to support educational projects, the total expenses claimed may not exceed 10% of the taxpayer's assessable income after other deductions and allowances.
- Companies will be able to deduct 200% of the amount actually contributed. However, when combined with amounts paid to support education and playgrounds/parks/official facilities or the construction of private sports facilities, the total expenses claimed may not exceed 10% of the net profits before expenses for public charities or for the public interest, education and sports under Section 65ter (3) of the Thai Revenue Code ("TRC").

For contributions made as from 1 January 2020;

- Individuals will be able to deduct the amount actually contributed when calculating their personal income tax liability. However, the total of the deduction for this contribution (when combined with other deductible contributions according to Section 47(7) of the TRC, where applicable) may not exceed 10% of assessable income after the deduction of expenses and allowances.
- Companies will be able to deduct the amount actually contributed when calculating their corporate income tax liability. However, the total of the deduction for this contribution (when combined with the costs of donations to public charities and donations made in the public interest according to Section 65ter (3) of the TRC, where applicable) may not exceed 2% of net profits.

Tax Measures to Support R&D Funds

The Thai Cabinet has approved a draft ministerial regulation that contains measures to encourage investment in start-up enterprises (i.e. angel investors). A personal income tax exemption of up to THB 100,000 will be granted for amounts invested in the shares of such enterprises during the period 31 December 2018 and 31 December 2019, provided the taxpayer holds the shares for at least two consecutive years from the date the investment is made.

The exemption will be available for investments made in a company or juristic partnership that meet the following requirements:

- It is incorporated between 1 October 2015 and 31 December 2019.
- The entity/partnership has paid-up capital not exceeding THB 5 million and derives no more than THB 30 million from the sale of goods and the provision of services during the relevant period.
- The entity/partnership carries on a business in a targeted industry, e.g. food and agriculture, energy saving, biological technology, medical and public health, tourism, etc. The main technology used for the manufacturing processes and the provision of services will have to be in compliance with rules issued by the National Science and Technology Development Agency.
- The entity derives no less than 80% of its income during an accounting period from the sale of goods and the provision of services in the targeted industry.

Tax Measures to Relieve Effects from Adjustment of Minimum Wage

The Thai Cabinet has approved a draft royal decree that contains tax measures to relieve the effects of the increase in the minimum wage. An additional 15% corporate income tax deduction will be granted for daily wages paid to employees, provided the employer derives income of no more than THB 100 million from the sale of goods and the provision of services during the accounting period and hires up to 200 workers. To qualify for the deduction, the daily wages must be paid between 1 April and 31 December 2018 and the following requirements must be met:

- The daily wages means wage on a daily basis and may not include overtime pay, allowances and other benefits;
- The daily wage rate payable to the worker must be higher than the previous daily wage rate set by the company or the daily wage rate paid to the worker before 1 April 2018; and
- The wages may not benefit from any other salary expense tax incentives granted pursuant to another Royal Decree issued under the Thai Revenue Code.

Tax Measure to Promote Establishment of International Higher Education Institution

The Thai Cabinet has approved a draft royal decree on a tax measure to promote the establishment of an international higher education institution. The draft decree has been issued in accordance with the announcement of the National Council for Peace and Order No. 29/2560, and includes the following:

- Individuals will be entitled to a double deduction on actual cash contributions made to the institution up to an amount equal to 10% of net income;
- Companies or juristic partnerships will be entitled to a double deduction on actual cash or assets contributions made to the institution up to an amount equal to 10% of net profits; and
- Exemptions from income tax, VAT, specific business tax and stamp duty will be available for individuals or companies that transfer assets, sell goods or execute instruments relating to contributions made to the institution.

The incentives will be applicable to contributions made as from 1 January 2018.

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/th/about to learn more about our global network of member firms.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax & legal and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising approximately 330 partners and 8,000 professionals in 25 office locations, the subsidiaries and affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices, their subsidiaries and affiliates which are separate and independent legal entities.

About Deloitte Thailand

In Thailand, services are provided by Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and its subsidiaries and affiliates.

© 2018 Deloitte Touche Tohmatsu Jaiyos Co., Ltd