



Tax & Legal Services Newsletter

One-Year Extension of 7% VAT Rate

The National Council for Peace and Order has issued announcement no. 65/2559, which extends the 7% VAT rate for one year, i.e. until 30 September 2017.

Loss Calculation for Promoted Business

The Board of Investment (BOI) has issued announcement no. Paw. 9/2559 that regulates the tax treatment of losses of BOI-promoted businesses, as follows:

- A BOI company may offset losses incurred from tax exemption activities during a tax holiday period against its taxable profits (in any year or years) for five years after the end of the tax holiday period, i.e. tax exemption period.
- If a BOI company has multiple BOI projects, the company must first offset the losses attributable to each BOI project against profits derived in the same accounting period.
 - A net profit is exempt from corporate income tax as stated in the BOI certificate granted for the project. The allocation of the tax-exempt net profit to each BOI certificate in the year must be in proportion to the actual profit derived in each project.
 - A net loss incurred during the tax holiday period may be offset against the BOI company's taxable profit (in any year or years) for five years after the end of the

holiday period. Any remaining losses in the year must be allocated to each BOI project in proportion to the actual loss incurred on each project.

- If a BOI company operates both tax-exempt and taxable businesses, its profit and losses must be calculated in accordance with the notification of the Revenue Department dated 5 February 1987.

Tax Clearance Requirement for Foreigners

The Revenue Department has issued a notification of the Director-General which requires that foreigners whose income is derived from the sale of diamonds, gems, etc. must obtain tax clearance requirement.

Consideration Excluded from VAT Base

The Director-General's notification on Value Added Tax (VAT) No. 211 provides that the value of electricity supplied by a VAT-registered person for residential use is excluded from the VAT base, provided the volume does not exceed the amount set by the Energy Policy and Planning Commission.

Deductible Expense for Tourism

Royal Decree No. 322 has been issued to stimulate tourism by granting a personal income tax allowance of up to THB 15,000 on domestic tourism expenses, provided the payment is made during 1 – 31 December 2016. Eligible expenses include: (1) service fees paid to tour operators under the law governing the business of tour operators and tour guides; and (2) accommodation fees paid to hotel operators under the laws governing the hotel business.

Tax Measure to Boost Consumer Spending

Ministerial Regulation No. 323 allows individuals to deduct the value of goods or services supplied to them between 14 – 31 December 2016 (except for liquor, beer, wine, tobacco, gasoline, natural gas to fill vehicles, automobiles, motorcycles, watercraft and does not include services from tour operators and hotel accommodations), as actually paid, up to a maximum of THB 15,000, provided the individual has a full tax invoice for the supply.

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