

Tax & Legal Newsletter

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Tax measures to help boost the economy

The Thai Revenue Department issued Ministerial Regulation No. 368 on 22 October 2020 and Director-General Notification No. 390 on 30 October 2020 to prescribe rules and criteria that allow a tax deduction not exceeding THB 30,000 in the computation of personal income tax for expenses actually paid for goods or services supplied from VAT registrants from 23 October 2020 to 31 December 2020. The key rules and criteria are as follows:

- The goods or services must be purchased from a VAT registrant, unless the goods or products are exempt from VAT (e.g., books, e-books, and "OTOP" products).
- The goods must not be liquor, beer, wine, oil and gas for vehicles, etc.
- An ordinary partnership, a body of persons that is not a juristic person, and persons utilizing the half-half payment scheme or state welfare card scheme are not eligible for the tax deduction.
- Where the purchaser is a VAT registrant and claims input tax from goods or services, the purchaser will not be entitled to a deduction for the expenses on which input VAT was claimed.

Deduction criteria for investment in automation system projects

Royal Decree No. 710, issued on 23 September 2020, allows companies and juristic partnerships an additional deduction of 100% (i.e., a total deduction of 200%) of the actual expenses paid for machinery and relevant computer programs for projects investing in automation systems, excluding amounts paid for maintenance and repairs. On 3 November 2020, the Director-General of the Revenue Department issued Notification No. 391 to prescribe the following rules and criteria:

- The expenses must be paid for an investment arising from a contract, purchase order, contracted work order, or similar agreement entered into between 1 January 2019 and 31 December 2020.
- The additional deduction is allocated equally over five consecutive accounting periods, beginning with the accounting period in which the depreciation for wear and tear of the machinery and the amortization of the computer program commences.
- The company/juristic partnership must prepare an automation investment project plan, including a payment plan, in the format prescribed under Notification No. 391 and submit the plans through the Revenue Department's online portal.
- The company/juristic partnership must prepare a report showing details of the investments in the automation system, which contains at a minimum the particulars and statements according to the template attached to Notification No. 391. Such report and supporting documents must be maintained at the place of business for inspection by assessment officers, and the machinery and computer program must be recorded in the asset register or similar register of the company/juristic partnership.

Criteria for additional deduction of expenses paid to employees of targeted industrial businesses

Royal Decree No. 711, issued on 23 September 2020, allows a company or juristic partnership operating a targeted industrial business under the law governing enhancement of competitiveness of the country for targeted industries an additional deduction of 50% (i.e., a total deduction of 150%) of the amount actually paid as salaries under contracts of employment with highly-skilled employees in the fields of science, technology, engineering, or mathematics. The 50% additional deduction applies to the portion of the employees' salaries actually paid from 1 January 2019 to 31 December 2020. The total additional deduction may not exceed THB 100,000 per month.

On 3 November 2020, the Director-General of the Revenue Department issued Notification No. 392 to prescribe the following rules and criteria for the additional deduction:

- The amounts paid must be for expenses incurred for employment contracts concluded between 1 January 2019 and 31 December 2020.
- The employees must be highly skilled in the fields of science, technology, engineering, or mathematics as certified by Thailand's Office of National Higher Education Science Research and Innovation Policy Council.
- The employed position must be of a business in the targeted industries requiring high proficiency in science, technology, engineering, or mathematics, and certified by the Office of National Higher Education Science Research and Innovation Policy Council.
- The company/juristic partnership that exercises the additional tax deduction must prepare a report showing details of employment of highly-skilled employees based on the form attached to the notification, and submit the report to the assessment officer together with the juristic person income tax return filing (P.N.D.50) for the relevant accounting period.

Criteria for additional deduction of expenses paid for employee training

Royal Decree No. 712, issued on 23 September 2020, provides a company or juristic partnership an additional deduction of 150% (i.e., a total deduction of 250%) of expenses incurred from 1 January 2019 to 31 December 2020 for sending its employees to attend a course of study or training, or for arranging a training course for its employees, provided that the curriculum is recognized by a state agency as prescribed by the Director-General. On 3 November 2020, the Director-General of the Revenue Department issued Notification No. 393 to prescribe the following rules and criteria:

- The course or training curriculum must be certified by Thailand's Office of National Higher Education Science Research and Innovation Policy Council, Office of the Eastern Special Development Zone Policy Committee, or Digital Economy Promotion Agency.
- The course or training must commence no later than 31 December 2020.
- The company/juristic partnership that exercises the additional deduction provided under Royal Decree No. 712 must not exercise, either partially or wholly, any other tax deductions under other Royal Decrees for the same expenses.

Criteria for double tax deduction and tax exemption for donations made to educational institution via electronic system

Royal Decree No. 713, issued on 23 September 2020, provides a double tax deduction for donations made to certain educational institutions by individuals, companies, and juristic partnerships between 1 January 2020 and 31 December 2021 via the electronic donation system. In addition, exemptions from value added tax, specific business tax, and stamp duty are provided for individuals,

companies, and juristic partnerships on the income received from a transfer of property or sale of goods, or for the execution of an instrument, relating to such donations. On 30 October 2020, the Director-General of the Revenue Department issued Notification No. 24 to prescribe rules and criteria for the double tax deduction and tax exemptions provided under Royal Decree No. 713, which include, among others:

- Where properties are bought by a company or juristic partnership for donation, there must be evidence of the purchase that specifies the quantity and cost of the properties. The value disclosed on such evidence will be relied on as the value of the donation.
- Where a company or juristic partnership donates property already recorded in its assets list, the value of the donation is the property's net book value (net of wear and tear and depreciation).
- For a donation to an educational institution, the information as shown in the electronic donation system will be relied on as evidence for the exemption from income tax, value added tax, specific business tax, and stamp duty. The person seeking the exemption is not required to provide other evidence of the donation to the assessment officer.

Criteria for additional tax deduction and tax exemption for donations made to the Center for Industry 4.0 established by educational institutions

Royal Decree No. 699, issued on 22 June 2020, allows a company or juristic partnership an additional tax deduction for donations of machinery, accessories, and computer programs relating to machinery made between 1 January 2020 and 31 December 2020 to a Center for Industry 4.0 established by an educational institution, provided certain requirements are met.

In addition, exemptions from value added tax, specific business tax, and stamp duty are provided for a company or juristic partnership on the income received from the transfer of property, sale of goods, and execution of instruments undertaken for the purposes of such donations.

On 5 November 2020, the Director General of the Revenue Department issued Notification No. 26 to prescribe rules and criteria for the tax deduction and exemptions. These include, among others:

- The property donated must be machinery, components, equipment, accessories, or computer programs relating to machinery for automation systems for Industry 4.0 that have been certified by the Office of the Eastern Special Development Zone Policy Committee.
- The company or juristic partnership exercising the income tax deduction or tax exemption is required to maintain the evidence of the receipt of the donation (such as a letter of appreciation or a certificate of honor) issued by the Personnel Development and Promotion Centre for Industry 4.0 established by an educational institution. The evidence of receipt must state the value of the property donated and be available for inspection by the assessment officer.

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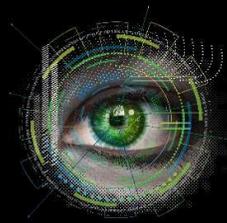
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