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Thailand | Tax & Legal | 25 November 2022



Value Added Tax Alert

VAT Exemption for Data Centers

On 8 November 2022, Royal Decree No. 759 was gazetted providing a VAT exemption for the provision of data center service and related services.

Under the new Royal Decree, provision of data center services can be exempted from VAT, including the below:

- Provision of data backup services.
- Provision of network connection services to internet service providers or cloud service providers.
- Provision of system management and information security service.

Who qualifies for the exemption?

If you operate a data center and would like to qualify for the VAT exemption, you must meet the following qualifications:

- Being a Thai company or juristic partnership incorporated under Thai laws;
- Being a VAT registrant;
- Being a BOI-promoted data center providers; and
- Comply with the rules, procedures, and other conditions as prescribed by the Director-General.

What to do next?

To become a qualified data center eligible for the VAT exemption, it is necessary to submit the application for the exemption to the Director-General within 5 years after the effective date of this Royal Decree (i.e., 9 November 2022).

Currently, the Revenue Department is developing its own system to support the application submission. We expect further announcements in relation to submission process and required documents from the Revenue Department in the near future.

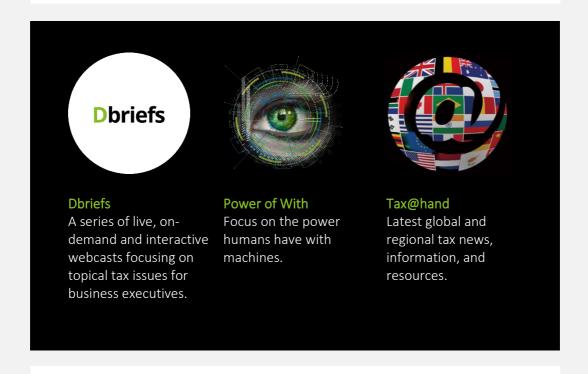
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