

THAI GOVERNMENT ANNOUNCES TAX RELIEF MEASURES IN RESPONSE TO COVID-19

PRAPHAN PHICHAIWATKOMOL (Partner)
PANISA LORCHAICHON (Associate)



The Thai Government has recently announced economic relief packages including several tax relief measures to address the impact of the COVID-19 pandemic on the Thai economy. While the law and regulations regarding these measures have not yet been released, an outline of all tax relief measures for individuals and entrepreneurs announced by the Government is set out below.

TAX RELIEF MEASURES FOR INDIVIDUALS

- 1. Reduction of Withholding Tax rate from 3% to 1.5%**

The withholding tax imposed on the hire of works, services, and professional fees for individuals will be reduced from 3% to 1.5% for the payment made from April – September 2020. In addition, the withholding tax rate will be reduced from 3% to 2% from October 2020 – December 2021, provided that the payment must be made via the e-withholding tax system.
- 2. Increasing the personal income tax (“PIT”) allowance for the investment in Super Saving Fund (“SSF”) capped at 200,000 Baht (Separated from the regular SSF allowance)**

An individual who invests in SSF with at least 65% of its net assets value in shares listed on the Stock Exchange of Thailand (“SET”) during the period 1 April - 30 June 2020 will be able to claim the investment amount, capped at THB 200,000, as an allowance for PIT purpose, provided that the investment in the SSF must be held for at least 10 years. This allowance will be in addition to the regular SSF allowance (i.e. 30% of total income, capped at THB 200,000).
- 3. Increasing the PIT allowance for donations given to support the COVID-19 measure up to 10% of net income**

Donations given to support the COVID-19 measures via the E-Donation system of the Thai Revenue Department (“TRD”) will be claimable as an allowance for PIT purpose which is capped at 10% of the total income after deducting all other expenses.

4. **Extension of the due date of PIT return submission to 31 August 2020**
The due date of PIT return for the tax year of 2019 (Form PND. 90 and PND. 91) submission will be extended from 30 June 2020 to 31 August 2020.
5. **Increasing the maximum health insurance premium allowance for PIT purpose to THB 25,000**
The maximum health insurance premium allowance claimable for PIT purpose will be increased from THB 15,000 to THB 25,000, however, when including the allowance for health insurance premiums as well as for saving accounts with attached life insurance policies, the total must not exceed THB 100,000. The new maximum health insurance premium allowance will be applicable commencing from the tax year of 2020.
6. **Exemption of PIT on the risk payments for medical workers received in 2020**
The income arising from the risk payments for medical workers received in 2020 will be exempted from PIT.
7. **Exemption of PIT and other taxes on the income in relation to debt restructuring with non-financial institution creditors during 1 January 2020 – 31 December 2021**
The following income which relates to debt restructuring (Non-Bank) during 1 January 2020 – 31 December 2021 will be exempted from PIT and other taxes (i.e. VAT, SBT, and Stamp duty):
 - The income of debtors arising from the debt forgiveness from creditors
 - The income arising from the transfer of assets, sale of goods, or the provision of services and the instrument actions incurred from debt restructuring
 - The income arising from the transfer of real property which is guaranteed for debt of the other who is not the creditor and the instrument incurred from the transfer of real property

TAX RELIEF MEASURES FOR ENTREPRENEURS

1. **Reduction of the Withholding Tax rate from 3% to 1.5%**
The withholding tax imposed on the hire of works, services, commissions, and professional fees for juristic persons will be reduced from 3% to 1.5% for the payment made from April – September 2020. In addition, the withholding tax rate will be reduced from 3% to 2% from October 2020 – December 2021, provided that the payment must be made via the e-withholding tax system.
2. **Increasing the deductible expense for interest incurred from soft loans for the eligible Small and Medium Enterprises (“SMEs”) to 150% for corporate income tax (“CIT”) purpose**
Eligible SMEs can claim 150% of interest expense incurred from soft loans to be paid from 1 April – 31 December 2020 as a deductible expense for CIT purpose, provided that the SMEs have annual revenue not exceeding THB 150 million, have employees not exceeding 200 persons, and have a single set of accounting books for the latest accounting period ending on or before 30 September 2019.
3. **Increasing the deductible expenses for eligible salary costs paid from April - July 2020 for SMEs to 300% for CIT purpose**
300% of salary costs paid from SMEs to employees not exceeding THB 15,000 per month per employee from April – July 2020 will be claimable as a deductible expense for CIT purpose with the condition that:
 - The SMEs must have annual revenue not exceeding THB 150 million;
 - The SMEs must have employees not exceeding 200 persons;
 - The employees must be insured under the social security fund; and
 - The number of insured employees in the mentioned period must not be lower than the number of insured employees as of 31 December 2019.

4. **Accelerating the period of VAT refunds approval for Goods Exporters of the TRD to be within 15 or 45 days depending on the filing method**
The period of VAT refund approval for Goods Exporters following the TRD's condition will be accelerated from within 30 days to within 15 days for e-filing and from 60 days to within 45 days for manual filing.
5. **Extension of the due date of CIT returns submissions to within 31 August 2020 for Annual CIT return and to within 30 September 2020 for Mid-year CIT return**
For the annual CIT return (Form PND. 50) for the fiscal year of 2019, the due date of submission will be extended from during 1 April – 30 August 2020 to 31 August 2020.
For the mid-year CIT return (Form PND.51) for the fiscal year of 2020, the due date of submission will be extended from during 1 July – 29 September 2020 to 30 September 2020.
6. **Extension of the due date of any tax return submission with the TRD (e.g. VAT, or SBT) for affected entities for 1 month**
The due date of any tax return submission with the TRD will be extended for 1 month exclusively for affected entities which have to close their office/ establishment following the Government Order (e.g. Ministry of Interior, Local Administrative Organization, or Ministry of Public Health) or other entities affected from the COVID-19 pandemic (to be considered on a case by case basis by the Ministry of Finance).
7. **Extension of the due date of excise tax return submission for petroleum or petroleum products entities to the 15th day of the following month after the products were taken out, for 3 months.**
The due date of excise tax return submission will be extended from within 10 days from the day that the petroleum or petroleum products were taken out from the industrial factory or the bonded warehouse, to the 15th day of the following month after the products were taken out from the industrial factory or the bonded warehouse, for 3 months.
8. **Extension of the due date of excise tax return submission to 15 July 2020 for entities incorporated as a service place business**
The due date of the excise tax return for entities incorporated as a service place* business will be extended from the period 1 March – 31 May 2020 to 15 July 2020.
**Night clubs, Discotheques, Pubs, Bars, Cocktail Lounges, and including places that sell food and alcoholic beverages where live music event is performed or any entertainment event which is closed after 12.00 a.m., and Massage Parlors, along with Gambling Businesses in terms of racecourse or golf course*
9. **Exemption of import duty on the products related to preventing COVID-19 until September 2020**
The import duty on products related to the prevention of COVID-19 will be exempted for 6 months (until 30 September 2020).
10. **Exemption of CIT and other taxes on the income in relation to debt restructuring with non-financial institution creditors during 1 January 2020 – 31 December 2021**
The following income which relates to debt restructuring (Non-Bank) during 1 January 2020 – 31 December 2021 will be exempted from CIT and other taxes (i.e. VAT, SBT, and Stamp duty):
 - The income of debtors arising from debt forgiveness from creditors
 - The income arising from the transfer of assets, sale of goods, or the provision of services and the instrument actions incurred from debt restructuring
 - The income arising from the transfer of real property which is guaranteed for debt of the other who is not the creditor and the instrument incurred from the transfer of real property

Need Assistance?

Siam Premier's Taxation team provides strategic legal advice on all aspects of Thai taxation law.

For further information on the Tax Relief Measures in Response to COVID-19 and how it may affect your business, please contact our tax partner, Praphan Phichaiwatkomol, **Tel:** +66 2 646 1888 Ext. 1010 or

Email: Praphan@siampremier.com

Authors



Praphan Phichaiwatkomol

(Partner)

T: +66 (2) 646 1888 Ext. 1010

E: Praphan@siampremier.com

WORKABLE SOLUTIONS, EFFECTIVELY COMMUNICATED

www.siampremier.com

spi-info@siampremier.com



SIAM PREMIER INTERNATIONAL LAW OFFICE LTD.



SIAM PREMIER