



Tax benefits on debt restructuring

The following report may be of interest to:

All clients

Summary:

Royal Decree No.742, effective from 25 February 2022, was issued to extend the time limit for the tax benefits granted for the debt restructuring of financial institutions and other creditors so as to assist debtors and SME operators, previously granted under Royal Decree No. 709, from 31 December 2021 to 31 December 2026. In addition, a further group of creditors is now included, as noted below in the definitions, whose benefits were available with effect from 1 January 2021.

Financial institutions are defined as follows:

1. State financial institutions established by specific laws
2. Financial institutions and asset management companies established under their respective laws.

Other creditors are defined as follows:

1. A creditor that is a company, which is not a financial institution under the law but carries on the business of credit card, personal loan, nano finance and pico finance as permitted under the respective laws, hire purchase and leasing companies that have their securities listed on the Stock Exchange of Thailand.
2. A creditor that is a company, which is not a financial institution under the law, also includes one carrying on the hire purchase and leasing business in a group of financial business companies under the law, or one joining in and proceeding under a debtor assistance project of the Bank of Thailand.
3. A creditor other than the above that has negotiated jointly with a financial institution in regard to debt restructuring of the debtor and has made a written agreement jointly with a creditor that is a financial institution.

The tax benefits for the debt restructuring are as follows:

- Exemption from personal and corporate income tax (PIT and CIT), VAT, specific business tax and stamp duty is granted to debtors of financial institutions and the financial institutions themselves on income derived from the transfer of assets, sale of goods, or provision of services, including the execution of instruments due from the debt restructuring of financial institutions, according to the criteria prescribed by the Bank of Thailand, which take place between 1 January 2022 and 31 December 2026.

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- Exemption from PIT and CIT is granted to debtors of other creditors on income due from the waiving of debts between 1 January 2021 and 31 December 2026 by the other creditors under 2 above and between 1 January 2022 and 31 December 2026 by the remaining other creditors that undertake debt restructuring according to the criteria prescribed by the Bank of Thailand.
- Exemption from PIT, CIT, VAT, specific business tax and stamp duty is granted to the debtors of other creditors, and the other creditors themselves, on income derived from the transfer of assets, sale of goods, or provision of services, including the execution of instruments due from the debt restructuring of the other creditors that undertake debt restructuring according to the criteria prescribed by the Bank of Thailand, whereby the transfer and execution take place between 1 January 2021 and 31 December 2026 for the other creditors under 2 above and between 1 January 2022 and 31 December 2026 for the remaining other creditors.
- Exemption from PIT and CIT, specific business tax and stamp duty is granted to debtors of financial institutions on income derived from the transfer to other persons of immovable properties that are mortgaged as collateral, including the execution of instruments due from the transfer. In this case, the debtor must use the income received to pay the financial institution creditor undertaking the debt restructuring, according to the criteria prescribed by the Bank of Thailand, for the portion that does not exceed the amount of the outstanding debt or the obligation under the contract of debt guaranty. The transfer of immovable properties and the execution of instruments must take place between 1 January 2022 and 31 December 2026.
- Exemption from PIT, CIT, specific business tax and stamp duty is granted to debtors of creditors that are not financial institution companies on income derived from the transfer to other persons of immovable properties that are mortgaged as collateral, including the execution of instruments due from the transfer. In this case, the debtor must use the income received to pay the creditor that is not a financial institution company undertaking the debt restructuring, according to the criteria prescribed by the Bank of Thailand, the portion that does not exceed the amount of the outstanding debt or the obligation under the contract of debt guaranty. The transfer of immovable properties and the execution of instruments must take place between 1 January 2021 and 31 December 2026 for the debtors of the other creditors under 2 above and between 1 January 2022 and 31 December 2026 for the debtors of the remaining other creditors.



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