



Justifiable grounds for certain transactions at lower than market value

The following report may be of interest to:

All clients

Summary:

Section 65 bis (4) of the Revenue Code requires all sales of goods, provisions of service and loans to be transacted at market value unless there are justifiable grounds to do otherwise. On 28 April 2022, the Revenue Department issued its Instruction No. Paw 160/2565 specifying that the event described below in the case of a lease of assets at lower than market value will be considered as having justifiable grounds.

This relates to a debtor (including a guarantor) of a financial institution that has entered into a debt restructuring scheme with the financial institution according to the criteria prescribed by the Bank of Thailand and is required to transfer its assets to pay the debt to the financial institution and then engages in a lease-back of those assets at a value that is below the market price. This lease of assets will be treated as having justifiable grounds under Section 65 bis (4) of the Revenue Code for debt restructuring schemes that are executed between 1 January 2022 and 31 December 2026.

For this purpose, a financial institution means a financial institution under the Financial Business Institution Act and an asset management company under the law governing asset management companies.

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