PwC Tax Insight # 15/2022
Tax Update
Issued Date: 29 June 2022

Revenue code update

The following report may be of interest to:

All clients

Summary:

1 Flat rate of personal income tax for qualified expatriates working in target activities

Royal Decree No. 743 was issued to grant a tax benefit to qualified expatriates in the category of highly-skilled professionals who have been granted a qualifying long-stay non-immigrant visa. These expatriates can choose to be taxed at the flat rate of 17% on their employment income derived from working for companies carrying on target activities.

Target activities are those that fall under the laws governing the enhancement of competitiveness of the country, investment promotion and the Eastern Economic Corridor (EEC).

The expatriates together with wealthy global citizens and pensioners granted a qualifying long-stay non-immigrant visa, will be exempt from tax on employment, business and property income earned abroad and brought into Thailand.

The criteria and conditions for the expatriates entitled to enjoy this tax benefit will be prescribed by the Director-General.

If an expatriate does not qualify for this tax benefit in any tax year, the benefit will cease in the tax year in which the failure to qualify arises.

2 VAT exemptions

The transfer of cryptocurrencies or digital tokens carried out on a digital asset exchange under the law is exempt from VAT between 1 April 2022 and 31 December 2023 (Royal Decree No. 744).

The transfer of digital currencies under the Retail Central Bank Digital Currency Development and Testing Project is exempt from VAT when executed between 1 April 2022 and 31 December 2023 (Royal Decree No. 745).

3 VAT-exempt businesses eligible to be registered for VAT

Businesses providing newspapers, magazines and text books online, which are exempt from VAT, may voluntarily register for VAT with effect from 25 May 2022 (Royal Decree No. 746).

4 Purchase of bio-degradable plastic products

Royal Decree No. 749 and the Notification of the Director-General No. 425 were issued to grant corporate entities a 25% additional deduction of the expenses paid between 1 January 2022 and 31 December 2024 for purchasing bio-degradable plastic products that fall within the categories prescribed by the Director-General and have received a product certification from the Office of Industrial Economics.

5 Tax support for investment in target companies using technology as the main basis of the business

Royal Decree No. 750 was issued to grant the following tax benefits between 15 June 2022 and 30 June 2032:

Tax benefits for shareholders in target companies (Section 4)

Shareholders, both individuals and corporate entities, of target company will be exempt from personal and corporate income tax on their gains derived from the transfer of shares that have been held for not less than 24 months prior to the date on which the gains were earned.

A target company is one that carries on activities that the state wishes to support and has earned at least 80% of its total income from such activities in each of the two consecutive accounting periods prior to the date on which the individuals and corporate entities earn the gains on the transfer of shares.

Tax benefits for shareholders and unit holders in venture capital businesses (Sections 5 & 7)

Shareholders or unit holders, both individuals and corporate entities, of a venture capital company or venture capital trust are exempt from personal or corporate income tax on the following items of income:

(i) Gains on the transfer of shares or trust units in a qualified venture capital company or venture capital trust investing in a target company that have been held for not less than 24 months prior to the date on which the gains were earned, under the following conditions:

- If the venture capital company or venture capital trust has no accumulated profits, the income tax will be exempt in the proportion of the investment made in the target company.

- If the venture capital company has accumulated profits from the revenue exempt from income tax under Section 4 above, or the venture capital trust has accumulated profits from the revenue from its investment in the target company of not less than 80% of the total amount of accumulated profits in each accounting period for two consecutive accounting periods prior to the date on which the revenue from the transfer of shares or trust units is earned, income tax would be exempt for the entire amount thereof.

(ii) Gains on the dissolution of a qualified venture capital company in the proportion of accumulated profits from the income exempt from tax under Section 4 above, or of a venture capital trust in the proportion of accumulated profits from its investment in a target company.

The activities of a target company that the state wishes to support are prescribed by the Board of the Competitive Enhancement for Target Industries and use technology as the main basis of the business, as certified by the authority prescribed by the Director-General of the Revenue Department.

For further information, please contact:

Your regular PwC contact person