

# Tax Newsletter, Issue no. 01/2021

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## Tax developments from October to December 2020

### 1. The 8-day extension for filing online tax returns and the transfer pricing disclosure form will be available for a further three years

The Ministry of Finance issued a notification, dated 15 December 2020, to extend the deadline for online tax filings and the online filing of the transfer pricing disclosure form. The existing 8-day extension beyond the normal

date will continue to be available for online tax filings and the online filing of transfer pricing disclosure forms due during the period from 1 February 2021 to 31 January 2024.

### 2. Update on fine for late filing of transfer pricing disclosure form

The Revenue Department has issued an update on the fines applicable for late filing of the transfer pricing disclosure form in a seminar broadcasted via its Facebook live on 24 December 2020. Taxpayers who file the disclosure form later than the set

deadline will be subject to a fine of up to Baht 200,000. However, the Revenue Department will rely on Section 3 bis (1) of the Revenue Code to reduce the fines as detailed below:

For the accounting period starting on or after 1 January 2019 but not later than 31 December 2019	Fine (Baht)
a) Not more than 7 days from filing due date*	25,000
b) More than 7 days from filing due date*	50,000

\*Note:

As one of the COVID-19 pandemic mitigative measures, taxpayers with a deadline to submit the disclosure form from April to August 2020 received an extension for filing to 31 August 2020.

Further, the Revenue Department provided a special reduction of the fine for late filing of the disclosure form for taxpayers with the obligation to file during 2020 by limiting the

fine to Baht 5,000 if it is filed online no later than 30 December 2020. Taxpayers who file the disclosure form online after 30 December 2020 will be subject to the above fines as applicable.

For the accounting period starting on or after 1 January 2020	Fine (Baht)
a) Not more than 7 days from filing due date	50,000
b) More than 7 days from filing due date	100,000

**Additional note:** Non-compliance with the disclosure form includes non-filing or filing of incorrect information which will also be subject a fine of up to Baht 200,000. At the time of this newsletter, further details of the fines applicable for cases of non-filing and filing incorrect information have not been released to the public.

### 3. Condition for home mortgage interest for personal income tax deduction

Under the Notifications of the Director-General of the Revenue Department on Income Tax nos. 396, 397 and 398, announced on 24 December 2020, in order to obtain a tax deduction for the mortgage interest paid for the purchase, hire purchase, or construction of a residential building, the taxpayer will need to provide evidence from the lender to prove the payment of mortgage interest.

In the case of mortgage interest paid under a loan agreement that was signed on or after 1 January 2021, the taxpayer must notify his/her intention to the lender that the mortgage interest paid will be used for tax deduction.

In the case of mortgage interest paid under a loan agreement that was in effect before 1 January 2021 and the taxpayer has decided not to notify the lender that the mortgage interest paid will

be used for tax deduction purposes, the taxpayer must have the evidence from the lender proving that interest has been paid on the housing loan.

A lender who has received the notification from the taxpayer must submit the information of the taxpayer to the Information Technology Division of the Revenue Department by completing the electronic form and submitting it according to the instruction provided on the website of the Revenue Department ([www.rd.go.th](http://www.rd.go.th)) by 15 January of the following year unless otherwise announced by the Director-General.

In the event that the lender has notified and submitted the information but wishes to amend, cancel or add to the information, the lender can submit the additional information through the system on the Revenue

Department website after the deadline using the form for submission.

#### **4. Tax measures approved by the Cabinet on 12 January 2021**

##### **4.1 Donations to research, development and innovation funds**

Individuals and corporates who donate money to the following funds through the e-donation system between the date on which the regulation is enforced and 31 December 2022 will be entitled to a 200% deduction:

- The Science and Technology Development Fund
- The Science, Research and Innovation Promotion Fund
- The Metrology System Development Fund
- The Public Health System Development Fund

However, these donations together with other donations granted a 200% deduction must not exceed 10% of net income or profit.

##### **4.2. Promotion of the e-tax system**

- Corporate entities will be granted a 200% deduction for investment in and use of the service of the e-tax invoice, e-receipt and e-withholding tax systems from 1 January 2020 to 31 December 2022.
- Reduction of the withholding tax rate from 5% to 2% for payments of assessable income made through the e-withholding tax system will be granted from 1 October 2020 to 31 December 2022.
- Reduction of the withholding tax rate from 3% to 2% for payments of assessable income through the e-withholding tax system will be extended from the current period from 1 October 2020 to 31 December 2021 until 31 December 2022.

#### **The following regulations have already been included in our earlier Tax Insights**

- Updated Department of Foreign Trade watchlist on exports to the US and EU (Tax Insight No. 34/2020)
- Update on Thailand's electronic export control system for weapons of mass destruction (Tax Insight No. 35/2020)
- Tax deduction for shopping in Thailand (Tax Insight No. 36/2020)
- Application of accrual basis in the computation of interest income and expenses of banking, finance, credit foncier and securities companies (Tax Insight No. 37/2020)
- Characteristics of machinery entitled to the 50% and 150% additional deduction for investment in new machinery (Tax Insight No. 38/2020)

- Transfer pricing adjustments (Tax Insight No. 39/2020)
- Prescribed revenue threshold for exemption from submission of the transfer pricing disclosure form and documentation requirements (Tax Insight No. 40/2020)
- Status of the draft digital service tax law under consideration by the Senate (Tax Insight No. 41/2020)
- Indian Customs increases scrutiny on FTA origin compliance (Tax Insight No. 42/2020)
- Reminder – certain important deadlines for submission to the Revenue Department (Tax Insight No. 43/2020)

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