



Tax News Flash

KPMG in Thailand



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Tax measures on R&D support in certain areas, electronic tax system development and the Government's subsidies, including e-tax filing deadline extension

In the past week, several tax measures have been approved by the Cabinet and launched by the Revenue Department. We have captured the highlights of all new measures in the summary below.

Tax measures to support research and development in science, technology and public health

The Cabinet has approved the principles of a Draft Royal Decree issued under the Revenue Code which, once enacted, will provide income tax exemptions for cash donations made to the Science and Technology Development Fund, the Scientific Research and Innovation Fund, the Metrological System Development Fund and the Public Health System Development Fund (the "Funds"). The details of these income tax exemptions are summarized below.

- Individuals will be allowed to deduct 200% of the value of cash donations made to the Funds as an allowance for personal income tax purposes. However, the total deduction for donations made should not exceed 10% of taxable income after deducting expenses and allowances.
- Companies or juristic partnerships will be allowed to deduct 200% of the value of cash donations made to the Funds as a deductible expense for corporate income tax purposes. However, the total deduction for expenses that are allowed for double deduction should not exceed 10% of net taxable profits before deducting public charitable expenses or expenses paid for education and sports.

The above measures only apply to donations made to the Funds via the e-Donation system from the date that the Royal Decree is enforced until 31 December 2022.

The Royal Decree and relevant regulations have yet to be issued.

Tax measures to support electronic tax systems

- a) *Extension of withholding tax reduction for payments made through the e-Withholding Tax system*

The Cabinet has approved an amendment to Ministerial Regulation no. 361 (B.E. 2563) to expand the scope of withholding tax reduction to include the reduction of withholding tax on certain taxable income from 5% to 2% for payments made through the e-Withholding Tax system.

The reduction of withholding tax from 5% and 3% to 2% for payments made through the e-Withholding Tax system are to be extended to the period from 1 October 2020 to 31 December 2022.

b) *Extension of tax exemption to support the development of electronic tax systems*

Companies and juristic persons will be allowed to deduct 200% of the value of expenses paid towards system development to support the e-Tax Invoice, e-Receipt and e-Withholding Tax systems, but this excludes expenses paid for the installment of a POS machine.

The expenses must be paid during the period from 1 January 2020 to 31 December 2022.

Further details and new regulations relevant to these issues are expected to be announced soon.

8-day filing and tax payment deadline extension for e-Filing is extended for another 3 years

The Revenue Department announced on 15 January 2021 an extension to the 8-day filing and tax payment deadline which has been granted for the filing of tax returns via the Revenue Department's e-Filing system for another 3 years, running from 1 February 2021 to 31 January 2024. The applicable tax returns include:

- Personal income tax returns (forms P.N.D. 90, 91, 94 and 95).
- Corporate income tax returns (forms P.N.D. 50, 51, 52, 54 and 55).
- Withholding tax returns (forms P.N.D. 1, 1 Gor, 2, 2 Gor, 3, 3 Gor and 53).
- Value added tax returns (forms P.P. 30 and 36).
- Specific business tax return (form P.T. 40).
- Transfer pricing disclosure form.

Tax measures to support government subsidies provided to individuals

Personal income tax exemptions are to be granted for individuals that derive income from government subsidies received under the following campaigns:

- Income compensation for employees working for business operators or others that are affected by the COVID-19 pandemic;
- The "Travel Together" campaign;
- The "Kumlungjai" campaign;
- The "50:50 co-payment scheme" (or "Konlakreung" campaign).

The relevant regulations are expected to be issued soon.

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