

Unlocking Tax Benefits: Exploring Thailand's Three New Decrees for Income Tax Exemption



Royal Decree on Business Tax Exemptions (Version 762) B.E. 2566

The Thai government has issued the Royal Decree on Business Tax Exemptions (Version 762) B.E. 2566, which provides provisions regarding the designation of businesses eligible for specific tax exemptions. This decree, effective from the date of its announcement in the Royal Gazette, aims to promote certain business activities by granting them tax privileges.

This royal decree, published in the Royal Gazette on 19 March 2566, outlines the regulations regarding the exemption of specific business tax. Article 3 introduces an amendment to Article 3 of the Royal Decree on Business Tax Exemptions (Version



240) B.E. 2534. It specifies that medium-sized and small-sized enterprises (SMEs) engaged in lending activities through the SME Promotion Fund, as approved by the Cabinet on August 20, 2562, will be exempted from specific business tax starting from September 1, B.E. 2563.

This Royal Decree aims to provide tax incentives for businesses and promote economic growth in Thailand. It is essential for businesses operating in Thailand to stay updated with these tax exemptions and ensure compliance with the requirements set forth in the decree.

Ministry of Finance Regulation on Income Tax and Value Added Tax (Second Revision)

The Ministry of Finance has issued Regulation (Second Revision) on Income Tax and Value Added Tax, which governs the designation of exempt organizations, public welfare institutions, hospitals, and educational institutions under the Revenue Code and Royal Decree on Value Added Tax Exemptions (Version 239) B.E. 2534, as amended by the Royal Decree on Value Added Tax Exemptions (Version 234) B.E. 2535.

This announcement, issued on 10 April BE 2566, focuses on the determination of organizations, public welfare facilities, hospitals, and educational institutions, as stated in Article 47(7)(k) of the Revenue Code and Article 3(4)(k) of the Royal Decree on Value Added Tax (Version 239), which was further amended by the Royal Decree on Value Added Tax (Version 234) BE 2565. It introduces the inclusion of the “Southern Peasant Association” as a recipient of tax exemptions. The effective date of this announcement depends on the submission of the annual income tax return for the year BE 2566, due in BE 2567, and the taxable base for business operators from May BE 2566 onwards.

This regulation provides clarity on the exemption criteria and procedures for income tax and value added tax. It is crucial for individuals and businesses to understand

these regulations to ensure accurate tax compliance and take advantage of the available exemptions.

Director-General of the Revenue Department Announcement on Income Tax (Version 434)

This announcement pertains to the criteria, procedures, and conditions for exempting income tax on donations made electronically to the Department of Forestry to support the Community Forest Carbon Reduction Project. Individuals and juristic persons are eligible for income tax exemption if they donate a minimum of 100,000 baht per community forest. The announcement also clarifies that the electronic donation records serve as evidence for tax exemption purposes, and taxpayers are not required to submit additional supporting documents.

The key points of this announcement are as follows:

1. Definition: The term “Community Forest Carbon Partnership project” refers to the project implemented by the Ministry of Natural Resources and Environment to support community forests’ carbon reduction.

2. Individuals who are eligible for income tax exemption must donate money to the Department of Forestry to support the Community Forest Carbon Partnership project. This requirement is outlined in Article 4(1) of the Royal Decree on Tax Exemptions (Version 761) B.E. 2566. The donation must be made through the electronic donation system specified by the Revenue Department.

3. The income tax exemption is applicable to donations made by individuals and is subject to the following conditions:
 - a. The donated amount must not exceed 10% of the individual’s taxable income.
 - b. The individual must obtain a receipt issued by the Department of Forestry for the donation made.

- c. The individual must submit the donation receipt when filing their annual income tax return.
4. The income tax exemption is valid for the fiscal year in which the donation was made.

It is important for individuals who wish to take advantage of the income tax exemption for donations to the Community Forest Carbon Partnership project to familiarize themselves with the criteria and procedures outlined in this announcement. By complying with the requirements and providing the necessary documentation, individuals can ensure that their donations are eligible for tax exemption.

Bangkok, June 2023

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Layout grafico e impaginazione

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delle imprese italiane

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