

Special Tax Deduction & Exemption Schemes

As the tax season approaches, the Thai Government has rolled out a series of new tax deduction and exemption schemes for both individual and corporate taxpayers. This is an effort to provide economic relief, as well as to stimulate local economy from the hard-hitting impacts of COVID-19. The tax deduction and exemption schemes are as follows.

(1). Tax Deduction Scheme on Loan Related Interest Payments

Under the current Revenue Code, interest payment(s) of loans for the purpose of rent, lease or construction of residential buildings may be used for the deduction of personal income tax for the year 2021 onwards. To be eligible for this deduction scheme, taxpayers must appropriately present an evidence showing that the loan interest payment(s) had been paid appropriately to the tax authority.

With this being said, an announcement made on 24th December 2020 by Thailand's Revenue Department (RD) laid down two new regulations to the existing deduction scheme. Stipulated in this new announcement, taxpayers that have made a loan agreement with (1) a bank (2) a finance company, securities company and credit foncier company (3) an insurance company or (4) a secondary mortgage corporation must follow the below regulations:

1. For a loan agreement made on or after 1st January 2021 – Taxpayers must declare their intention to apply for the tax deduction scheme to the loan officer for submitting with the tax authority;
2. For a loan agreement that was made before 1st January 2021 – Taxpayers may choose not to apply for the tax deduction scheme, but still must provide the tax authority with an evidence of loan interest payment issued by the loan officer.



(2). Other Tax Exemption Schemes

Personal Income Tax

Individual taxpayers that have received the benefits from the four governmental programs will be eligible for tax exemption in 2020 and 2021, the mentioned governmental programs are as follows:

- Rao-Mai-Ting-Gun (โครงการเราไม่ทิ้งกัน);
- Tiew-Duai-Gun (โครงการเราเที่ยวด้วยกัน);
- Kon-La-Krueng (โครงการคนละครึ่ง);
- KumlungJai (โครงการกำลังใจ).

Corporate Income Tax

Companies may deduct the expenses made on the investment or the service fee of (1) e-Withholding Tax System or (2) e-Tax Invoice & e-Receipt System in the amount of 2 times of the related actual expenses made from 1st January 2020 to 31st December 2022.

Withholding Tax

Tax rate for assessable income (e.g. 3% on service fees, copyright licensing fees or 5% on rental fees etc.) paid via e-Withholding Tax System from 1st October 2020 to 31st December 2022 has now been reduced to 2% tax rate (from the said 3% and 5% tax rates).

Overall, taxpayers are encouraged to pay attention to these deduction and exemption schemes to utilize the benefits to their fullest extent. For any assistance on your tax matters, please contact law@ilct.co.th