

CLIENT ALERT

Thailand Approves Tax Exemption on Investment Tokens

The Cabinet approves retroactive tax exemptions for Investment Token issuance and transfer in primary and secondary markets

The Cabinet recently approved a corporate income tax and VAT exemption on the public offering and trading of investment tokens in both primary and secondary markets. This tax exemption applies to companies or juristic partnerships that issue and offer investment tokens to the public in the primary market, as well as individuals, companies, or juristic partnerships that transfer or trade investment tokens in the secondary market.

The tax incentives include a corporate income tax exemption and VAT exemption for companies or juristic partnerships that offer investment tokens to the public in the primary market under the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018) (“Digital Asset Businesses Law”).

For the transfer or trading of investment tokens in the secondary market, VAT is also exempted. This tax exemption is applicable to both companies and individuals.

In the event of hybrid tokens i.e., a mixture of both investment and utility tokens or tokens issued for other purposes under the Digital Asset Businesses Law, the tax base for investment tokens would be exempted from VAT if the investment tokens can be segregated from utility tokens or tokens issued for other purposes.

ILCT Ltd. | บริษัท ไอแอลซีที จำกัด

+66 (0) 2679-6005 +66 (0) 2679-6041 www.ilct.co.th law@ilct.co.th

175 Sathorn City Tower, 18th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120

It is important to note that these tax incentives are subject to specific conditions as specified in the Notification of the Director-General of the Revenue Department. Moreover, the measure will apply retroactively from May 14, 2018. Therefore, it is advisable to consult a tax specialist to ensure compliance with all requirements before taking advantage of these tax exemptions.

In conclusion, this recent approval of corporate income tax and VAT exemptions on public offering and transfer or trading of investment tokens is a positive development for companies and individuals involved in digital asset businesses. These tax incentives provide a significant boost to the digital asset industry and further establish Thailand as a hub for digital asset businesses. Companies and individuals should seek professional advice to ensure compliance with all regulations and requirements.

ILCT remains your preferred choice to seek tax advice relating to all businesses and industries.

If you are looking for a law firm that can keep pace with sophisticated and groundbreaking business transactions, **ILCT** is here to help. Contact us to learn more about our services.

Laeard Ketwat

Tax Specialist

laeardk@ilct.co.th



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