

CLIENT ALERT

Thailand's Royal Decree Announces Tax Exemptions for Digital Token Corporate Transfers

On March 6, 2023, in a significant move, the Thai Cabinet approved tax measures pertaining to Digital Investment Tokens. Following this, Royal Decree No. 779 was unveiled, exempting tax on the transfer of Digital Investment Tokens, effective from August 16, 2023.

"Digital Investment Tokens" are specific digital tokens structured to represent the rights of individuals to invest in various projects or businesses under the Digital Asset Business Act B.E. 2561 (2018) as amended.

Key Points of the Royal Decree:

- **Exemption in the Primary Market:**

- Companies and juristic partnerships will now be exempt from corporate income tax and VAT for revenues or taxable values derived from transferring digital investment tokens. This is applicable for tokens offered publicly according to the Digital Asset Business Act. This includes transactions as far back as May 14, 2018.
- For hybrid digital tokens—those that function as both Investment Tokens and Utility Tokens or are designed for other purposes—the exemption is solely granted to the portion identified as Investment Tokens.

- **VAT Implications in the Secondary Market:**

- Transfers of digital investment tokens conducted since May 14, 2018, are exempt from VAT.

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This decree underscores the rising prominence of digital assets in the contemporary financial realm. Aiming to equate the tax treatments of digital investment tokens with traditional securities, the Thai Government is solidifying its dedication to an unambiguous and uniform regulatory architecture, encouraging heightened investments in the digital asset sector.

For additional information on this or any other aspect of the Digital Asset Business regulations in Thailand, please reach out to ILCT Co., Ltd. at law@ilct.co.th."

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