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Empowering the Future: Cabinet Extends Tax Relief Measures for Digital Assets Trading

In a notable development on February 6, 2024, the Cabinet announced its resolution to extend tax relief measures for digital asset trading, providing a lifeline for individuals and juristic entities involved in the realm of cryptocurrencies ("Cryptos") and utility tokens. The Value Added Tax (VAT) exemption for transfers of Cryptos and utility tokens has been extended from December 2023 to January 1, 2024, onwards.

"Cryptocurrency" means an electronic data unit built on an electronic system or network created for the purpose of being a medium of exchange for the acquisition of goods, services, or other rights, including the exchange between Digital Assets. "Digital Tokens" consist of:

(1) "Investment Token" means an electronic data unit created on an electronic system or network which is issued for the purpose of specifying the right of a person to participate in an investment in any project or business.

(2) "Utility Tokens" means an electronic data unit created on an electronic system or network which is issued for the purpose of specifying the right of a person to acquire specific goods, specific service, or any specific other right under an agreement between the issuer and the holder, and shall include any other electronic data units of right as specified in the notification of the Securities and Exchange Commission.

VAT exemption for individuals and juristic entities on Transfers of Cryptos and Utility Tokens:

1. Transfer Crypto or Utility Tokens traded on the Digital Asset Exchange under the Digital Assets Business Law
2. Transfer Cryptos or Utility Tokens traded through Digital Asset brokers under the Digital Assets Business Law
3. Transfer Cryptos or Utility Tokens to Digital Asset Dealers ("Buyers") under the Digital Assets Business Law
4. Transfer Cryptos or Utility Tokens by Digital Asset Dealers ("Sellers") under the Digital Assets Business Law.

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The Cabinet's decision to extend tax relief measures for Cryptos and Utility Token trading signifies a strategic move to bolster the burgeoning Digital Assets market. By providing VAT exemptions for a range of transactions, the government aims to stimulate growth, encourage innovation, and create a favorable environment for both individuals and juristic entities.

It's important to note that transfers of investment tokens in the primary market and secondary market have been exempt from VAT since May 14, 2018, under Royal Decree No. 779.

As with all legal related matters, it is advised that you consult a professional legal advisor for expert opinion. Please reach out to us at law@ilct.co.th.