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# THAILAND

## Newsletter

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## Enhanced Tax Relief Measures for Digital Assets Trading and Transfer of Digital Tokens in Thailand

Thailand's has adopted a progressive approach to digital assets and investment tokens, with the aim of creating a favorable trading and transfer environment. The Royal Decree issued under the Revenue Code B.E. 2481 (1938) on the Exemption from Taxes No. 744 B.E. 2565 ("**Royal Decree No. 744**") and No. 779 B.E. 2566 ("**Royal Decree No. 779**") laid the foundation for tax relief measures in the digital asset space, providing corporate income tax and value-added tax ("**VAT**") exemptions for certain transactions and offering tax benefits to bolster the digital economy.

### *Royal Decree No. 744 (Trading of Digital Assets)*

Under Royal Decree No. 744, transactions involving the trading of digital assets on Thai SEC-licensed digital asset exchanges were exempt from VAT. This exemption applied to transactions that took place from 1 April 2022 to 31 December 2023. However, this VAT exemption has expired at the end of last year.

### *Royal Decree No. 779 (Transfer of Investment Tokens)*

Furthermore, Royal Decree No. 779 provides tax relief for the transfer of digital investment tokens for investment purposes issued under the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018) (the "**Investment Tokens**"). This tax relief covers the exemption from (i) corporate income tax and VAT for companies or limited partnerships regarding the income and value of the tax base derived from the sale of the Investment Tokens in the primary market, and (ii) VAT for the transfer of Investment Tokens in the secondary market carried out since 14 May 2018.

These tax measures aim to facilitate the issuance and sale of Investment Tokens to the public in the primary market and to ensure that the sale of Investment Tokens in the secondary market is subject to the same tax burdens as the issuance and sale of securities in the primary and secondary markets.

## Further Initiatives by the Thai Government

In a significant move to further encourage the trading and transfer of digital assets and for Thailand to become the prime regional digital asset hub, on 6 February 2024, the Thai Cabinet approved the draft Royal Decree proposed by the Ministry of Finance ("**Draft Royal Decree**"). The decree introduces further tax relief pertaining to two main points:

### 1. *Extension of VAT Exemption Period and Beneficiaries Among Digital Asset Business Operators*

The beneficiaries of the previous VAT exemption under Royal Decree No. 744 were initially limited to only those trading in digital assets within the Thai SEC-licensed digital asset exchanges. Under the Draft Royal Decree, the VAT exemption will now be expanded to also include Thai SEC-licensed digital asset brokers and dealers. The VAT exemption period will be extended from its initial end date of 31 December 2023 to be indefinitely from 1 January 2024.

### 2. *Inclusion of VAT Exemption for Utility Tokens*

Previously, the VAT exemption under Royal Decree No. 779 applied solely to Investment Tokens. However, under the Draft Royal Decree, such exemption will now be extended to transfers of cryptocurrency or digital tokens under the category of utility tokens, whereby the transfer of cryptocurrency or utility tokens conducted through the Thai SEC-licensed digital asset exchanges, brokers, and dealers will be exempt from VAT from 1 January 2024 onwards for an indefinite period. This inclusion aims to ensure equitable VAT collection on all categories of digital assets.

These enhancements demonstrate Thailand's continued commitment to fostering a favorable regulatory and tax environment for digital asset transactions. By extending VAT exemptions and broadening the beneficiary base, Thailand is well-positioned to attract increased investment and innovation, contributing to the growth of its digital economy, and securing its position as a leading digital asset hub in the region.

CMHM will closely monitor these legal developments and update you accordingly once the Draft Royal Decree has been enacted. If you have any questions in relation to the issues raised in this article, please contact the authors whose details appear in the left-hand column.

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