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THAILAND

Newsletter

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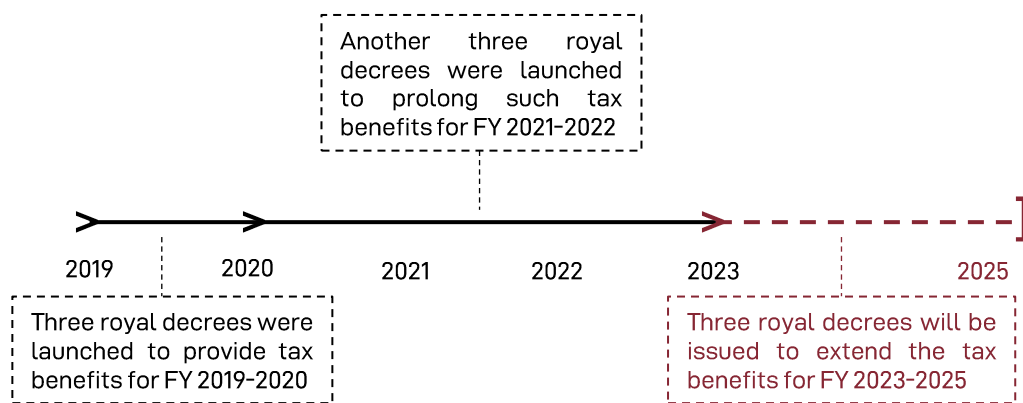
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Extra Deductions Under the Thailand Plus Package to Continue: Thailand Plus Package Tax Privileges Extended until 2025

On 7 March 2023, the Thai government approved an extension of tax privileges under the Thailand Plus Package. According to the approval, qualifying expenses for tax exemptions on a company's income, which expired on 31 December 2022, will continue for another three years (until 31 December 2025).

The qualifying expenses include expenses incurred as a result of investment in automation systems, employment of highly-skilled personnel, and skill training for employees. These three tax benefits have existed since 2019.



Tax Privileges	Details	Key Conditions
Double Deduction on Automation Machinery Investment	In addition to the normal tax-deductible expenses, a company's income shall be exempt from CIT at an amount equal to the amount paid for newly qualifying machines and software connecting such machines to the automation system.	The expenditure is incurred during the specified period; The machines and relevant software must be certified by authorized agencies, including the Center of Robotics Excellence; and A qualifying company shall not enjoy any other tax benefits under the Board of Investment of Thailand (BOI)'s promotion, National Competitiveness Enhancement for Targeted Industries, or EEC packages.
One and a Half Deduction on Highly-Skilled Personnel's Salary	In addition to normal tax-deductible expenses, a company's income will be exempt from CIT at an amount equal to 50% of the salary payment made to its new highly-skilled personnel in the areas of science, technology, engineering, and mathematics, but shall not exceed 100,000 THB per month.	The expenses are incurred during the specified period; The company carries on business in the targeted industries* in accordance with the National Competitiveness Enhancement for Targeted Industries Law; and The highly-skilled personnel are certified by the Office of National Higher Education Science Research and Innovation Policy Council (NXPO), Ministry of Higher Education, Science, Research and Innovation.
Double and a Half Deduction on the cost of Education and Training Programs provided for personnel	In addition to normal tax-deductible expenses, a company's income shall be exempt from CIT at an amount equal to 150% of the expenses paid for education or training programs in accordance with the Future Skills Set provided for its personnel. The Future Skills Set is a reference to skills required for each targeted industry*, such as skills related to data science, aerospace engineering and aviation sciences, lightweight material development, molecular biology, and robot & pendant programming.	The expenses are incurred during the specified period; The training session must start within the specified date; The training program must be certified by the NXPO, Ministry of Higher Education, Science, Research and Innovation, the Eastern Economic Corridor Office, or the Digital Economy Promotion Agency; and A company must not apply these expenses to a business entitled to a tax exemption under BOI's promotion, National Competitiveness Enhancement for Targeted Industries, or EEC packages.

*Remark: targeted industries are the S-Curve industries – smart electronics, medical and wellness tourism, affluent tourism, agriculture and biotechnology, and food for the future; additional industries – defense and education, and human resource development; and the New S-Curve industries – aviation and logistics, biofuels and biochemicals, robotics, digital economy, and medical hubs.

The aim of extending the tax privileges is to mirror the BOI's ambitious five-year investment promotion strategy aimed at wooing more advanced technologies and upstream industries to bring about a new era of economic development. A company can avail themselves of the CIT privileges or the BOI promotion, but not both. The BOI reported that for the first two months of 2023, 80% of the BOI applications applied for investment in the EEC zone, most of which were investment in the targeted industries.

If you have any questions in relation to the issues raised in this briefing, please contact the authors in the left-hand column.

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