

Legal Update

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Thailand Legal News

Contact us:

Lorenz & Partners

27th Floor, Bangkok City
Tower, 179, S Sathorn Rd,
Thung Maha Mek, Sathon,
Bangkok 10120

www.lorenz-partners.com

+66 (0) 2 287 1882

Postponement of tax on stock trading (3 March)

The government is poised to delay the reintroduction of the tax on stock trading, which has been exempted since 1991, following the revision of the draft decree, which was returned to the Ministry of Finance for reassessment. The Federation of Thai Capital Market Organizations has indicated that the tax could significantly increase trading expenses, with ordinary investors expected to bear an increase of over 70%, while foreign investors could face a rise of up to 170%.

<https://www.nationthailand.com/thailand/politics/40025381>

Commencement of TH-EU FTA negotiation (15 March)

On 15 March 2023, Thailand and the European Union officially initiated negotiations for a Free Trade Agreement. The initial round of talks, involving senior officers, is scheduled to occur in July of this year, with the goal of finalizing the agreement by 2025.

<https://www.bangkokpost.com/business/2528611/thailand-and-eu-formally-relaunch-trade-talks>

Minimum Tax for Multi-National Enterprises (7 March)

The Cabinet approved in principle for the Revenue Department (RD) to begin formulating measures to support Multi-National Enterprises (MNEs) in complying with the OECD's Global Minimum Tax framework. According to the OECD's scheme, all MNEs with annual revenue above EUR 750 million (approx. USD 800 million) operating in any country will be subject to a minimum tax rate of 15%. If the company is taxed below 15% in any state, the state where its parent company is located will be entitled to collect the difference as a "Top-

up Tax”. Therefore, to avoid missing out on revenue, Thailand must ensure that it collects the appropriate tax rate.

<https://kpmg.com/th/en/home/insights/2023/03/th-tax-news-flash-issue-137.html>

Revision of targeted industries for LTR Visa (7 March)

The Cabinet has approved revisions to the target industries for Long-Term Resident Visa (LTR Visa) to attract skilled foreigners to Thailand. Such skilled foreigners will, if they fulfill all other criteria, benefit from a reduced personal income tax rate of 17%. However, the reduced rate only applies to income from employment in the targeted industry. The amendments expand the list of eligible targeted industries for high-skilled professionals to more than 15 industries, as follows:

Previous Targeted Industries	Current Targeted Industries
Next generation automotive	Automotive
Smart Electronics	Electronics
Affluent tourism	Affluent tourism
Agricultural and biotechnology	Agricultural, food, and biotechnology
High-value-added food processing	-
Automation and robotics	Automation and robotics
Aviation	Aviation, aerospace, and space
Biofuels and biochemicals	Biofuels and biochemicals
Digital	Digital
Medical	Medical
Defense	Defense
Human resource development, research and development for targeted industries	-
Industries that facilitate the circular economy directly and significantly	Industries that facilitate the circular economy directly and significantly
Other targeted industries in accordance with the 20-year national strategic plan	-
	Transportation and logistics
	Petrochemicals and chemicals
	International business centers
	Other industries of foreigners which apply for qualification certification and must utilize specialized skills in one of the following areas:
	(1) Research and development in the targeted industries or targeted technologies
	(2) Human resource development in science and technology at the vocational or tertiary (university) level
	(3) Application of automation artificial intelligence, and robotics technology in business operations
	(4) Digital planning and development to enhance the production and service of the business
	(5) Provision of financial or marketing services or consulting
	(6) Environmental and energy management
	(7) Management or consultancy in the Incubator Program, Growth Accelerator

Project, and supporting innovation and the startup ecosystem

(8) Alternative Dispute Resolution Services

(9) Promotion and support of economic development, trade and investment by the foreign chamber of commerce and the organization for the promotion of foreign trade and investment

Tax measures to support the relocation of foreign investors' production bases: Thailand Plus Package (7 March)

The Cabinet approved an extension to the measures intended to facilitate the relocation of foreign investors' production bases to Thailand through the use of tax-based incentives. The approved measures include the followings:

1. A tax benefit allowing a deduction equals to 100% of the expenses incurred between 1 January 2021 and 31 December 2025, in the investment of machinery and computer programs linked to automated machinery, excluding the costs of maintenance and repair costs. Furthermore, the machinery and computer programs must be:
 - for the automation project certified by the authority;
 - new;
 - eligible to be used for depreciation under the Revenue Code and ready to be used within 31 December 2023;
 - in Thailand;
 - not subject to other tax benefits under the Revenue Code;
 - not used for tax-exempted BOI activities;
2. A tax benefit allowing an additional deduction for 50% of the salaries paid to employees with high-level skills in science, technology, engineering, or mathematics for juristic persons operating in targeted industries (automotive, agriculture and biotechnology), incurred between 1 January 2023 and 31 December 2025. In addition, the employee must be:
 - Certified as a high-level skilled person by the authority;
 - Commence working during 1 January 2023 – 31 December 2025;
 - New hire (not an employee of the company 1 year prior to the employment commencement date);
3. A tax benefit allowing an additional deduction for 50% of expenses of the juristic persons related to employee development courses certified by the specified government agencies (Office of National Higher Education Science Research and Innovation Policy

Council, Office of the Eastern Special Development Zone Policy Committee, Digital Economy Promotion Agency and Center of Robotics Excellence), incurred between 1 January 2023 and 31 December 2025.

Government Gazette

Reduction of land and building tax (19 March)

The land and buildings tax for all types of lands and buildings for the fiscal year 2023 has been reduced by 15% from the final tax.

<https://ratchakitcha.soc.go.th/documents/140A020N0000000009700.pdf>

Amendment to Labor Protection Act (LPA): Work from home (19 March)

The amendment (adding Section 23/1 to the LPA establishes guidelines for employers and employees who agree to work outside of the workplace. Since the items to be agreed upon set forth in this amendment are merely suggestions, they can be agreed upon differently by the parties. It should be noted that the amendment does not grant the employee an absolute right to work outside of the workplace, and non-compliance with this new rule does not lead to any sanction (as the penalty sections in the LPA were not revised to include this new Section 23/1).

<https://ratchakitcha.soc.go.th/documents/140A020N0000000005600.pdf>

Emergency decree on the exchange of tax and accounting information between OECD members (30 March)

The decree authorizes the exchange of information between members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) of the OECD. The authority is empowered to demand information from the data subject as requested by other members of the forum (exchange of information upon request). Moreover, it also stipulates obligations for some specific business operators (financial institutions, securities company, life insurance business operators, derivatives business operators, escrow agents, credit card business operators, trustees for transactions in the capital market and any other business operators as prescribed by the Minister) to report information to the authority for it to be sent abroad (exchange of information without request). Non-compliance with the decree can lead to an administrative fine of up to THB 500,000 (approx. USD 15,000) and imprisonment for up to 1 year.

<https://ratchakitcha.soc.go.th/documents/140A024N0000000000100.pdf>