

Flash News

7 May 2018

Extension of tax measure to encourage individual entrepreneurs to incorporate their businesses

Flash News is intended to bring to your attention the potential tax benefits or obligations of recently approved cabinet resolutions and fiscal policy announcements. Since the regulatory framework required to enforce such resolutions and announcements may not yet be in place, please treat any information or opinion herein as preliminary information only.

Last year's Royal Decree No.630 introduced a tax measure to encourage individual entrepreneurs, including ordinary partnerships and non-juristic bodies of persons to incorporate their businesses. The Royal Decree stipulates that they are eligible for tax exemption (i.e., personal income tax, VAT, specific business tax and stamp duty on income derived from transferring assets to a newly incorporated company, including selling of goods and executing documents relating to such transfer provided that the consideration received is in the form of ordinary shares of that company. It covered transfers of assets and incorporations carried out between 10 August 2016 and 31 December 2017.

On 1 May 2018, the Cabinet approved a draft Royal Decrees to extend this tax measure to cover transfers of assets and the incorporations carried out between 1 January 2018 and 31 December 2018.

In addition, companies or partnerships with no more than Baht 5 million of paid-up capital on the year-end date and sales revenues of no more than Baht 30 million per annum (SMEs), which are incorporated between 1 January 2018 and 31 December 2018, will be eligible for a corporate income tax exemption equal to 100% of expenditure on official incorporation fees, accounting fees and audit fees for five consecutive accounting periods from the accounting period of incorporation occurred.

Further details of this measure and associated regulations have yet to be announced.

The purpose of this *Flash News* is to facilitate understanding of the proposals and it should not be used exclusively for tax planning without prior consultation with experts.

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