Rules, methods and conditions of corporate income tax exemption for start-up companies operating in a targeted industry

Pursuant to Royal Decree no. 658 (2018), the Director-General of the Revenue Department has prescribed rules, methods and conditions for companies wishing to be eligible for the corporate income tax exemption granted to start-up companies operating in a targeted industry, as summarized below.

(1) An entity applying for approval as a start-up company operating in a targeted industry shall:

- Submit an application (Form Ror.Mor. 1) seeking approval from the Director-General of the Revenue Department through the Revenue Department’s website.
- Submit the application together with certification that it is a business operating in a targeted industry issued by the National Science and Technology Development Agency in PDF format.
- Submit the application and obtain approval by 31 December 2019.
(2) An entity applying for approval to add a new line of business, product, or service to its existing business in a targeted industry shall:

- Submit an application (Form Ror.Mor. 2) seeking approval from the Director-General of the Revenue Department through the Revenue Department’s website.
- Submit the application together with certification that it is a business operating in a targeted industry issued by the National Science and Technology Development Agency in PDF format.

(3) Calculation of net profit and loss of an entity operating in a targeted industry shall meet the following conditions.

- The calculation must comply with the rules and conditions prescribed in Section 65, Section 65 (Bis) and Section 65 (Ter) of the Revenue Code.
- If the entity has income from both tax-exempt business and other businesses, the entity is to calculate the net profit and net loss for each business separately. Any expenses which cannot be clearly identified as belonging to a particular business can be allocated in proportion to the ratio of revenue from the tax-exempt business to revenue from other businesses.
- The entity is to submit only one corporate income tax return for all businesses.

(Ref: Royal Decree issued under Revenue Code on Tax Exemption no. 658 (2018), and Notification of the Director-General of the Revenue Department Regarding Income Tax no. 320 dated 18 June 2018)
Pursuant to Royal Decree no. 647 (2017), the Director-General of the Revenue Department has prescribed the rules, methods, and conditions for double deduction of expenses paid for the purchase or development of computer programs, or use of computer programs, provided that the total deduction does not exceed Baht 100,000 in any accounting period and meets the conditions summarized below.

(1) The eligible company or juristic partnership meets these criteria:
   - The accounting period starts on or after 1 January 2017, but not later than 31 December 2019.
   - Its paid-up capital as at the last day of the accounting period does not exceed Baht 5 million.
   - Its revenue from sales of goods and the provision of services in the accounting period does not exceed Baht 30 million.

(2) The expenses are paid to a seller, developer or provider of computer program services who is registered with the Digital Economy Promotion Agency and are for the purchase/development/use of computer programs, excluding annual maintenance fees and other expenses not related directly to the use of computer programs.

(3) The computer program is used for business management, and developed in Thailand.

(4) The computer program is depreciated or amortised, and was acquired and in a condition ready for its intended use in the accounting period in which the payment is made.

(5) The computer program is not used in businesses exempted from corporate income tax under the law governing investment promotion, whether in whole or in part.

(6) The computer program may not be the same as the one reported in the list (presenting description of type and nature) of computer programs purchased/developed/used in the prior accounting period, provided that the current accounting period starts on or after 1 January 2017, but not later than 31 December 2019.

(7) A report specifying details of computer programs for which the tax privileges prescribed by the Director-General of the Revenue Department have been used must be prepared. This report and supporting documents are to be kept at the company’s premises for examination.

(Ref: Royal Decree issued under the Revenue Code on Tax Exemption no. 647 (2017) and Notification of the Director-General of the Revenue Department Regarding Income Tax no. 321 dated 18 June 2018)
Pursuant to Royal Decree no. 335 (2018), the Director-General of the Revenue Department has prescribed the rules, methods, and conditions for the personal income tax allowance for expenses paid for services or accommodation with respect to visits to second-tier tourism provinces. Criteria are summarized below.

(1) Deductible expenses include:

1.1 Expenses paid for hotel accommodation in second-tier tourism provinces, or other tourism areas as prescribed by the Director-General of the Revenue Department, or expenses paid for homestays in second-tier tourism provinces certified by the Department of Tourism, the Ministry of Tourism and Sports.

1.2 Expenses paid for travel programs to licensed tour operators and guides in the following cases.

   ▶ Travel programs in second-tier tourism provinces, or other tourism areas as prescribed by the Director-General of the Revenue Department, and recommended by the Ministry of Tourism and Sports.

   ▶ Travel programs in second-tier tourism provinces, and tourism areas in other provinces, as certified by the Ministry of Tourism and Sports.

(2) The above accommodation expenses must be paid to hotel operators under the law governing hotels, or homestays certified by the Department of Tourism, the Ministry of Tourism and Sports for their quality.

(3) The expenses must be paid between 1 January 2018 and 31 December 2018.

(4) The deduction is equal to the actual amount paid, but capped at Baht 15,000.

(5) In cases where only one of a husband or wife has taxable income, the income tax exemption granted to the taxpaying spouse is the amount actually paid, but not exceeding Baht 15,000.
(6) In cases where both husband and wife have taxable income, the following rules apply.

- If each spouse files a separate tax return, and does not include income of the other spouse in that tax return, each spouse will be allowed to deduct the actual amount paid, but capped at Baht 15,000.

- If husband and wife file a joint tax return, and one treats the other’s taxable income as their own, the taxpayer will be allowed to deduct the actual amount that they paid, capped at Baht 15,000, and the actual amount paid by the husband or the wife, but not exceeding Baht 15,000.

(7) The taxpayer is the person making payment for services or accommodation for travel purposes.

(8) There must be evidence of receipt of payment, specifying the name of the income earner and payment date, issued by an operator prescribed by the Director-General of the Revenue Department.

(9) If the payment is made for travel services in second-tier tourism provinces and tourism areas in other provinces, the order of approved destinations in the travel route must be specified in the evidence of payment receipt.

(Ref: Ministerial Regulation no. 335 dated 21 March 2018 and Notification of the Director-General of the Revenue Department Regarding Income Tax no. 322 dated 18 June 2018)
Rules, methods, and conditions for corporate income tax allowance for payment with respect to arrangement of seminars in second-tier tourism provinces

Pursuant to Royal Decree no. 656 (2018), the Director-General of the Revenue Department has prescribed the rules, methods, and conditions for corporate income tax allowances for expenses paid to arrange seminars in second-tier tourism provinces, or other tourism areas as prescribed by the Director-General of the Revenue Department, as summarized below.

(1) The expenses must be related to seminars arranged for employees, or paid to tour operators under the law governing tour operators and guides for the purpose of seminar arrangement.

(2) The expenses must be paid between 1 January 2018 and 31 December 2018.

(3) An additional 100% deduction is allowed for the actual amount paid.

(4) Supporting documents for the seminar must be prepared.

(5) Expenses for seminar under this scheme shall meet the following criteria.

- These expenses include seminar room expenses, accommodation expenses, transportation expenses, other expenses related to seminar arrangement.

- Seminar room expenses mean expenses incurred for food and beverages consumed during the use of seminar rooms.

- Other expenses related to seminar arrangement means administrative expenses, speaker fees, and expenses incurred for materials and equipment used in the seminar, including training documents, photocopying expenses, audio and visual recording expenses, and expenses incurred for preparation of training materials.

- The tax privilege is applicable only for seminars and accommodation in second-tier tourism provinces, or other tourism areas as prescribed by the Director-General of the Revenue Department.

- The seminar rooms and accommodations may be in different locations, but they must be used for the same seminar.
Rules, methods, and conditions for corporate income tax allowance for payment with respect to arrangement of seminars in second-tier tourism provinces

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(6) Tour operators under the law governing tour operators and guides for seminar purposes must be registered with the business registrar.

(7) The tax privilege under this royal decree must not be used in conjunction with the tax privilege under Royal Decree no. 437 (2005)

(Ref: Notification of the Director-General of the Revenue Department Regarding Income Tax no. 323 dated 18 June 2018 and Royal Decree issued under the Revenue Code on Tax Exemption no. 656 (2018))
Personal income tax allowance for prenatal care and child delivery costs up to Baht 60,000

A taxpayer or spouse is allowed to deduct prenatal care and child delivery costs from their taxable income for personal income tax purposes, in the amount actually paid for each pregnancy, but not exceeding Baht 60,000 per year. Eligible expenses must be incurred from 1 January 2018 onwards. In addition, if prenatal care costs and baby delivery costs are not incurred in the same tax year, the tax allowance will be equal to the amount actually paid each year, but not exceeding Baht 60,000 when combined. The deduction shall comply with the rules, methods, and conditions prescribed by the Director-General of the Revenue Department.

(Ref: Ministerial Regulation no. 338 dated 19 June 2018, effective for taxable income of the year 2018, which is to be reported in the tax year 2019 onwards)
This document is prepared to present brief issues in tax. It does not present sufficient information. Further study and consultation may be necessary.