

Explanatory Notes

RE: Tax Incentives for Donation made to Victims from Earthquake in Nepal

Due to a tragic earthquake that took place in Nepal on April 25, 2015 and the aftershocks that followed, Nepalese citizens are severely suffered with loss of lives and properties. From the incident, there are public and private sectors in Thailand who are willing to help the victims from the earthquake by gathering money and goods on behalf of other Thais to donate to the victims.

Under the following regulations and conditions, a donor who donates money or goods to the above mentioned public or private sector is entitled to use the donated money or the value of donated assets or goods as an allowance or tax deduction for tax purpose:

1. Individual Taxpayer

Individuals who donate “money” to a government agency or a private sector acting as a donating agent can use the donated amount as an allowance in calculating their personal income tax. When combine the allowance with other donations, the total amount shall not exceed 10 percent of net assessable income (assessable income less deduction and allowances).

2. Company or juristic partnership

A company or a juristic partnership who donates “money or assets” to a government agency or a private sector acting as a donating agent can use the donated amount as deductible expense in calculating its corporate income tax. When combine the expense for public charity or for public benefit, the total amount shall not exceed 2 percent of net profit.

3. Value Added Tax (VAT)

The VAT registrants who donate their assets or goods to a government agency or a private sector acting as a donating agent do not have to include the value of donated assets or goods as a tax base for its VAT calculation.

4. Documents required for claiming the donation allowance or expense deduction are the followings:

4.1 In case of donating to a government agency such as the Prime Minister’s Office or the Ministry of Foreign affairs, a donation certificate issued by that government agency is required, or;

4.2 In case of donating to a donating agent who is a company or a juristic partnership or any other juristic person, such as a television station or the Federation of Thai Industries, a donation certificate issued by the donating agent is required, or;

4.3 In case of donating by depositing money to a government sector's account or a company's or a juristic partnership's or any other juristic person's account for helping earthquake victims in Nepal, a deposit receipt or a bank slip is required.

In case of donating to a government agency through a donating agent who is a company or a juristic partnership or any other juristic person, the government agency who receives donations must issue a receipt or a certificate stating the total amount of the donation equals to the actual value of the money or donated assets. If the receipt or a certificate is not issued by the government agency, the donor shall not be entitled to claim any donation allowance or expense.

**Bureau of Legal Affairs
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