



Revenue Department News

News No. : 28/2021

Date : 11th May 2021

Subject : The Revenue Department adjusts tax to support SMEs, move towards the Digital Era, and fight the COVID pandemic

The cabinet of Thailand approved the principle of a tax measure that allows SMEs to deduct twice of the expense for a purchase, development, or service of computer program or software, which is paid to the seller, contractor, or service provider registered with the Digital Economy Promotion Agency (DEPA). This is applied only to the amount that is not exceeding 100,000 baht, paid within the accounting period starting on or after the 1st January 2021 and no later than 31st December 2022, to promote the SMEs and transform their businesses to move towards the digital economy.

Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department, revealed that, “The Revenue Department, on behalf of the Ministry of Finance, is aware of the importance of promotion and support for the Small and Medium Enterprises (SMEs) to use appropriate computer program, in order to keep up with the digital technology that transforms rapidly. Therefore, we proposed to the cabinet to approve the principle of the draft of Royal Decree issued under the Revenue Code regarding Tax Exemption (NO...) B.E. ... (Tax measure that encourages the Small and Medium Enterprises (SMEs) to transform their businesses towards the digital economy) through the Ministry of Finance, on 11th May 2021, with the following details:

1. Exempt income tax for the companies or juristic partnerships that have paid-up capital on the last day of each accounting period no more than five million baht and have income from selling goods and providing services within the accounting period no more than thirty million baht. They can deduct twice of the expense for a purchase, development, or service of computer program or software, which is paid to the seller, contractor, or service provider registered with the Digital Economy Promotion Agency (DEPA). This is applied only to the amount that is not exceeding 100,000 baht, paid within the accounting period starting on or after the 1st January 2021 and no later than 31st December 2022, according to the rules, the methods, and the conditions specified in the Director-General’s announcement.

2. The company or juristic partnership that is exempt from income tax according to 1. must not have received a right for corporate income tax exemption, according to the Investment Promotion Act, the Competitiveness Capacity Improvement for Targeted Industries Act, and the Eastern Special Development Zone Act. The company or juristic partnership also must not have received any tax benefit, either in whole or in part, for that computer program or software, according to Royal Decrees issued under the Revenue Code.

3. A computer program or software means a program or instruction set for controlling operation of computer, hardware, or devices, for business management, such as internal corporate program, AI-embedded program, program for analyzing and processing big data, program for controlling or connecting devices used for controlling or connecting advanced technology devices, program for supporting manufacturing, including program that is served in the form of Software as a Service (SaaS) that users can use on demand. In general, this type of program is stored on the service providers' server. Users can use the service via the internet or download the program onto the users' machines and deploy for a pre-defined period of time. After that period of time, users can no longer use the program."

Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department, summarized that, "The COVID-19 pandemic, which is severe and fast-spreading, accelerated the transformation of behaviors and life styles to New Normal globally. This tax measure can motivate the SMEs to adopt computer programs as their management tools, in order to increase their potential in business operations and their competitiveness capacity, which can drive SMEs to transform their businesses and ensure their survival. This focuses on creating inter-supportive environment between SMEs in the digital industry and SMEs in other industries, in order to circulate internal revenue by applying the digital technology. It is also to move Thailand towards the digital economy concretely."

For further enquiries, please contact any Revenue Department office nationwide or RD Intelligence Center at Tel. 1161.

.....