



# Revenue Department News

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**Subject** : The Revenue Department issues tax measures to support social enterprises to be strong and sustainable

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In order to support social enterprises to grow continuously and sustainably, the Cabinet has approved the principles of granting income tax exemption to both individuals and juristic persons investing in social enterprises in form of allowance or expenses for tax calculation.

**Mr. Ekniti Nitithanprapas, the Director-General of the Revenue Department** revealed that “the Ministry of Finance by the Revenue Department concerns for the importance in supporting social enterprises to increase their capacity of competition. In order to create stability and sustainability in community and society, the Cabinet approved the principle of draft of the Royal Decree under the Revenue Code on tax exemption (No. ...) B.E. .... (Adjustment on tax measures supporting social enterprises) on 25<sup>th</sup> May 2021. The details of the Royal Decree are as follows.

1. Granting corporate income tax exemption to companies or juristic partnerships registered as social enterprise without intention to distribute profits from the date being a social enterprise has become the main purpose of the enterprise.

2. Providing tax benefits to supporters of social enterprise

2.1 In case of an individual, the amount invested in shares or in becoming a partner of the establishment or the increase of capital of a company or a juristic partnership registered as social enterprise not more than 100,000 baht per tax year, can be used as allowance for income tax computation. The entitled individual must hold shares or being a partner of the social enterprise until its dissolution unless in cases where the law provides otherwise.

2.2 In case of a company or a juristic partnership

(1) The amount invested in shares or in becoming a partner of the establishment or the increase of capital of a company or a juristic partnership registered as social enterprise and has notified its social enterprise status as it is, can be used as an expense for income tax computation. The entitled company or juristic partnership must hold shares or being a partner of the social enterprise until its dissolution unless in cases where the law provides otherwise.

(2) The money or property transferred to social enterprise registered and notified as social enterprise without consideration via electronic donation system from the

date of coming into effect of the Royal Decree until the 31<sup>st</sup> December 2023, can be included as expense for income tax computation, but with public charity expenses must not exceed 2 percent of the net profit.

### 3. Benefits to donators of social enterprise fund

3.1 In case of an individual, the amount donated to social enterprise fund via electronic donation from the date the Royal Decree is effective until the 31<sup>st</sup> December 2023 can be used as allowance for income tax computation, but when combine with other donations must not exceed 10 percent of assessable income after deduction of expense and allowance.

3.2 In case of companies or juristic partnerships, the amount donated to social enterprise support fund via electronic donation system from the date of coming into effect of the Royal Decree until the 31<sup>st</sup> December 2023 can be used as expense for income tax computation, but when combine with public charity expenses must not exceed 2 percent of the net profit.

4. Granting tax exemption for the transfer of property, the sales of goods or issuance of instrument related to transfer of property in 2. or the donation in 3., with a condition that the cost cannot be deducted as an expense for income tax computation. This exemption applies from the date of coming into effect of the Royal Decree until the 31<sup>st</sup> December 2023.

5. A company or juristic partnership entitled to corporate income tax exemption in 1. must have the purpose for social benefits as the main purpose of the enterprise, registered and notified itself as social enterprise, use property in the enterprise or for enterprise only, and does not transfer property used in the enterprise unless the law provides otherwise, is not a party to a contract concluded with its shareholders or partners, and never pay any compensation to the shareholders or partners, including related persons unless the law provides otherwise, as well as other rules, procedures, and conditions stipulated by law.

6. The social enterprise must register and notify itself as social enterprise within the last date of its accounting period which registration is made as a social enterprise. For being a social enterprise which was registered as social enterprise before the Royal Decree is effective, the registration and notification must be done within the last date of its accounting period which it was registered as social enterprise or within 180 days from the date the Royal Decree is effective. In case of necessity, the deadline can be extended by the approval of the Director-General.

7. A company or a juristic partnership which was approved to be a social enterprise under the Royal Decree, as well as its supporters are entitled to the tax benefits, in accordance with the rules, procedures, and conditions announced by the Director-General of the Revenue Department.”

**Mr. Ekniti Nitithanprapas, the Director-General of the Revenue Department** concluded that “the adjustment of tax benefits for social enterprises and their supporters is the continued support which will increase the growth of social enterprises, both in quantity and quality, including their capacity of competition and support social enterprise fund which is a key mechanism in helping and improving the social enterprise and groups of business for society, as well as cooperating with other sectors to generate efficiency, which will facilitate the movement of civil society in solving problems and developing community, society or environment in both local and national levels.”

For more information please contact the Revenue Department Offices nationwide or RD Intelligence Center Tel. 1161.

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