

# Tax & Legal News Flash

KPMG in Thailand



## Issue 66: March 2020 COVID-19 Relief Measures for Thai companies

The Government has introduced several measures to stimulate the country's economy in light of the outbreak of COVID-19. Below is the outline of the tax measures. The Ministry of Finance expects to release further guidelines and conditions relating to these measures.

### Tax reliefs and filing extensions

- Withholding tax imposed on payment for services, hire of work, commissions (paid to juristic person only) and liberal professional fees will be reduced from 3% to 1.5% for the payments made from 1 April to 30 September 2020. The withholding tax will subsequently be reduced to 2% from 1 October 2020 to 31 December 2021 if the payment is made via e-Withholding Tax system.
- Eligible Small and Medium Enterprises (SMEs) can claim a 150% deduction for interest expenses incurred on loans obtained under the Government's funding initiative to provide THB 150 billion in soft loans to SMEs with an interest rate of 2 percent for the first two years. The funding of this initiative will be supported by the Government Savings Bank. The maximum loan that an eligible SME can apply for is capped at THB 20 million. To be eligible for the increased tax deduction, the SME must meet the following conditions for the latest accounting period ending on or before 30 September 2019:
  - The annual revenue must not exceed THB 500 million
  - The number of employees must not exceed 200 persons
  - The SME must maintain a single set of accounts only.
- The SMEs employers can deduct 300% of eligible salary costs paid to employees in the period from April to July 2020 for corporate income tax purposes. To be eligible for the deduction, the following conditions must be met:
  - The SME's annual revenue does not exceed THB 500 million
  - The total number of employees does not exceed 200 persons
  - The salaries eligible for the 300% deduction do not exceed THB 15,000 per month per employee
  - Employees must be insured under the social security fund
  - The number of insured employees in the said period should not be lower than the number of insured employees as at 31 December 2019.
- VAT operators who participate in the 'Good Exporter' program will receive VAT refunds faster than usual. VAT refund will be granted within 15 days (compared to a normal 30-day period) if VAT returns are filed via e-filing system and within 45 days (compared to a normal 60-day period) for paper filings.

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- Individuals investing in a Super Saving Fund (SSF) with a policy to invest at least 65% of its net assets value in shares listed on the Stock Exchange of Thailand, during the period from 1 April to 30 June 2020 can deduct the actual investment amount, capped at THB 200,000, as an allowance for personal income tax purposes, provided that the investment in the fund will be held for at least 10 years. This allowance will be in addition to the SSF allowance threshold (30% of the total income, capped at THB 200,000) and will not be included in the retirement saving fund threshold of THB 500,000.
- The filing deadline for personal income tax returns (form PND.90/91) is extended from 31 March 2020 (or 8 April 2020 for e-filings) to 30 June 2020.

### **Tax relief for donations to support COVID-19 measures**

- Donations given to support COVID-19 measures via the Revenue Department's e-Donation system during 5 March 2020 to 5 March 2021 will be treated as follows:
  - Individuals can claim cash donations as a deductible allowance for personal income tax purposes up to 10% of the total income after deducting all other expenses.
  - Juristic persons can claim cash or asset donations as a deductible expense for corporate income tax purposes up to 2% of the net taxable profit.
  - Donation of assets is exempt from VAT for VAT operators.

### **Employment relief measure**

The Social Security Office announced that the rate for compulsory social security contributions by employers and insured persons will decrease from 5% to 4% for the six month salary cycles from March to August 2020. The Government's contribution remains the same at 2.75%

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