



Tax News Flash

KPMG in Thailand



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The Cabinet Approved the Reduction of VAT and Social Security Contributions

In the past weeks, the Cabinet approved to maintain the reduced value added tax (VAT) rate and to provide the reduction of social security contribution rates as summarized below.

VAT to maintain at 7% for another year

On 25 August 2020, the Cabinet approved to maintain the reduced VAT rate of 7% for another year as proposed by the Ministry of Finance.

The 7% reduced VAT rate is inclusive of local tax and will be applicable to the VAT liabilities incurring from the sale of goods, service provisions and import transactions from 1 October 2020 to 30 September 2021.

Social security contributions to be reduced for 3 months from September to November

The Cabinet approved the reduction of the compulsory social security contributions on 1 September 2020 to aid employers and employees who are impacted by the outbreak of COVID-19.

The compulsory social security contribution rates of the employers and insured persons (employees) under Section 33 of the Social Security Act 1990 are reduced from 5% to 2%. The reduced rates will apply to each employee's monthly salary, but not exceeding the maximum salary of Baht 15,000 per employee per month, for the three-month salary cycles from September to November 2020.

If the contributions are over-remitted, the employers or insured persons can request a refund from the related Social Security Office.

Further guidelines of these measures and the respective regulations will later be announced.

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