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Tax Relief Measures on the Donations to Support the Supply of Vaccines and the Employment of Former Convicts

On 5 May 2021, the Cabinet approved two tax relief measures on the donations made to the National Vaccine Institute and the employment of former convicts. The details of the said tax relief measures are summarized below.

Tax relief measure for donations made to support the supply of vaccines

The Cabinet approved the draft Royal Decree issued under the Revenue Code to provide tax benefits for those who donate to the National Vaccine Institute to support the research and development, production and distribution of vaccines.

- Individuals will be allowed to deduct cash donations as an allowance for personal income tax purposes. However, the total deduction for donations made must not exceed 10% of taxable income after deducting expenses and allowances.
- Companies or juristic partnerships will be allowed to deduct cash donations and the value of donated assets as a deductible expense for corporate income tax purposes. However, the total deduction of the said donations and expenses for public charity or public benefits together must not exceed 2% of net taxable profits.

The above measure only applies to donations made to the National Vaccine Institute via the Revenue Department's e-Donation system from 1 January 2021 until 31 December 2023.

In addition, the donation of assets will be exempt from VAT if the donors are VAT operators.

Tax relief measures to support the employment of former convicts

Another draft Royal Decree issued under the Revenue Code was approved by the Cabinet to extend the period of a tax benefit provided for the employment of former convicts.

Companies or juristic persons that employ former convicts who have been released from prison within three years of the date of initial employment are entitled to an additional 50% tax deduction for corporate income tax purposes for the expenses relating to the employment of the former convicts. However, the maximum expense that is available for the additional deduction must not exceed THB 15,000 per individual per month. This tax benefit applies for the accounting period commencing on or after 1 January 2021, but no later than 31 December 2021.

In order to qualify for the additional tax deduction, the following conditions must be met:

- Companies or juristic persons must file the form PND.1 via the Revenue Department's e-filing system within the prescribed timeline, from the first month of employing the former convicts until the last month of the accounting period that the additional deduction is utilized.
- The expenses relating to the employment of former convicts must not be used for other tax exemptions, i.e. only used for the additional tax deduction available as part of this measure.

The Royal Decrees associated with these measures are expected to be announced soon.

Key Contacts

[Abhisit Pinmaneekul](#)

Head of Tax
KPMG in Thailand

Global Compliance Management Services (GCMS)

[Nipawan Passarapark](#)

Partner

[Pornpen Eurpiyachat](#)

Partner

[Visuth Apiraks](#)

Director

[Matthew Evan Jeamiit](#)

Director

[Waraporn Dhammasawangki](#)

Director

Global Mobility Services (GMS)

[Lynn Tastan](#)

Partner

[Panisa Srihera](#)

Director

International Tax / M&A Services

[Auaychai Sukawong](#)

Partner

[John Andes](#)

Partner

[Tatiana Besselova](#)

Partner

[Tomonori Shibata](#)

Partner

[Thanita Pubordeepong](#)

Director

Transfer Pricing Services

[Abhisit Pinmaneekul](#)

Partner

[Benjamas Kullakattimas](#)

Partner

[Burin Yenthanakorn](#)

Director

[Chollatip Santitorn](#)

Director

Trade & Customs Services

[Malika Bhumivarn](#)

Partner

[Sophon Dulyarassamee](#)

Associate Director

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