KPMG

Tax News Flash

KPMG in Thailand

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Approval from Thai cabinet for draft ministerial regulation re: temporary deduction of customs duty surcharge on voluntary disclosure cases

The cabinet has approved a draft ministerial regulation giving the criteria for a reduction in surcharges (No. 2) B.E. … as put forward by the Ministry of Finance and has now submitted the draft to the Council of State for its urgent consideration.

The Ministry of Finance has proposed that:

The current ministerial regulation setting out the criteria for a reduction in surcharges dated 13 November B.E. 2560 (2017) stipulates that if an importer or exporter knows that it paid insufficient duty and is willing to voluntarily pay the outstanding amount to the Customs Department, a reduced surcharge at the rate of 0.25%, 0.50%, or 0.75% per month can be granted on a case by case basis (Section 22 of the Customs Act B.E. 2560 (2017) stipulates that a surcharge at the rate of one percent per month calculated on a full or an additional amount of duty to be paid, without compound, shall be collected).

Following the latest outbreak of Covid-19, the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) has submitted a letter to the Ministry of Finance to propose tax relief measures for business operators affected by the Covid-19 situation. After considering the matter, the Ministry of Finance has agreed to publish a new draft ministerial regulation giving the criteria for a reduction in surcharges (No. 2) B.E. … in order to stipulate additional tax measures to alleviate economic damage, ease the burden of expense, enhance liquidity, and increase the competitiveness of business operators. This tax measure will also encourage importers and exporters, who know that they have paid insufficient duty but had no intention of evading paying, to voluntarily pay the outstanding amount to the Customs Department within a specified period. In exchange, those importers or exporters will be granted a reduced surcharge at a rate of 0.25% per month calculated from the full or remaining amount of duty to be paid from the day goods have been released from customs custody or the date of exportation until the date of duty payment.

The essence of the draft ministerial regulation

1. An importer or exporter who has paid insufficient duty but who had no intention to evade paying the deficit, and who pays the outstanding amount to the Customs Department within the effective date of the ministerial regulation, can be granted **a reduced surcharge at the rate of 0.25% per month** calculated from the full or the additional amount of duty to be paid from the day goods have been released from customs custody or the date of exportation until the date of duty payment.

2. This ministerial regulation will be effective from the day following its publication in the Government Gazette until **30 September 2021 only**.

How KPMG can help

As this special measure is only effective for around four months, which is extremely short, we encourage our clients to consider how to make the most of this measure as soon as possible. KPMG can assist you with the following tasks:

- **For companies which have never conducted an internal customs compliance review:** We can assist in conducting a customs health check to identify potential customs issues and provide recommendations on how to solve them. Our analysis will include the possibility for the voluntary disclosure of issues to the Customs Department.

- **For companies which have already identified their customs non-compliance issues:** We can assist in estimating the level of exposures and in voluntarily disclosing cases to Customs. By disclosing the issues through the Customs Department's One Stop Service program, companies can not only enjoy the benefit of an import duty surcharge reduction but also an import duty penalty exemption.

KPMG welcomes the opportunity to talk with you in detail about this special measure and how your company can best utilize it.

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