



# Tax News Flash

KPMG in Thailand



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## Tax Measure to Support Fundraising through Investment Tokens

On 7 March 2023, the Thai Cabinet approved a draft Royal Decree to exempt taxes on the trading of investment tokens (i.e., digital tokens that specify the right of a person to participate in an investment in a project or business) in order to promote fundraising activities through the use of technology and to drive Thailand's economy.

When promulgated, the effect of this Royal Decree will enable tax exemptions for the offering (in the primary market) or trading (in the secondary market) of investment tokens similar to the offering/trading of securities in the stock markets.

At this stage, this draft Royal Decree is under the review of the Office of the Council of State. A selection of key points has been summarized below, as approved by the Thai Cabinet:

<b>Covered persons /entities</b>	<ul style="list-style-type: none"><li>▪ Companies or juristic partnerships that issue and offer investment tokens to the public in the primary market; and</li><li>▪ Individuals, companies, or juristic partnerships that trade investment tokens in the secondary market.</li></ul>
<b>Tax measures</b>	<ul style="list-style-type: none"><li>▪ CIT and VAT exemptions on the gain and the VAT base derived from the transfer of investment tokens offered to the public, according to the Digital Asset Businesses law (i.e., offered in the primary market), by companies or juristic partnerships.</li></ul> <p>In the case that the offered tokens are a mix of investment tokens and tokens issued for other purposes, these tax exemptions will apply only to the investment tokens, and the investment tokens must be separated from other tokens.</p> <ul style="list-style-type: none"><li>▪ VAT exemption on the trading of investment tokens in the secondary market.</li></ul> <p>This VAT exemption is already available in Royal Decree No. 744, in effect since 25 May 2022, for the trading of digital assets in an authorized secondary market from 1 April 2022 to 31 December 2023.</p>

<b>Procedures and conditions</b>	<ul style="list-style-type: none"> <li>▪ The procedures and conditions for the exemption will be announced by the Director-General of the Thai Revenue Department (“TRD”) in due course.</li> <li>▪ Failure to comply with the said procedures and conditions will result in a revocation of the tax exemptions, commencing from the utilization date.</li> </ul>
<b>Effective Date</b>	This law will have retroactive effect from 14 May 2018, which is the effective date of the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018).

#### KPMG’s observations

This tax exemption further supports Thailand’s position as a crypto-friendly country, and the Cabinet’s willingness to attract further investments in the face of an increasingly digitalized economy.

#### How KPMG can help

At KPMG in Thailand, we have extensive expertise of advising our clients on specific tax exemptions available for different types of business operations.

We will continue to monitor further developments and announcements relating to this tax measure to ensure our clients are kept well informed. Should you have any questions, please reach out to any of the key contacts below or your usual KPMG contact.

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