



Tax News Flash

KPMG in Thailand



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Details of VAT exemption granted to promote data center businesses

Further to [Tax News Flash Issue 134](#) covering the VAT exemption granted to promote data center businesses that came into effect on 9 November 2022, the *Notification of the Director-General of the Revenue Department No. 251* was issued on 15 March 2023 which provides further details, conditions and procedures in relation to the exemption, as follows:

The definition of a data center business

“Data center businesses” includes the provision of the following services:

- 1) Provision of server space and related devices for use in data storage and data processing as well as electronic data connections via internet network.
- 2) Provision of the following support services:
 - a. data back-up services for prevention of problems that may cause data damages;
 - b. network connection services for internet or cloud service providers; or
 - c. system management and information technology security services.

Requirement for the data center business operator

- 1) Be a company or juristic partnership established under Thai law;
- 2) Be a VAT registrant;
- 3) Granted with a promotion in data center business under the investment promotion law or the law governing the enhancement of national competitiveness for targeted industries, or other laws as prescribed by the Director-General of the Thai Revenue Department (“TRD”); and
- 4) Must not have claimed input VAT related to the data center business service against any output VAT liability in the VAT return during the past three years prior to the tax month that the VAT exemption request is submitted. However, if input VAT relating to the data center business was claimed, the data center business operators may still qualify for the exemption if they submit an additional/amended filing to exclude the data center related input VAT from the VAT return, as well as paying applicable penalties, surcharges, and fines for the previous three years, prior to submitting the VAT exemption request.

Application for VAT exemption

A data center business operator that wishes to apply for the VAT exemption must submit Form D.C.01 and supporting documents (e.g. a copy of BOI certificate, output and input VAT reports in electronic file) via email to (saraban@rd.go.th), or to the Large Tax Office or Revenue office of the area the Company’s head office is located by 8 November 2027.

The data center business operator who submitted the VAT exemption application and complied with the requirements as stipulated above should be eligible for VAT exemption on the next date after receiving the approval letter from the TRD.

This Notification came into effect on 9 November 2022.

KPMG's observations

Demand in the data center market in Thailand continues to increase as a result of intensifying digitalization and rising data traffic. The Thai government recognize this demand and continue to support investment promotion by issuing tax and other incentives.

The extension of these tax incentives indicates the Thai government's continued support for the automation business sector and human resources development, including a focus on attracting skilled employees to relocate to Thailand.

How KPMG can help

The KPMG Thailand team is made up of deeply experienced tax professionals and with the support of our colleagues in our advisory and legal practices, have considerable expertise advising clients on the establishment of data center businesses, as well as supporting the implementation of these investments. Should you have any questions, please reach out to your usual KPMG contact.

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