

Thailand issues revised draft of VAT bill on foreign e-business for public consultation

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The Thai Revenue Department first introduced a draft bill to amend Thai value-added tax (VAT) law, related to the collection of VAT on services rendered by e-business operators in foreign countries (digital services) to individuals in Thailand, back in January 2018. The draft VAT bill was opened for public consultation and then passed to the Council of State of Thailand for consideration and comments.

The Revenue Department has now published an amended version of the proposed VAT bill on its website and has re-opened it for public consultation until 29 January 2020.

In brief, the key principles of this revised draft VAT bill include the following:

- ▶ Foreign e-business operators that provide electronic services to non-VAT registrants in Thailand will be required to register for and pay Thai VAT, and file VAT returns with the Revenue Department. No input tax can be deducted in the VAT computation.
- ▶ Under the proposed VAT rules, the definition of "goods" includes both tangible and intangible goods but excludes intangible goods that are transmitted via the internet or other electronic networks. The definition of "electronic service" is services that are rendered via the internet or other electronic network, and which could not be rendered without such technology.

- ▶ Where electronic services are provided via an electronic platform that provides a continuous service process, from service offering through service payment to service delivery, the platform operator has an obligation to pay the VAT on behalf of all foreign e-business operators on its platform, with the same duties and responsibilities as an operator.
- ▶ The draft bill defines “electronic platform” as any channel that numerous operators use to render electronic services to their clients.

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