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Global Tax Alert

Thailand announces tax measures supporting investments in Special Economic Zones and Industry 4.0

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The Thai Cabinet has approved two draft Royal Decrees (the Royal Decrees)[1] providing tax measures to promote investments in a Special Economic Zone[2] (SEZ) and support personnel development for Industry 4.0.

Reduction of corporate income tax (CIT) rate for SEZ

- The Royal Decrees extended the deadline to register for a reduction of the CIT rate from 20% to 10% for businesses based in an SEZ (SEZ operators) to 31 December 2020.
- After registration, SEZ operators are eligible for a 10% CIT rate on net profits derived from the manufacture of products or provision of services used in the SEZ, for 10 years or 10 consecutive accounting periods.

Tax benefits for supporting Industry 4.0 personnel development

- The Royal Decrees provide a 300% tax deduction (subject to conditions[3]) for the cost of assets donated to an Industry 4.0 "center for personnel development."[4] The assets donated by the company will be exempt from value-added tax, specific tax and stamp duty.
- The 300% tax deduction will be available for eligible donations made from 1 January 2020 to 31 December 2020.

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Endnotes

1. The decrees were approved on 11 February 2020.
2. SEZs are located in 10 provinces, i.e. Tak, Sa Kaeo, Trat, Mukdahan, Songkhla, Chiang Rai, Nong Khai, Nakhon Phanom, Kanchanaburi, and Narathiwat.
3. The tax deduction claimed must not exceed 60%, 9% or 6% of annual revenue (depending on total annual revenue) and is capped at THB100 million (US$3 million), among other conditions.
4. A "center for personnel development" may be established by a public institution, private school (not including a non-formal school) or private university.

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