

Thai Cabinet approves VAT bill regarding taxation of foreign e-business (digital services)

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Back in January 2018, the Thai Revenue Department proposed a draft bill to amend the Value-Added Tax (VAT) law. Following public consultation earlier this year, the draft bill was reviewed by the Office of the Council of State and on 9 June 2020 it was approved by the Cabinet.

The key objective of the VAT bill is to improve collection of Thai VAT on digital services rendered by e-business operators in foreign countries to individuals in Thailand. The focus of the bill, among others, is movie and music streaming services and online games.

In brief, the key changes under the draft VAT bill include:

- ▶ 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.
- ▶ The VAT registration threshold for such foreign e-business operators is THB1.8 million (approx. US\$57,000) annually, which is the threshold applicable to local operators.
- ▶ VAT registration, tax payment and filing will be simplified and can be done electronically.
- ▶ No input tax can be deducted in the VAT computation.
- ▶ No tax invoice can be issued.

The next step for this legislation is passage through Parliament prior to enactment.

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