

Flash News

27 March 2020

Income tax measures to relieve the impact of COVID-19: Stimulus package Phase 2

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On 24 March 2020, the Revenue Department released a draft of tax measures to relieve the impact of COVID-19 situation. These can be divided into those for individuals and those for business operators and the key measures are summarized below.

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1. Tax measures for individuals

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- ▶ Personal income tax exemption for medical workers on risk payments received from the Ministry of Public Health in 2020.
- ▶ Increase in personal income tax allowance for health insurance premiums, from Baht 15,000 to Baht 25,000, applicable from the tax year 2020 onwards. However, the aggregate amount of allowances claimed for health insurance premiums, life insurance premiums, and bank deposit accounts with life insurance riders shall not exceed Baht 100,000.
- ▶ Extension of the deadline for personal income tax return filing and payment for the tax year 2019, from 30 June 2020 (previously extended from 31 March 2020) to 31 August 2020.

Further details of this measure and associated regulations have yet to be announced.

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เอกสารนี้ไม่ได้มีการจัดทำเป็นฉบับภาษาไทย หากมีข้อสงสัยกรุณาติดต่อผู้แต่งตามที่อยู่ที่ติดต่อในปกหลัง

Income tax measures to relieve the impact of COVID-19: Stimulus package Phase 2 (Con't)

2. Tax measures for business operators

- ▶ Extension of the deadline for corporate income tax return filing and payment for companies or juristic partnerships that are not listed on the Stock Exchange of Thailand, as follows:
 - ▶ For the fiscal year 2019 annual corporate income tax return (PND50), from May 2020 to 31 August 2020; and
 - ▶ For the fiscal year 2020 half-year corporate income tax return (PND51), from August 2020 to 30 September 2020.
- ▶ Tax relief measures for debt restructuring, applying to transactions that occur between 1 January 2020 and 31 December 2021, which include:
 - ▶ Exemption from personal income tax and corporate income tax for debtors on income derived from debt forgiveness by creditors.
 - ▶ Exemption from personal income tax, corporate income tax, value added tax, specific business tax and stamp duty on income derived from the transfer of properties, sale of goods, provision of services and execution of instruments due to debt restructuring.
 - ▶ Exemption from personal income tax, corporate income tax, specific business tax and stamp duty for debtors on income derived from the transfer of mortgaged properties to a third party, provided that the exempted portion does not exceed the amount of debt owed to the mortgagee.
 - ▶ Write-offs of bad debts related to debt restructuring can be treated as deductible expenses for tax purposes, regardless of whether they meet the criteria in the current regulations of the Revenue Department dealing with bad debt write-offs.
- ▶ Reduction of the transfer fees on immovable property transfers due to a prescribed debt restructuring from 2% to 0.01%, effective from the publication date in the Royal Gazette to 31 December 2021.

Further details of this measure and associated regulations have yet to be announced.

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Social security measures to relieve the impact of Covid-19

On 20 March 2020, the Social Security Committee approved measures to support employers, employees and insured persons to relieve the impact of Covid-19 situation. Key measures are summarized below.

- ▶ Extension of unemployment benefits to cover unemployment due to disasters caused by outbreaks of infectious disease in humans, including other disasters regardless of whether they are natural or man-made, with effective from 1 March 2020. The Social Security Office (SSO) will pay unemployment benefits to insured persons as follows:
 - ▶ Insured persons who are unemployed or forced by employers to stop working, will be paid at the rate of 50% for a period of not more than 180 days.
 - ▶ In the event of temporary closure of businesses by order of a government agency, insured persons will be paid at the rate of 50% for a period of not more than 60 days.
- ▶ Reduction of social security contribution rates for employers and employees from 5% to 4% for six months from March to August 2020.
- ▶ A 3-month extension to the deadline for social security contribution filing and payment for employers and eligible insured persons as follows:

Period of wages	Deadline for contribution filing and payment
March 2020	By 15 July 2020
April 2002	By 15 August 2020
May 2020	By 15 September 2020

- ▶ Increase in unemployment benefits provided to the following insured persons for a period of two years:
 - ▶ If voluntarily unemployed (i.e. resignation), at the rate of 45% for a period of not more than 90 days.
 - ▶ If involuntarily unemployed (i.e. employment termination), at the rate of 70% for a period of not more than 200 days.

Further details of this measure and associated regulations have yet to be announced.

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Indirect tax and trade related measures due to COVID-19 pandemic

In view of the ongoing global COVID-19 pandemic, several indirect tax and trade measures have been announced by relevant government agencies to help support businesses through the ongoing disruption.

▶ Customs duty

Form E - Origin certificate under ASEAN-China Free Trade Agreement (ACFTA)

Importers are generally required to submit the original copy of Form E at the time of import declaration, as support for duty reduction or exemption claims made under ACFTA for imported products originating from China.

Measures: Importers can submit a photocopy of Form E at the time of declaration if the original copy is not yet available to them. The original Form E copy must be submitted within 30 days from the date goods are cleared from Customs. This measure applies only to Form E issued by China and is valid until 31 May 2020.

▶ Excise tax

The deadline for monthly excise tax filing is the 10th day after the end of each taxable month.

i) Deferrals of excise tax filing deadlines for service providers

Measures: For service providers licensed by Excise (e.g. nightclubs, pubs, bars and golf courses), the deadlines for filings made for taxable months from 1 March 2020 to 31 May 2020 are extended to 15 July 2020. Taxpayers are encouraged to submit their filings and remit tax payment via the e-Excise system.

ii) Deferral of excise tax filings and excise tax payment deadlines for oil and petroleum products

Measures: The excise tax filing and payment deadline for goods moved from factories by oil and petroleum product manufacturers during the period 1 April 2020 to 30 June 2020 is extended to the 15th day after the end of each taxable month. Taxpayers are encouraged to submit their filings and remit tax payment via the e-Excise system.

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Indirect tax and trade related measures due to COVID-19 pandemic (Con't)

▶ VAT and Specific Business Tax (SBT)

Key measures include:

- i) VAT exemption on assets donations.
- ii) Expedited VAT refunds for Good Exporters (previously registered with the Thai Revenue Department), to be made within 15 days (from 30 days) for e-filings and 45 days (from 60 days) for paper filings.
- iii) VAT operators who are instructed to temporarily close their businesses and operators affected by the COVID-19 outbreak, the monthly deadlines for submission and payment of VAT and SBT are extended by one month from the normal deadline of the 15th day (for paper filings) or 23rd day (for e-filings) after the end of the taxable month.

▶ Import and export trade facilitation

- i) Investor Club (IC) system

IC generally requires BOI-promoted companies utilizing BOI-approved duty-free privileges to make separate physical submissions of the supporting documents needed to register Bills of Materials (BOM) and report inventory movement during the import, production and sales of BOI inventory.

Measures: Submission of the supporting documents can be done electronically by emailing them to IC. However, companies are still required to maintain paper copies at their premises in case inspection request during a future audit.

- ii) Department of Foreign Trade (DFT)

For importers and exporters registered with DFT whose registration status is due to expire between 25 March 2020 and 31 May 2020, the term of the registration is extended for another 2 months.

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Indirect tax and trade related measures due to COVID-19 pandemic (Con't)

For exporters using FTA with DFT-approved product origin verification status that are due to expire between 20 March 2020 and 30 September 2020, the validity period of the verification is extended for another 6 months.

For exporters who plans to apply to register with DFT to avail to the Self-Certification of product origin status for exports, the application can be submitted electronically to DFT and followed by submission of the supporting documents via post. The Self-Certification process applies only to exports of products to ASEAN countries pursuant to the ASEAN Trade in Goods Agreement and to Switzerland and Norway.

For exporters approved for Self-Certification process, they are required to report its export sales to DFT within 15th of the following month. This reporting can be filed electronically via the Self-Certification system.

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The purpose of this *Flash News* is to facilitate understanding of the proposals and it should not be used exclusively for tax planning without prior consultation with experts.

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หากมีข้อสงสัยกรุณาติดต่อผู้แต่งตามที่อยู่ที่ติดต่อด้านล่าง

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