
Proposed Tax Schemes to Soften Impact of COVID-19

March 2020

Recently, the Cabinet approved two waves of stimulus proposed by the Ministry of Finance. The stimulus, intended to soften the impact of COVID-19 on the economy, includes a reduction of domestic withholding tax, 150%-300% tax deductions, and extension for tax filing and payment.

DRKI summarizes relief measures for businesses and individuals affected by the COVID-19 virus.

1. Domestic corporate withholding tax rate reduction from 3% to 1.5%, on certain payments, from 1 April 2020 to September 2020, and to 2% from 1 October 2020, provided that payment is made via e-Withholding Tax system.
2. 300% tax deduction on salary payments, from April 2020 to July 2020, by small or medium-sized enterprises (SMEs), made to insured employees whose income does not exceed Baht 15,000 per person.
3. 150% tax deduction of interest expense for SMEs who participate in low-interest loan programs to alleviate virus-impacted SMEs and carry one accounting book from 1 April 2020 - 31 December 2020.
4. Expedited VAT refunds for exporters within 15 days if requests are filed online, and with 45 days for those filing with tax branch offices.
5. Personal income tax exemptions for medical and health personnel at infection risk on allowance paid by the Ministry of Public Health for 2020.
6. Increased of health insurance allowance from Baht 15,000-25,000 from 2020. (If combined with premiums paid for life insurance and life insurance deposition, allowance is capped at Baht 100,000).
7. Extended tax filing deadline for personal income tax from 30 June 2020 (the first extension) to 31 August 2020.
8. Extended filing deadline for PND50 (for April-August 2020) to 31 August 2020, and PND 51 (for July to September 2020) to 30 September 2020.
9. Extended tax filing and payment deadline for operators required to close their businesses by government order, and other operators. New dates are under government consideration, as of this writing.
10. Tax and government fee measures for debt restructuring for those affected, e.g. (1) exemption from income tax, VAT, SBT, stamp duty granted to debtors and creditors, (2) relaxation of criteria for writing off bad debts for debt restructuring from 1 January 2020-31 December 2021, (3) government fee reductions from 2% to 0.01% for registration of transfer and mortgage of immovable properties and condominiums

We reiterate, the above measures specifically target businesses and individual affected by COVID-19.

Clients and friends of the Firm may apprise themselves of the official tax measures and updates from the Ministry of Finance and Revenue Department at their respective websites, or at DRKI's website.

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