Technical update in Thailand

December 2023

Contents

Technical update in Thailand

Tax

"Easy E-receipt" tax rebate program

To boost domestic consumption at the start of the new year and to encourage business operators to join the tax system and e-tax system, the Thai government has provided a special personal income tax deduction of up to **THB 50,000** for the domestic purchase of goods and services from qualified business operators from **1 January 2024 to 15 February 2024.**

The “**Easy E-receipt**” scheme applies to the purchase of goods and services from businesses registered for VAT, as well as the purchase of books, e-books, including newspapers and magazines, and OTOP goods registered with the Department of Community Development.

The special deduction is for the personal income tax liability of the calendar year 2024, which is due in 2025.

Ministerial Regulation No. 391 of the Revenue Department, published in the Royal Gazette on 21 December 2023, sets the thresholds and conditions for claiming personal income tax deductions for purchases under this program, which are as follows:

1. Purchase of goods and services from business operators who can issue e-tax invoices, but not include the purchase of alcoholic drinks, tobacco, cars, motorcycles, boats, vehicle fuel, public utilities, tap water, and electricity, phone, internet service, non-life insurance premium, and the long-term services that start before 1 January 2024 or end after 15 February 2024.
2. In cases where the business operators are not VAT registrants, the business operators must be able to issue e-receipts, but only for the purchases of books, e-books, including newspapers and magazines, and OTOP goods registered with the Department of Community Development.
3. The total purchases of 1 and 2 combined can be at most **THB 50,000**.

Under the Easy E-receipt program, the purchases of hotels or package tours in Thailand that are purchased and used from 1 January to 15 February 2024 can be eligible for the special deduction.

Taxpayers can check the name of the qualified business operators who can issue e-tax invoices and e-receipts at the link below:

https://etax.rd.go.th/etax_staticpage/app/#/index/registered#top

Sources (in Thai):

https://www.rd.go.th/fileadmin/user_upload/kormor/newlaw/mr391.pdf

https://www.rd.go.th/fileadmin/user_upload/lorkhor/newsbanner/2023/12/Q_A_Easy_E-Receipt.pdf

Legal

BOI measures to increase competitiveness in the automotive industry

The Board of Investment (“BOI”) recently took measures to encourage investment in industries deemed crucial to national development. On 12 December 2023, the BOI issued Announcement No. 2/2566 outlining investment incentives aimed at increasing competitiveness in the automotive industry. These measures support manufacturers in adopting automation and robotics to improve efficiency in production.

The goal is to facilitate the transition to a modern, technology-driven automotive industry. The focus is on both general vehicle production and electric vehicle production, including battery electric vehicles (“BEVs”), plug-in hybrid electric vehicles (“PHEVs”), hybrid electric vehicles (“HEVs”), and BEV platforms for manufacturing PHEVs and HEVs.

Conditions	Incentives
• Minimum investment of THB 1 million, excluding land and working capital. • Submit a plan for investing in automation or robotics machinery to be used in the project. • Submit a plan for developing automobile products that use technologies focused on cleanliness, energy efficiency, safety, intelligent driving, or other such technologies.	• For new projects, an exemption from corporate income tax of up to 50% of investments made in automation and robotics, excluding the cost of land and working capital for three years. • For new projects that use automated machinery domestically where investments of at least 30% of the total value of the machinery are made to change or improve machinery, an exemption from corporate income tax of 100% of investments made in automation and robotics, excluding the cost of land and working capital for three years. • For businesses already receiving investment incentives, an exemption from corporate income tax on income earned by such businesses. The exemption period is calculated from the day after that on which the BOI investment incentives certificate was received.

Applications for these incentives must be submitted by 30 December 2024 (the last working day of the year) and the businesses receiving the incentives must start operating within three years of the date on which the BOI investment incentives certificate is issued.

Source (in Thai): https://www.boi.go.th/index.php?page=boi_announcements&language=th

FAQ on preparing Financial Statements for the 2023 year-end under TFRS for NPAEs (Revised 2022) and the new DBD Notification on Abbreviated Components.

Q: How should non-publicly accountable entities (NPAEs) prepare financial statements for the 2023 year-end?

A: NPAEs should follow the TFRS for NPAEs (Revised 2022) and the current version of the notification on the 'Definition of Abbreviated Components' issued by the Department of Business Development. Where financial reporting standards require presentation which differs from that outlined in the notification, the financial standards must be followed.

Q: What wording should NPAEs use in the 'Basis of Preparation of the Financial Statements' section of the notes to the financial statements for the 2023 year-end?

A: The financial statements should comply with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities (Revised 2022) and the Department of Business Development notification, 'Definition of Abbreviated Components Required in the Financial Statements 2011'.

Q: Do NPAEs need to use the new names in Thai for the statement of financial position and statement of changes in shareholder's equity for the 2023 year-end?

A: No, NPAEs are not required to use the new names, "งบฐานะการเงิน" and "งบการเปลี่ยนแปลงส่วนของเจ้าของ", for the 2023 year-end. This is because the new Department of Business Development notification, 'Definition of Abbreviated Components Required in the Financial Statements 2023,' takes effect for financial statements prepared for fiscal years beginning on or after 1 January 2024.

Q: How can financial statements for the 2023 year-end be filed electronically with the DBD if they do not match the current DBD template?

A: Because the current DBD template is based on the current version of the notification on the 'Definition of Abbreviated Components', any additional items that NPAEs choose to apply according to TFRS for NPAEs (Revised 2022) cannot be matched to it. NPAEs cannot enter financial statement data into the DBD's e-filing system. They can only submit scanned versions of the financial statements. For detailed instructions, please refer to the DBD's website and any announcements made about this issue.

Q: What statements and information should each type of entity prepare for the 2023 year-end?

A: See the table below:

Entities	Statement of financial position	Statement of income	Statement of comprehensive income*	Statement of changes in owner's equity	Statement of cashflow	Consolidated financial statements / Financial statements showing investments using the equity method	Comparative data from previous years	Notes to financial statements
Registered partnerships	Required	Required	Optional	Not required	Optional	Optional	Required	Required
Limited companies	Required	Required	Optional	Required	Optional	Optional	Required	Required
Public companies	Required	Not required	Required	Required	Required	Required	Required	Required
Legal entities established under foreign law	Required	Required	Optional	Required	Optional	Optional	Required	Required
Joint ventures under Revenue Code	Required	Required	Optional	Required	Optional	Optional	Required	Required

**Note: There are two types of statement of comprehensive income: a combined statement; and a separate statement.*

Reference (in Thai): Content and Q&A session of seminar "Revised financial reporting standards and new DBD notification on abbreviated components" held by the Ministry of Commerce on 12 December 2023

IFRS

FICE project: IASB publishes exposure draft

On 29 November 2023, the International Accounting Standards Board (IASB) published an exposure draft of proposed amendments to IAS 32, IFRS 7 and IFRS 1 on the classification of financial instruments with characteristics of equity (“FICE”). The exposure draft can be consulted here.

Readers will recall that the purpose of this project, which led to the publication of a discussion paper in June 2018, is to clarify the principles of IAS 32, to address the issues of its practical application and to improve disclosures.

These amendments chiefly aim to:

- clarify a number of principles relating to the classification of financial liabilities and equity instruments under IAS 32, in particular concerning:
  - whether or not applicable laws and regulations need to be taken into account in the contractual analysis of the financial instruments concerned;
  - analysis of the "fixed-for-fixed" criterion when classifying a derivative that is or may be settled in the issuer's own equity instruments;
  - instruments involving an issuer's obligation to repurchase its own equity instruments;
  - instruments with contingent settlement provisions;
  - how to treat contractual obligations at the discretion of the entity's shareholders;
  - the circumstances in which reclassifications between financial liabilities and equity might occur during the lifetime of the financial instruments;
- improve IFRS 7 disclosures on:
  - the nature and priority of claims against an entity arising from financial liabilities and equity instruments;
  - the main contractual features of financial instruments, including those with both financial liability and equity characteristics;
  - compound instruments;
  - the potential dilution of ordinary shares;
  - reclassifications of financial liabilities and equity instruments;
  - instruments containing obligations to repurchase an entity’s own equity instruments; and
  - financial liabilities containing contractual obligations to pay amounts based on an entity’s performance or changes in its net assets;
- require an entity (under new provisions in IAS 1) to present amounts attributable to ordinary shareholders separately from amounts attributable to other holders of the entity’s own equity instruments.

The comment period runs until 29 March 2024.

We will return to this exposure draft in more detail in a future issue.

First IASB deliberations on draft amendments to IFRS 9 and IFRS 7

The IASB has begun its deliberations after the feedback received to the exposure draft Amendments to IFRS 9 and IFRS 7 on the classification and measurement of financial instruments.

At its meeting on 13 November 2023, this analysis led the Board to make a tentative decision to modify its draft amendments relating to the derecognition of financial liabilities settled via an electronic payment system and to the presentation in the notes of equity instruments measured at fair value through non-recyclable other comprehensive income (OCI).

Derecognition of financial liabilities settled via an electronic payment system

On this topic, many stakeholders emphasised the need to clarify the following points in particular:

- the principle of settlement date accounting introduced in paragraph B3.1.2A, given the risk of unintended consequences in some circumstances;
- the first criterion put forward for characterising a financial liability settled via an electronic payment system, namely "no ability to withdraw, stop or cancel the payment instruction" (paragraph B3.3.8(a)), as this criterion is considered too restrictive as currently worded.

To take these comments into account, the Board has tentatively decided to:

- delete the principle of "settlement date accounting" in the draft amendment and replace it with a reference to "settlement date" in paragraph B3.1.2A;
- clarify that the "settlement date" is the date on which the right to receive or the obligation to pay cash (or another financial asset) is established or extinguished;
- amend the wording of paragraph B3.3.8(a) to make it more flexible and align it with the wording of paragraph B3.3.8(b), which reads "no practical ability [...]".

Disclosure on equity instruments measured at fair value through equity without recycling (FV-OCI-NR)

For the disclosure on equity instruments measured at fair value through non-recyclable OCI, some stakeholders have highlighted the need to clarify the aggregation level of disclosures required by IFRS 7 for these instruments.

To take account of these comments, the Board has decided to clarify that the disclosures required by IFRS 7 paragraphs 11A and 11B in respect of equity instruments designated at fair value through non-recyclable OCI are made by class of instrument as defined by paragraph 6 of IFRS 7, for example by business segment, geographical area, or any other relevant and consistent approach to the analysis.

In the coming months, the IASB will continue to analyse these comments with a view to finalising the draft amendment in the first half of 2024.

Ninth compilation of IFRS IC agenda decisions

In early November, the IFRS Foundation published the ninth compilation of IFRS Interpretations Committee (IFRS IC) agenda decisions taken between May and October 2023. The compilation is available here.

The decisions presented in this compilation relate to the following topics:

- IFRS 17 and IFRS 9: treatment of premiums receivable from an intermediary;
- IAS 19: homes and home loans provided to employees;
- IFRS 9: guarantee over a derivative contract.

Contacts

Jonathan Fryer
Partner, Outsourcing services
jonathan.fryer@mazars.co.th

Chalermpon Tanopajai
Director, Legal services
chalermpon.tanopajai@mazars.co.th

Naritsaporn Tanapoonsin
Director, Tax services
naritsaporn.tanapoonsin@mazars.co.th

Panida Chookul
Director, Audit services
panida.chookul@mazars.co.th