



## Thailand allows tax break on software-related expenses for SMEs

### Taxation

The Cabinet approved a measure that small and medium-sized enterprises (“SMEs”) will be allowed to subtract software or computer program-related expenses from their corporate income tax liability, up to two times the expense in certain cases. There are three qualifying expenses including the purchase of software or computer programs from software firms, payment for recruiting developers to create software, or fees paid to software service providers for using their services. The Digital Economy Promotion Agency (“DEPA”) requires all of these tech companies, developers, and service providers to be registered.

SMEs will usually deduct annual asset depreciation as an expense for up to three years. They will depreciate at a rate of 50,000 baht per year if their cost is 150,000 baht.

The new tax measure means that, in addition to depreciation, SMEs will claim a tax deduction for the cost of a new computer up to 100,000 baht. SME's can claim a tax deduction of two times the cost of recruiting software developers or using software services, up to 100,000 baht.

New tax measure will be implemented for the fiscal years 2021 and 2022.