



VAT on non-resident electronic service providers and electronic platforms

E-Service Tax Law

With the soon to become effective of the e-Service Tax Law or Amendment of the RC No. 53 B.E. 2564 (2021), on 1 September 2021, the non-resident electronic service providers and electronic platforms shall be aware of the tax registration within 30 days from the date of the income at an amount of 1.8 million baht has been reached in which the RD will start to offer the VAT registration service no later than the date of the effectiveness of e-Service Tax Law. To clarify, if the income of the company has exceeded 1.8 million baht before or on 3 August 2021, such a company shall register for VAT by 1 September 2021, or if it has been reached such an amount later than 3 August 2021, the company shall register for VAT within 30 days.

Examples of electronic services which are subjected to e-Service Tax law shall include the following:

- Digital products such as mobile applications
- Software programs
- Search engine services
- Streaming services
- Advertising services
- Digital music, films, and games

However, some electronic services are excluded from the definition of electronic services including:

- Telecommunication services
- Money transfer services
- Electronic vouchers
- Professional services involving human interaction such as consulting services

In addition, certain types of services that are not regarded as electronic services such as providing consulting service via e-mail or offering advertisement design via e-mail, the service recipient in Thailand still have to remit VAT to the RD. On the other hand, sales of newspaper, textbooks, and magazines in the electronic forms are exempted from VAT.

The platform operators shall also be liable for paying VAT on behalf of non-resident service providers, if electronic services provided from overseas by the service providers via a platform with continuous processes starting from offering service, receiving payment of service, and delivering service. In other words, the platform operators are required to register, charge, and remit VAT to the RD on behalf of all service providers.

The VAT _e-submission can be done electronically through the Simplified VAT System for e-Service (“SVE”) provided on the website of the RD. The SVE allows the users to register for VAT, file VAT returns, pay VAT, and request for VAT refund.

After the completion, the SVE will notify the registrant and the list of VAT registrants on SVE will be announced on the website of the RD.

Failure to comply with the e-Service Tax law shall be subjected to penalties in the following:

Civil Penalty

- Conducting electronic businesses without VAT registration
- Failure to pay or remit tax within the tax deadline
- Filing incorrect tax return

Criminal Penalty

- Conducting electronic businesses without VAT registration
- Non-filing of tax returns
- Failure to submit reports as prescribed by the Director-General of the RD
- Intentionally evade or try to evade VAT

With new VAT rules enacted in Thailand, Bangkok Global Law are prepared to assist the affected electronic business operators and ensure compliance with this new VAT rules.

Should you have any question, please do not hesitate to contact us via info@bglballaw.com

