



Data Exchange to Fight Tax Evasion

Thailand has joined the Global forum on Transparency and Exchange of Information for tax purposes since 2017 as the 139th member country of the Convention on Mutual Administration Assistance in Tax Matters (“MAAC”), a multilateral treaty promoted and developed by the Organization for Economic Co-operation and Development (“OECD”), with the objective is to foster international collaboration and the sharing of tax-related information among countries, enabling tax authorities to effectively leverage the data to combat tax evasion and avoidance. This cooperation encompasses various aspects, including the exchange of information and the recovery of foreign tax claims.

In compliance with the MAAC, Thailand passed the Royal Decree of the Exchange of Information to Comply with International Agreements on Taxation B.E. 2566 (A.D. 2023).

The Royal Decree covers different types of exchanges of information, including:

1. Requested information exchange which may include taxpayer information for both individuals and legal entities;
2. Spontaneous exchange of information, initiated without external requests, aiming to enhance tax collection efforts; and

3. Automatic unsolicited exchange of information, committed on an annual basis in accordance with an international agreement.

In addition, the Royal Decree also comprehends the conditions on exchange of information, details of processes, rejection of information exchange claim, and consideration and approval of the information exchange claim. However, the Revenue Department of Thailand (“RD”) is in the course of preparing proceedings and system related to the automatic exchange of information.

Moreover, Thailand ratified the Multilateral Competent Authority International Agreement on Exchange of Country Reports in 2022, with the objective to facilitate the exchange of information under the MAAC, by the RD legislating the Notification of the Director-General of the Revenue Department on Income Tax (No. 408) regarding the Country-by-Country Report. By virtue of the Notification, the RD requires international corporations that meet certain conditions to submit a Country-by-Country Report (“CbCR”) for the accounting year 2021, commencing from 1st January 2022, with accumulation of data on their global allocation of income, taxes paid, and economic activity among tax jurisdictions in which they operate. In this regard, Thailand expects to begin exchanging such report in June 2023. By which, the RD will receive

reports from the international enterprises of which the country of residence is Thailand as well as those conducting in Thailand.

Furthermore, to facilitate information exchange and comply with the OECD's common reporting standard ("CRS"), the RD will receive financial and related information of multinational corporations from their financial institutions including banks, securities depository centers, asset management companies, and life insurance companies. The RD will then automatically exchange this information with tax authorities in other jurisdictions, aiming to enhance tax transparency and combat tax evasion and avoidance. By which, Thailand is scheduled to begin the CRS exchange in September 2023.

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

