



## **The Thai government has set aside THB 24 billion for incentives to increase domestic production of battery cells for electric vehicles (EVs)**

On 2 February 2023, Mr. Supattanapong Phanmeechaow, a Deputy Prime Minister and the Minister of Energy, as the Chairman of the National Electric Vehicle Policy Committee, attended the National Electric Vehicle Policy Committee (EV Board) Meeting No. 1/2023 together with senior executives of relevant departments and revealed that the EV Board had considered measures to support battery production which aimed at promoting manufacturing base for EVs in Thailand.

The EV board meeting approved in principle measures to support the production of batteries by granting excise tax privileges by reducing from 8 percent to 1 percent and taking important measures such as financial support of 24,000 million baht for the production of cell batteries in Thailand as important components in the production of electric vehicles. The grant depends on the size of the battery factory and the specific energy capacity of the battery. Subsidies of 400-600 baht/kWh will be provided to battery factories producing less than 8 GWh. For battery factories above 8 GWh, they will receive subsidies between 600-800 baht/kWh due to the limited budget. The funding will be based on the principle of “first-come, first-served.”

The EV Board has also given significant consideration to topics including the following:

- how to increase the manufacturing of ICEs, which make up a sizable portion of the nation's automobiles to be able to switch to

producing cars that are powered by electricity.

- the creation of a subcommittee to oversee the transformation of used cars into electric vehicles (EV conversion).
- the recognition of the development of encouraging the use of electric vehicles by the government sector.
- measures to assist the development of charging stations and encourage the demand-supply relationship.

The government has set a target of making 30% EV cars out of the total car production by 2030.

## **New rates of sugar tax come into effect on 1 April 2023**

In 2017, the amended excise tax system in Thailand for beverages came into force, introducing a sugar content tax on top of the excise duty already levied on beverages with the purpose of reducing consumption of sugary beverages.

Recently, Nutthakorn Utensute, the Excise Department's principal advisor on excise control system development of Thailand revealed that the Thai Excise Department will start to increase the sugar tax according to the amount of sugar under the third phase after the Thai government delayed the increase of such tax rates for 6 months. Therefore, the excise tax rates collected on the sugar content of beverages in the third phase will become effective from 1 April 2023 onwards according to the resolution of Thai Cabinet meeting held on 20 September 2022.

The following rates apply to the third phase of the sugar tax, which starts from April 1, 2023, to March 31, 2025:

- Sugar content 0-6 grams, the tax rate is 0 baht per liter from the current 0 baht per liter.
- Sugar content 6-8 grams, the tax rate is 0.3 baht per liter from the current 0.1 baht per liter.
- Sugar content 8-10 grams, the tax rate is 1 baht per liter from the current 0.3 baht per liter.
- Sugar content 10-14 grams, the tax rate is 3 baht per liter from the current 1 baht per liter.
- Sugar content 14-18 grams, the tax rate is 5 baht per liter from the current 3 baht per liter.
- Sugar content from 18 grams, the tax rate is 5 baht per liter from the current 5 baht per liter.

### **Update on Taxation on land and buildings**

A recent publication in the Royal Gazette that has been announced and published on 18 March 2023, and come into effect on 19 March 2023 regarding a tax reduction for land and buildings, including farmland, residential land, commercial land, and vacant land. This tax deduction aims to mitigate the economic impact of the COVID-19 pandemic by providing relief to property owners.

In practice, some plots of land that were already entitled to a 50 per cent tax deduction under the previous decree, which came into enforce on 1 January 2020, would now benefit from this recent measure by enjoying a 15 per cent tax deduction on top of the 50 per cent tax cut. However, this additional benefit of 15 per cent on top of the tax reduction would not apply to housing development projects such as zoo, school, amusement park etc., as those projects are already entitled to a 90 per cent tax cut for a maximum period of three years.

Currently, the tax base in Thailand is on the step-up rates, which depends on the value of land and construction. For instance, a tax ceiling on farmland is 0.15 per cent but the effective rate is 0.01 to 0.1 per cent. However, the landowner may be exempted from the tax if they own the land individually and the price of the land does not exceed 50 million baht. Although the tax ceiling for commercial and industrial land is 1.2 percent, the effective tax rate is typically only 0.3 to 0.7 percent.

This reduction in taxes is expected to alleviate the financial burden for both property owners and business sectors.

### **Silicon Valley Bank's failure unlikely to affect the Financial System of Thailand**

In March 2023, the collapse of Silicon Valley Bank (SVB), a prominent institution, may have significant impact on the global financial economy. This unfortunate turn of events was triggered by the United States Federal Reserve's (FED) decision to combat inflation, which prompted the bank's predominantly startup customers to withdraw their funds to maintain their financial liquidity.

In addition, the falling of SVB may trigger a domino effect in global financial sector, given the fact that US citizens are withdrawing substantial amounts of deposits from other banks in the country, exacerbating concerns about the potential ripple effects of the bank's demise.

The Ministry of Finance of Thailand had taken a keen interest in these developments and has closely monitored the situation. Mr. Arkhom Termpittayapaisith, the Finance Minister, confirmed that the Thai economy is unlikely to be

affected by this incident as there is no financial transactions between Thailand and SVB, and the Government Pension Fund of Thailand has not invested in the said institution.

### **The impact of global value chains on carbon emissions in Thailand Industrial Production**

The Asian Development Bank (“ADB”) has urged Southeast Asia to accelerate the decarbonization of its global value chains (“GVCs”) due to the potential economic impact of climate change. GVCs refer to the complex networks of activities involved in the production of goods and services that are distributed across different countries. These chains can span multiple countries and involve various stages of production, such as raw material extraction, processing, manufacturing, transportation, and distribution. However, GVCs have also been associated with environmental degradation and carbon emissions that are not effectively addressed by existing regulatory frameworks.

ADB's report indicates that Asia, including ASEAN, is a major emitter of greenhouse gases (“GHG”) during production, as it serves as the world's factory. GHG emissions are gases that trap heat in the Earth's atmosphere and contribute to climate change. GHG emissions can occur at various stages of the production process within GVCs, such as during energy production, transportation, and manufacturing activities.

To enhance long-term competitiveness and resilience against climate change, ASEAN economies need to prioritize decarbonization in their GVCs through policy measures. In recent years, Thailand has taken steps to address environmental concerns and GHG emissions through its legal framework. For example, the Thai government finalized a draft of the new National

Plan for Economic and Social Development, covering the period from 2023 to 2027. The draft plan outlines 13 targets, including the incorporation of environmental and sustainable development considerations such as transforming Thailand into a circular economy with low carbon usage and reducing GHG emissions in industrial sectors. In addition, the Prime Minister of Thailand announced during the World Leaders Summit at COP 26 that Thailand is committed to reduce its greenhouse gas emission. As Thailand is among the top ten most impacted by climate change globally, the country aims to achieve carbon neutrality by 2050 and net zero greenhouse gas emissions by or before 2065. The Prime Minister also highlighted Thailand's BCG (Bio-Circular-Green) economy model as a pathway for sustainable and environmentally-friendly economic development.

### **Designated Payment Services**

Since offline/online/e-commerce payment services have been applied to most of transactions occurred nowadays, and payment services providers have been playing a key role in the facilitation of such types of payment. The Payment Systems Act B.E. 2560 (A.D. 2017) (PSA) was therefore enacted to leverage governance and supervision of the payment services, business operation of payment services providers etc.

Under the PSA, in terms of the direction on payment services, the law prescribes that some types of payment services are considered as the Designated payment services, and the services providers of which require to obtain a license (E-payment license) so as to provide the customers with such payment services, including:

1. Debit card, Credit card, or ATM card services;
2. Electronic money services;

3. Services for the receipt of payment on behalf of sellers, service providers, or creditors;
4. Electronic money transfer services; and
5. Any other types of payment services which will affect the financial.

However, in some cases, the payment services providers are not required to obtain the e-payment license in providing the abovementioned payment services, if the payment services are considered, by virtue of the Announcement of the Minister of Finance by recommendation of the Bank of Thailand (BOT), to be either the innovative payment services and are in the midst of testing, or the payment services for limited customer circle that do not affect the financial service and public interest at large. With that being said, the services providers shall still register such payment services with the BOT.

### **Requirements for E-payment license Application**

To be eligible to obtain an E-payment license, for operating the designated payment services, the business providers shall meet the minimum requirements set forth below:

1. The applicant shall be a juristic person
  - 1.1 a limited company, a public limited company incorporated in Thailand, having business objective to provide payment services, or
  - 1.2 financial institution; or
  - 1.3 specialized financial institution; or
  - 1.4 state enterprise; or
  - 1.5 foreign commercial bank permitted to set up a branch office to operate payment services under such branch office.
2. A director, or an authorized person of a company shall meet the requirements, and shall not have prohibited characteristics, under the PSA, for instance as follows:

- 2.1 being a bankrupt person, or being under receivership;
- 2.2 being incompetent person;
- 2.3 having been sentenced for the imprisonment by a final court of judgement for any fraud, cheating the creditor, embezzlement;
- 2.4 having been sentenced by a judgement or order of the court on the ground of committing an offence relating to money laundering under anti-money laundering law or involvement in terrorism; and
- 2.5 having been discharged from being a director or an executive of a public limited company due to lacking of appropriateness in respect of trustworthiness in managing business.

3. At least one director of a company shall be a Thai national having a domicile in Thailand.
4. The minimum paid-up capital of each type of payment services shall be as follows:

Types of Payment Services	Minimum Amount of Paid-Up Capital (THB million)
<b>Debit card, Credit card, or ATM card Issuing services</b> (An issuer of Debit, Credit, or ATM cards)	100
<b>Electronic money services</b> (An issuer of pre-paid stored-value cards, or e-wallets, used for making payments of goods services or any other charges)	100
<b>Electronic money transfer</b> (Acceptance of money from a service user, and subsequently transfers it to a receiver)	10
<b>Acquiring</b> (Acceptance of card payments by sending/receiving payment transaction to/from acquisition business providers or other payment facilitation provider)	50
<b>Payment Facilitating (PF)</b> (Acceptance of card payments by sending/receiving payment transactions to/from acquisition business providers or other payment facilitation providers)	10
<b>Accepting Payment on Behalf</b> (Acceptance of non-card payment instruments, such as e-money and bank account)	10

**\*Remark\*** – the payment services providers, aiming to procure more than one category of the designated payment services, are obliged to have paid-up capital of no less than the

highest amount of capital required for the services for which they apply.

- There is no imperative on ratio of Thai national, and non-Thai national shareholders in the companies of the designated payment services providers, however, in case that the designated payment services providers' companies have foreign majority shareholders, the foreign business license (FBL) shall also be obtained from the Department of Business Development (DBD) prior to commencement of the business operation.
- There is no necessity that an applicant shall have a banking or financial related background to be eligible to obtain the e-payment license; however, backgrounds will significantly enhance the credibility of the applicant under the consideration process of the BOT.

#### E-payment license Application Processes

Processes	Details
<b>1. Self-Assessment on Characteristics of Business</b>	<ul style="list-style-type: none"> <li>- Assess whether a business has any characteristic relevant to the designated payment services.</li> <li>- Prepare email indicating characteristics and forms of services, having details set out in the guidelines, to arrange an appointment with the BOT for preliminary discussion.</li> </ul>
<b>2. Preliminary Consultation with the BOT</b>	<ul style="list-style-type: none"> <li>- Discuss with the BOT to illustrate the business model and information system, in reference to information prepared according to the</li> </ul>

	guidelines on meeting imposed by the BOT.
<b>3. Pre-Approval</b>	- Prepare documents for the E-payment license application, and submit a draft via email to the BOT for preliminary review.
<b>4. Application Submission</b>	- After receiving confirmation from the BOT that all documents are correct, complete, and valid. - Submit the final documents to the BOT. - The BOT will consider the application, and will pass the approved application to the Ministry of Finance for consideration on the issuance of an E-payment license.
<b>5. Receipt of the e-payment license</b>	- Collect the e-payment license at the BOT, after receiving notification informing that the Ministry of Finance has approved and issued the E-payment license.

Computer Technology Center (NECTEC) to integrate AI into its operations, specifically to enhance the efficiency of its chatbot, ‘Nong Ari’ .

In 2023, the RD plans to leverage AI to support the tax examination process, which aims to shorten the examination process and make it more convenient for e-tax system users. For instance, it may potentially shorten the process of tax return from a month to a week according to the director-general of RD, Mr. Lavaron Sangsnit. The e-tax system of the RD includes channels for e-filing, e-withholding tax, e-tax invoice, and e-receipt. As of now, the RD is testing the use of AI technology in a sandbox project, which involves identifying the source of income for taxpayers who sell their products and services through social media platforms.

In conclusion, the implementation of AI in the RD could be considered as a positive development, with the potential to improve the efficiency, accuracy, and convenience of the tax system including preventing tax evasion. As AI technology continues to advance, we can expect to see further integration of this technology in tax administration and other areas, leading to more effective and innovative solutions.

**The integration of AI by Revenue Department of Thailand in 2023**

Artificial Intelligence, or AI, has become increasingly common and is being used in many different industries and fields. One such example is the Revenue Department of Thailand (“RD”) which has implemented AI technology to improve its operations. Since May 19th, 2022, the RD has been working with the National Electronics and

**New Labor Law on Work From Home Arrangements**

Thailand has passed law on Work From Home which was formally known as the Labor Protection Act B.E. 2566 (No.8) which was published in the Government Gazette and was effective on April 18, 2023. This Government Gazette amended the Labor Protection Act which made additional options for employees and employers. This implementation gave better labor protection,

increase the stability of work, and improve better work life for employees throughout Thailand. In other meaning, this update gave the rights to the employer and the employee to agree in the employment contract an alternative to employees to work somewhere else other than their office. However, the agreement must be made in writing. The additional update between the employee and employer can also state these circumstances such as (1) the work's scope and the employer's supervision (2) the period of the agreement which includes the starting date and the ending date, (3) normal working hours, rests periods, overtime work, (4) duties of the employer to provide the employee with necessary needs in carrying out the tasks, and (5) the rules for overtime and holiday works and different kinds of leave.

In addition, this amended on the LPA provides protection to the employees as they are allowed to refuse contact from the employer beyond normal working hours. Therefore, creating a better environment for employees. Employees must also be treated equally with employees working at the office. With this being stated, the implementation will surely have an effect on the labor employment in Thailand as it would be more applicable with today's working scenario.

Should you have any question, please do not hesitate to contact us via [info@bglballaw.com](mailto:info@bglballaw.com)

