



Office of Securities and Exchange Commission (“SEC Office”) implement rules for the new Thai Mutual Fund for Sustainability (“Thai ESG Fund”)

The SEC Office has implemented rules on establishment and management of Thai ESG Fund, which took effect on 1 December 2023.

Although the concept of a mutual fund to promote sustainability is not new in Thailand as a sustainable and responsible investing fund was already introduced by the SEC Office, the SEC Office further pushes its commitment to sustainability by introducing the Thai ESG Fund that has not only an outstanding portfolio and policy on its investment in the aspect of sustainability or environment but also provides attractive tax incentives for investors.

With regard to the benefits and incentives to invest in the Thai ESG Fund, the investor can use the invested money in the Thai ESG Fund to deduct from income in order to reduce the tax burden for a maximum of 30% of the assessable income which shall not exceed THB 100,000 per tax year that such investment occurs. The investor shall also get a special exemption on income that the investor gets from the sale of the investment unit, in which such income

shall not be subject to tax provided that the investor holds such investment unit for not less than 8 years from the date of acquisition. Crucially, long-term investment in the Thai ESG Fund is expected as the sale of the investment unit prior to the completion of 8 years of possession shall revoke all benefits retrospectively, and thus the investor is liable to pay tax previously exempted as well.

Accordingly, the Thai ESG Fund marks the very next step in creating a choice and incentive for the public on the road to sustainable investment. Per their effect, great enthusiasm is shown as the SEC Office received and approved 22 applications to establish the Thailand ESG Fund from 16 asset management companies. The SEC Office’s secretary-general remarks that the scheme could attract around THB 10 billion worth of investment and more to come in the years ahead.