



Thai Government approved 0% Capital Gain Tax for an Investment in Thai Startups

Capital Gain Tax can be defined as a tax on profits from sale of an investment that derives when an asset is disposed of. In Thailand, most types of capital gains are considered as taxable income. Income and capital gains are not separated and are under provisions of the Revenue Code. However, some exemptions have been granted by Thai governments including 0% Capital Gain Tax arising from a sale of an investment in Thai startups as proposed by the Digital Council of Thailand (“DCT”) which was approved by the cabinet in December 2021.

On 21 January 2022, the DCT revealed via its website that the Royal Decree on Capital Gain Tax Exemption for divesting from investment in Thai startups is expected to be issued in the first quarter of this year. Currently, it is still in the process of the Revenue Department to propose the draft of the Royal Decree to be approved by the cabinet in accordance with Thai law.

At the same time, the DCT has proposed to organize a roadshow in order to promote incentives to target investors and startups throughout the year including supporting target industries such as farmers, fisheries, as well as soft power in movies, sports and E-Sports, as well as establishing an assistance centre to assist and facilitate startup investment in various matters such as having a consultant to answer related questions, assisting in coordination with the government authorities on related matters including providing necessary information and a manual or a guideline on incentives. The DCT is convinced that the capital gains tax waiver and the aforementioned promotions will create up to 5,000 new Thai startups in 2022.

This new taxation scheme is seen as one of the important strategies to uplift Thailand to be one of global economy hubs which will enable Thailand to promote its startups growth and generate country’s revenue as a whole.