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Cabinet Approval on the principle of the Draft Royal Decree on Tax Exemption to Support Digital Transformation of SMEs

The Thai Government recognizes the need to enhance the competitiveness and resilience of small and medium enterprises (SMEs) through digital transformation. To support this policy, the Ministry of Finance, through the Revenue Department, is preparing a new draft Royal Decree under the Thai tax law (Draft Royal Decree) to provide tax incentives for SMEs investing in digital technology. These incentives are intended to reduce the cost of adopting technology and accelerate the integration of digital tools into business operations.

Entities eligible to receive the tax incentives under this Draft Royal Decree must meet the following conditions:

1. Be a company or juristic partnership;
2. Have paid-up capital not exceeding THB 5 million on the last day of the accounting period; and
3. Have annual income from the sale of goods or provision of services not exceeding THB 30 million in that accounting period.

The primary benefit offered by the Royal Decree is a corporate income tax (CIT) exemption equal to 100 percent of eligible expenditures, effectively allowing a double deduction, up to a maximum of 300,000 Baht per accounting period. The eligible expenditures include costs incurred for purchasing, commissioning, or subscribing to qualified computer programs, hardware, smart devices, or digital services, provided that such items are registered with the Digital Economy Promotion Agency. Importantly, general-purpose computers are excluded from the scope of eligible hardware.

To avoid overlapping tax incentive, corporate taxpayers who have received similar tax incentives under other Royal Decrees or whose expenses relate to businesses already exempt under the law related to investment promotion, competitiveness enhancement, the Eastern Special Development Zone are ineligible for this exemption. The tax incentive under this Draft Royal Decree will take effect from the date on which the Cabinet approves the principle of the Royal Decree and will remain in force until 31 December 2027.

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