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Update on Submission Timeline for Debt-Forgiveness Tax Exemption under COVID-19 Business Rehabilitation Measures

The Royal Decree on Assistance and Rehabilitation of Business Operators Affected by COVID-19 (2021) establishes measures allowing debtors of financial institutions to transfer collateral assets in repayment of debts, while granting debtors or collateral owners the right to repurchase such assets. These measures aim to provide financial flexibility and support for businesses impacted by the pandemic.

To alleviate tax burdens, the Royal Decree also provides income tax exemptions for debtors on income from debt forgiveness and further exempts both debtors and financial institutions from income tax, VAT, specific business tax, and stamp duty on income arising from asset transfers, sales, or related instruments. These exemptions apply where transfers are conducted under rules and conditions prescribed by the Bank of Thailand.

To regulate the tax exemption policy under Royal Decree, in 2021 the Thai Revenue Department issued Notification aligns, providing clear deadlines and reporting channels to ensure compliance tax exemption with the debt forgiveness arising from COVID-19 relief measures under the Royal Decree. This Notification sets out the criteria, procedures, and conditions for debtors and financial institutions to follow when participating in the debt-settlement asset transfer support measures under the Royal Decree. It requires debtors, property owners, and financial institutions to prepare and submit certification documents to the Revenue Department and retain related evidence at their establishments for official inspection.

In September 2025, there is the update on the Notification on the timeline of submission of the certification of participation in the support measures for the transfer of collateral assets to settle debts. The old clause required that submission be made within the end of the accounting period in which the debt forgiveness occurred, and that the debtor maintains supporting evidence and documents at the place of business for inspection. The new Notification updates the submission deadline to a fixed national date of 31 December 2025, rather than being tied to the accounting year-end, while retaining the same record-keeping requirement for maintaining evidence and documents at the place of business for inspection.

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