



VAT-Exemption Regime for Data Center Operation under Royal Decree No. 759

Recently, the data-center industry has played an increasingly significant role in Thailand's economy and has attracted substantial foreign investment. The Thai Government issued a Royal Decree granting a value-added tax (VAT) exemption for data-center operations under Thai Revenue Code. This VAT exemption is provided in addition to the corporate income tax (CIT) incentives available under the Investment Promotion Act administered by the Board of Investment (BOI).

Key Conditions

To qualify for the VAT-exempt regime, the applicant must meet all of the following conditions:

1. Qualified Data-Center Services

The business must provide server space and related equipment for the storage, processing, and transmission of electronic data via internet networks, or provide supporting services, including:

- a. Data-backup services to prevent disruptions or data loss;
- b. Network-connection services with internet service providers or cloud-service providers; or
- c. System-administration services and information-security management.

2. Thai Entity Requirement

The company must be incorporated under Thai law.

3. VAT Registration The company must be registered for VAT purposes.

4. BOI or Other Eligible Promotion:

The company must obtain a BOI Promotion Certificate for Data-Center Operations or be promoted under the law on enhancing national competitiveness for targeted industries, or other laws as specified by the Director-General.

5. Application Deadline

The application for the VAT exemption must be submitted to the Director-General within five years from the date the Royal Decree came into effect.

- Effective date: 9 November 2022 (B.E. 2565)
- Deadline to apply: 9 November 2027 (B.E. 2570)

The Royal Decree aims to prescribe the rate of value-added tax applicable to server-space services provided to data-center operators, with the objective of promoting investment and strengthening the competitiveness of Thailand's data-center industry as a regional digital hub.

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

