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Thailand Introduces New Tax Incentives to Accelerate Solar Rooftop Adoption and Energy Efficiency Investments

The Thai government has taken another step to promote renewable energy and energy efficiency by issuing the Royal Decree. The Royal Decree grants targeted income tax exemptions for qualifying expenditures incurred from 3 March 2026 to 31 December 2028. The measure is intended to support household solar rooftop installations and broader investment in energy-efficient machinery, equipment, and materials.

In particular, natural persons are granted personal income tax exemptions for expenses incurred in the purchase and installation of solar power generation systems on buildings, which a person may occupy or use, provided that such systems are connected to the electricity distribution networks of the Metropolitan Electricity Authority (MEA) or the Provincial Electricity Authority (PEA), at the actual expense amount but not exceeding THB 200,000. The right may be exercised only once, in the tax year in which the grid connection is completed.

For the business sector, the Royal Decree provides a corporate income tax exemption for companies and juristic partnerships in an amount equal to 50% of the qualified expenditure paid for investment in high-efficiency machinery or equipment, or in materials or equipment for energy conservation that results in energy savings, provided that such machinery, materials, or equipment must be certified with a 5-Star Energy Efficiency labelled by the Department of Alternative Energy Development and Efficiency (DEDE), and the Electricity Generating Authority of Thailand (EGAT).

Notably, the tax benefits under these provisions are subject to specific limitations. In particular, taxpayers are not permitted to claim overlapping benefits for the same expenditure under any provision of other royal decrees or ministerial regulations issued by virtue of the Revenue Code. Accordingly, while the Royal Decree offers attractive tax incentives, taxpayers should carefully assess the eligibility criteria and structure their investments to ensure compliance and maximize the available tax benefits.

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