Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

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# Thailand Extends Reduced E-Withholding Tax Rate and Enhances Digital Tax Incentives Through 2027

The Thai Cabinet has approved the extension of the reduced e-withholding tax regime until the end of 2027, continuing a key fiscal measure aimed at improving business liquidity and supporting the country's ongoing digital transformation agenda. The extension applies retroactively from the original expiry date in 2025 and is expected to provide significant cash flow benefits to the private sector, with the Revenue Department estimating liquidity enhancement of approximately THB 27 billion.

Under the extended regime, the e-withholding tax rate remains reduced at 1%, compared to standard withholding tax rates of 5%, 3%, and 2% depending on the category of income. The regime applies to assessable income paid electronically to both individuals and juristic persons, covering a wide range of payments including rent, commissions, royalties, service fees, contract work payments, and fees for independent professional services. The policy is designed to incentivise the use of electronic payment systems while simplifying tax withholding processes for businesses.

In parallel, the Cabinet has also approved an extension of tax incentives supporting electronic tax systems, including e-tax invoices, e-receipts, and e-withholding tax mechanisms, until 31 December 2027. Businesses and registered partnerships investing in or using these systems may continue to benefit from a 200% tax deduction on qualifying expenditures. Eligible costs include investments in software, hardware, electronic data storage systems, and service fees paid to approved electronic tax service providers, thereby reinforcing incentives for digital tax compliance infrastructure.

In addition, a new incentive has been introduced for expenses related to information system assessments conducted by electronic service providers and certified by the Electronic Transactions Development Agency. This measure is intended to enhance the security, reliability, and integrity of Thailand's digital tax ecosystem by encouraging compliance with recognised technical and governance standards among service providers.

From an administrative perspective, the Revenue Department continues to expand private sector participation in digital tax infrastructure, with multiple approved providers supporting e-tax invoices, e-receipts, e-filing, and e-stamp duty systems. These developments are particularly significant for SMEs, which may lack internal capacity to develop proprietary digital systems, and therefore rely on certified third-party providers to comply with evolving electronic tax requirements.

From a broader legal and commercial standpoint, the extension of the e-withholding tax and associated digital tax incentives reflects Thailand's continued policy direction toward digitalising tax administration while maintaining short-term liquidity support for businesses. The measures are expected to reduce compliance costs, improve efficiency in tax collection, and accelerate adoption of electronic tax systems across the economy. More broadly, the reforms reinforce Thailand's strategic objective of building a fully integrated digital tax infrastructure, where fiscal incentives are increasingly aligned with technology adoption and compliance-based governance standards, creating both opportunities and ongoing regulatory obligations for businesses operating in Thailand.

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