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Thailand Reviews Investment Promotion Strategy Following OECD Global Minimum Tax Implementation

The Ministry of Finance is set to hold discussions with relevant state agencies to reassess the country's investment promotion framework in light of the implementation of the OECD Global Minimum Tax (GMT) rules. The policy review reflects the growing need to align Thailand's investment incentives regime with the global shift towards a minimum effective corporate tax rate of 15% for large multinational enterprise groups.

Thailand has already adopted the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two rules, including the introduction of a domestic top-up tax mechanism. The measure enables Thai authorities to levy additional tax on multinational groups whose effective tax rate in Thailand falls below the 15% threshold. As a result, traditional incentive-based competition through corporate tax exemptions is expected to be constrained, requiring a recalibration of Thailand's investment promotion strategy.

In response to these developments, the Board of Investment (BOI) is currently reviewing how investment incentives can be structured to remain effective under the global minimum tax regime. While tax exemptions may become less impactful for in-scope multinational groups, alternative incentive mechanisms such as tax credits, grants, and non-tax benefits are expected to play a more prominent role in attracting foreign direct investment. Thailand has also enacted an executive decree implementing the top-up tax regime, with collection expected to commence this year.

The Cabinet has further approved Thailand's participation in an international tax information exchange framework to support the implementation of the global minimum tax system. This step is intended to enhance cross-border cooperation between tax authorities and ensure the effective enforcement of top-up tax rules. According to official estimates, the measure may generate approximately THB 10 billion in additional annual tax revenue, although the broader economic impact of the regime remains under assessment as many jurisdictions are still in the early stages of implementation.

From a broader legal and policy perspective, the shift towards a global minimum tax framework represents a structural change in how countries compete for foreign investment. Thailand's reliance on tax incentives as a primary investment attraction tool is expected to diminish for large multinational enterprises, prompting a transition towards more targeted, non-tax-based incentive structures and productivity-driven investment promotion. At the same time, the uncertain global status of OECD Pillar One reforms adds a further layer of complexity, as international consensus on profit allocation rules remains unresolved. Businesses operating in Thailand should therefore closely monitor ongoing policy adjustments, particularly in relation to the BOI incentive framework and the evolving interaction between domestic tax law and international tax standards.

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