



## Tax Benefits for Small and medium enterprises<sup>1</sup>

| Tax benefits   | Related laws/regulations   |
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| <b>Small and medium enterprises (SMEs)</b>   |  |
| <p>1.Reduce corporate income tax rate for Thai company with paid-up capital of 5 million Baht and below. These companies are subject to a <b>CIT rate of 20% on net profit up to 1 million Baht</b> and 25% on net profit over 1 million Baht up to 3 million Baht. Profit exceeding 3 million Baht is subject to CIT ordinary rate of 30%. (Effective for accounting period starting on or after 1st January B.E.2545)</p>  | <p>-Royal decree 394 B.E.2545<br/>-<b>CIT rate of 15% on net profit up to 1 million Baht</b>(Effective for accounting period starting on or after 1st January B.E.2547)<br/>-Royal decree 431 B.E.2548</p> |
| <p>2.Thai company with durable assets (excluding land) less than 200 million Baht and hiring employee less than 200 people grant an initial allowance on assets as follows:</p> <ul style="list-style-type: none"><li>▣ Computer hardware and peripheral can depreciate on the acquisition date at 40% of its total cost. The remaining will be depreciated at a regular rate for at least 3 accounting periods.</li><li>▣ Durable building and plant can depreciate on the acquisition date at 25% of its total cost. The remaining will be depreciated at a regular rate not exceeding 5% of the total cost per annum.</li><li>▣ Machinery and equipment can depreciate on the acquisition date at 40% of its total cost. The remaining will be depreciated at a regular rate not exceeding 25% of the total cost per annum. (Effective for assets which are acquired on or after 31st January B.E.2545)</li></ul>   | <p>-Royal decree 395 B.E.2545</p>  |
| <p>3.Full corporate income tax exemption for qualified venture capital (VC) company on dividend income and capital gain from sale of stock receiving from investing in Thai company with durable assets (excluding land) less than 200 million Baht and hiring employee less than 200 people.<br/>A qualified VC company must be as the following:</p> <ul style="list-style-type: none"><li>▣ A company incorporate in Thailand which doing venture capital business as prescribed in Ministerial Notification with capital not less than 200 million Baht and paid-up capital at least of 50% in the first year. The remaining capital will be paid up within 3 years starting from the date of registration.</li><li>▣ VC company must be registered with the office of Securities and Exchange Commission (SEC) within 3 years from 31st January B.E.2545.</li><li>▣ VC company must have share of paid up capital in SMEs not less than 20% for the first year, 40% for the second year, 60% for the third year and 80% for the fourth year.</li><li>▣ VC company must hold SMEs stock for at least 7 consecutive years or at least 5 years if that SMEs can register in Stock Exchange of Thailand.</li><li>▣ A manager of VC company must hold a securities business license in a type of joint investment management which is approved by the offices of the securities and exchange commission (SEC). (Effective on or after 31st January B.E.2545)</li></ul> | <p>-Royal decree 396 B.E.2545,<br/>Minister of Finance Notification:<br/>securities business license</p>   |
| <p>4.Income tax exemption on dividend or income from sales of securities receiving from the VC's exempt income. (Effective on or after 31st January B.E.2545)</p>  | <p>-Royal decree 396 B.E.2545-<br/>Ministerial regulation no.126<br/>clause 2(58)</p>  |