Thailand

Thailand VAT is an indirect tax, imposed on the value added of each stage of goods production and distribution. Value Added Tax was implemented in 1992 and replaced Business Tax (BT). It’s important to notice that some businesses, excluded from VAT are liable to Specific Business Tax (SBT) tax.

Vat standard rate

The VAT Standard rate in Thailand is 7%. Thailand’s government intends to increase the VAT rate to 10% on 30 September 2023.

Vat zero rate

VAT zero rate categories include the following:

export of goods: When goods are exported outside of Thailand, they are generally exempt from VAT;
supply of goods and services to government agencies or state-owned enterprises under foreign-aid programs: Transactions involving the supply of goods and services to government agencies or state-owned enterprises as part of foreign-aid programs are typically zero-rated for VAT;
supply of goods and services to the United Nations and its agencies, as well as embassies, consulate-general, and consulates: Transactions involving the supply of goods and services to the United Nations, its agencies, embassies, consulate-general, and consulates are typically zero-rated for VAT;
supply of goods and services between bonded warehouses or enterprises located in Export Processing Zones (EPZs): Transactions involving goods and services between bonded warehouses or enterprises located in EPZs are generally zero-rated for VAT.

Vat exempted goods

VAT-exempted goods include the following:

- agricultural products, and goods related to them (for example fertilizers, pesticides, animal feeds, etc.);
- newspapers, magazines, and textbooks;
- goods exempted from import duties under the Industrial Estate law imported into Export Processing Zones (EPZs) and under Chapter 4 of the Customs Tariff Act.

Imported goods that are placed under the supervision of the Customs Department and intended for re-export. These goods may be eligible for a refund of import duties.

Threshold

1.8 million baht (55,000 USD approximately) yearly turnover for a person or company that supplies goods regularly in Thailand.

1.8 million baht for an importer to Thailand. In this case, VAT is collected by Customs Department, the importer is responsible for paying the VAT amount to the Customs Department.

Deductible vat

When a taxpayer's VAT input exceeds their VAT output, they can claim a VAT refund. The refund can be received as a cash refund or used as a tax credit to offset future VAT liabilities.

In the case of zero-rated transactions, taxpayers are always eligible for a VAT refund. If there is any unused input tax, it can be offset against the output tax within the following 6 months. It's important to remember that the refund can only be claimed within 3 years from the last day of the filing date.

Under VAT regulations, certain input taxes, specifically those related to entertaining expenses, are not eligible for credit. However, these non-creditable input taxes can be treated as deductible expenses under Corporate Income Tax (CIT). Although they cannot be used to offset VAT liability, they can still be claimed as deductions to reduce taxable income when calculating corporate income tax.

Registration procedure

Companies or individuals liable for VAT are required to register for VAT before commencing business operations or no later than 30 days from the date their income reaches the VAT threshold.

The VAT registration application should be submitted to the respective Area Revenue Offices or Area Revenue Branch Offices. If a company has multiple branches, the VAT application must be submitted to the Revenue Office where the headquarters is located.

Complying with the VAT registration requirement within the specified timeframe is important to ensure legal compliance. For more specific guidance and accurate information, it is advisable to consult with the Thailand Revenue Department or a LOVAT tax professional.

Vat representative

The appointment of a representative is not a prerequisite for registration.

Vat return

In Thailand, the VAT period is one month, and companies are required to file VAT returns (Form VAT 30) monthly. The VAT return must be submitted to the respective Area Revenue Branch Office within 15 days of the following month.

If a taxpayer has multiple places of business, each location must file a separate VAT return and make individual payments unless they have received approval from the Director-General of the Revenue Department for consolidated filing.

VAT payments should be made concurrently with the submission of the VAT return within 15 days of the month following the reporting period.

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