



Legal Alert | Cryptocurrencies

Thailand's digital asset market further boosted by exemption from 7% VAT when trading on authorized exchanges

Following the abolition of the requirement to pay personal income tax on capital gains from cryptocurrency and digital asset trading on authorized digital asset exchanges in March 2022, the Thai Government has further eased tax rules by suspending the requirement to pay 7% value-added tax ("VAT") on income derived from cryptocurrency and digital token trading until the end of 2023.

This was enacted by two royal decrees which were published in the government gazette on May 24, 2022, and came into effect on May 25, 2022, as follows:

1. **The Royal Decree issued under the Revenue Code Re: VAT exemption (No. 744) B.E. 2565 (2022)**, which rules that the trading of cryptocurrencies or digital tokens on authorized digital asset exchanges shall be exempt from VAT payment obligations under Digital Asset laws; and
2. **The Royal Decree issued under the Revenue Code Re: VAT exemption (No. 745) B.E. 2565 (2022)** which rules that trading in Thailand's retail central bank digital currency ("CBDC") issued by the Bank of Thailand under its sandbox project for public use purposes shall be exempt from VAT payment obligations.

The VAT exemptions under both royal decrees shall apply to transactions that occurred from **April 1, 2022 to December 31, 2023**.

Furthermore, the Thai Government has also specified clear details regarding the criteria, regulations and conditions of such income tax exemptions under Ministerial Regulation No. 380 as the Notification of Director of Revenue Department with respect to Income Tax (No.

May 2022

Get in touch

Saravut Krailadsiri

Partner

saravut.k@kap.co.th

Koraphot Jirachocksubsin

Senior associate

koraphot.j@kap.co.th



Kudun and Partners

23rd Floor, Unit C and F, Gaysorn
Tower 127, Ratchadamri Road,
Lumpini, Pathumwan
Bangkok, 10330, Thailand
contact@kap.co.th

424), which was issued on March 24, 2022, in order to prescribe applicable methods for calculation of taxes payable, and the rules on retention of relevant transaction documents for further verification by the tax official.

The latest incentive aims to support and encourage the growth of the digital asset industry in Thailand, as well as increase its competitiveness in the global market and develop the fundamental payment system infrastructure necessary to facilitate the digital economy of Thailand in the near future. This incentive was introduced in response to the enactment of crypto tax relaxation regulations, i.e., Ministerial Regulation No. 380, issued under the Revenue Code Re: Tax Exemption, which became retroactively effective from May 14, 2018, granting personal income tax exemptions on capital losses from capital gains for the calculation of taxable income received from cryptocurrency and digital asset trading on authorized digital asset exchanges.

In light of the foregoing, traders and investors will enjoy tax benefits from the margins of capital gains and capital losses resulting from crypto trading. Since Thailand has grown to become one of the top jurisdictions for offshore digital asset investors, the new tax policies could potentially provide the necessary boost to further expand the Thai digital asset market in Southeast Asia's second-largest economy.

We will keep you posted on any subsequent developments regarding tax incentives and other issues related to digital assets. Please contact the authors if you have any questions on the aforementioned legal update or require assistance with other digital asset issues.

About Us

Digital Law Practice Group

Our digital law practice consists of some of the most prolific digital law savvy lawyers in Thailand, offering a broad range of legal advisory services and quality solutions to both local and international clients across a broad scope of legal matters for a wide range of TMT industries. We understand the challenges and rewards of staying innovative and profitable amid fast-paced change in the information technology and communications industry.

We can assist in multi-party platform formation and tokenization of assets, advising clients on initial decentralization exchange offerings for multi-chain platforms, on digital asset exchange token listings and on the tokenization and fractionalization of real-estate and other real-world assets as well as conducting due diligence for digital exchange listings, drafting white/lite papers, SAFT, and other digital exchange and cryptocurrency-related agreements.

All information, content, and materials contained in or referred to in this article do not, and are not intended to constitute, legal advice and are purely provided for general informational purposes only. For more information, please contact the authors.