



Thailand's Exemption of CIT and VAT on Transfer of Digital Investment Token

Introduction

The digital investment token is a fund-raising mechanism comparable to securities governed under regulatory framework of similar nature. However, a distinction arises where the transfer of digital investment token is subject to a tax liability, distinguishing it from the transfer of securities.

Thus, in order to establish a synchronized tax liability for both digital investment token transfers and securities transfers, the Cabinet has issued the royal decree, issued under the Revenue Code governing the exemptions of tax and duties No. 779 B.E. 2566 (2023) (the "Royal Decree") to waive the Corporate Income Tax (CIT) and Value Added Tax (VAT) on the transfer of digital investment token. The latest exemption of corporate income tax and VAT on the transfer of digital investment token aims to make fundraising with digital token more attractive and further boost the digital asset market in Thailand.

What is Digital Investment Token?

The "Digital Investment Token", which is exempted from corporate income tax and VAT under the Royal Decree means an electronic data unit established on an electronic system or network, designed to determine the right of individuals to participate in investment activities in any projects or enterprises, in accordance with the Emergency Decree on Digital Asset Businesses B.E. 2561.

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Corporate Income Tax and VAT Exemptions

Under the provisions of the Royal Decree, the exemptions from CIT and VAT for the transfer of digital investment tokens are outlined as follows:

a) Corporate Income Tax and VAT exemption

Companies or juristic partnerships are granted exemption from corporate income tax and VAT for the transfer of digital investment tokens issued to the public in accordance with digital asset laws in the primary market, starting from 14 May 2021. This exemption applies to the income or value of the tax base.

It is important to note that the VAT exemption applies to all types of transferors, including individual transferors, for the transfer of digital investment tokens in the secondary market.

However, if such digital token issued to the public in accordance with the digital asset contains both the characteristics of digital investment token and other types of token characteristics, the tax exemptions will solely apply to the digital investment token, which is distinctly differentiated from other digital assets, and such tax exemption will be exclusively applied to digital investment token only.

b) Eligibility of tax exemptions

Companies or juristic partnerships who wish to enjoy the tax exemptions must comply with the rules, procedures and conditions that are set to be issued by the Director-General of the Revenue Department. However, at the time of writing this article, the Revenue Department has not yet issued any rules, procedures or conditions.

Concluding Remarks

After a considerably long period of anticipation since the cabinet resolution on March 17, 2023, the tax exemption policy designed to stimulate investments in projects and businesses in the country's digital economy is finally in place. Nevertheless, it remains crucial to keep an eye on the development of enhancement in the digital economy of the new government and also keep track of the soon-to-be-issued notification from the Revenue Department outlining the procedure for companies and juristic partnerships in obtaining the

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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.

right tax exemption. We will keep you informed on any subsequent updates.

For more information, please get in touch with [our digital law practice](#), or alternatively, please contact the authors.

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