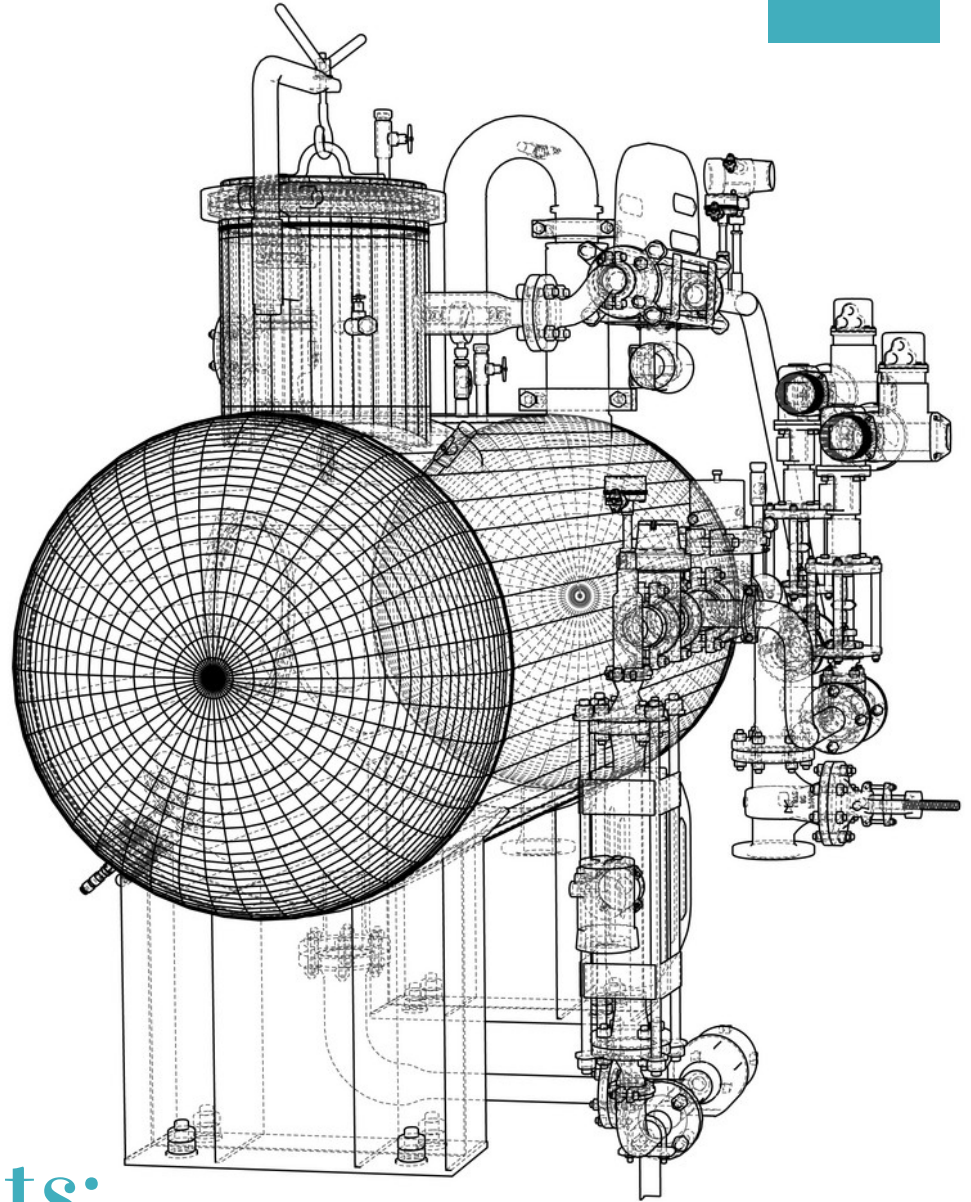




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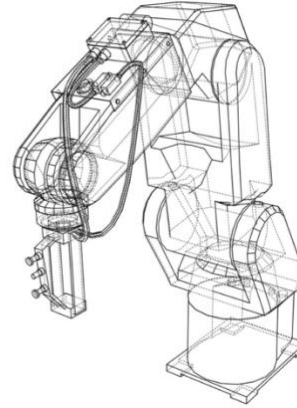
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# Tax Insights: Thailand Corporate Tax Deductions for Investment in Machinery

**Tax Insights:**  
**Thailand Corporate Tax Deductions for Investment in Machinery**

# Tax Deductions for new Machinery

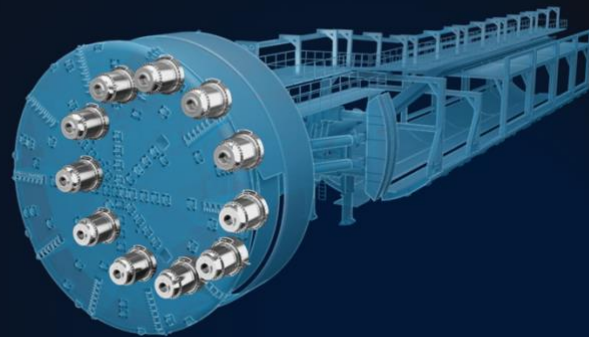


## 50% Additional Expense Deductions for Corporate Entities

On 20 January 2020, the Thai Official Gazette No. 137 introduced the Thailand Tax Royal Decree No.690 (issued under the Revenue Code regarding Revenue Exemption B.E. 2553) to give corporate entities a 50% additional expense deduction for investments made in new machinery. Corporate entities which operate the business of leasing and investing in machinery for the purpose of leasing will not qualify for this additional deduction.

The deduction is only applicable to investments in machinery made from 1 September 2019 to 31 May 2020. The Machinery Registration Act B.E. 2514 (1971) defines machinery as anything which consists of a part that either generates, converts or delivers energy; however, this definition does not include vehicles registered under the Motor Vehicle Act B.E. 2522 (1979).

## Machinery Requirements



### The Machinery Must:

1. Not be previously used and should be ready for use by 31 December 2020;
2. Be subject to wear and tear, and these expenses can be deducted under section 65 bis (2) of the Revenue Code;

3. Be located in the Kingdom of Thailand;
4. Not have received tax privileges under the Royal Decree issued under the Revenue Code, whether in whole or in part;
5. Not be utilized in a business which is exempt from Corporate Income Tax under the laws on: investment promotion (Investment Promotion Act B.E. 2520 as amended by Act No.2 B.E. 2534 and Act No 3 B.E. 2544); on increasing the country's competitiveness for target industry (Act to Enhance the Competitiveness of Targeted Industries B.E. 2560); or the law on special development zones in the eastern region (Eastern Special Development Zone Act B.E. 2561 (2018)).It cannot be edited or tampered with, as the digital ledger is spread across the network of computers.

### Preparation Requirements

Companies or juristic partnerships entitled to the income tax exemption under the Royal Decree are required to:

- ✓ Establish investment projects and payment plans; and
- ✓ Notify the Director-General of the Revenue Department (the Director General) in accordance with the rules and conditions to be prescribed by the Director General.

Failure to comply with the above procedures and requirements will result in the withdrawal of the tax benefit with effect from the first accounting period it was used, and tax returns from the relevant accounting period will need to be re-filed. If the machinery is sold, damaged or no longer exists, the tax benefit will end in the accounting period in which any of these events occur and there will be no need to re-compute the tax benefit.

*For inquiries on Tax Deductions, please contact:*

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