

COVID-19 Relief and Stimulus Package

Phase 1 and 2

Phase 1

The COVID-19 pandemic has affected a broad array of business-owners and workers. The cabinet approved, on 10 March 2020, a relief and stimulus package targeted on SMEs as well as the general public. The measures, in general, aim to provide those affected with enough liquidity and to reduce financial burdens of the public as a whole.

There are five measures for workers as follows;

1. All healthcare workers will receive an extra hazard pay compensation. The doctors will be compensated 1,500 baht per person per shift. Nurses and other related officials will be compensated 1,000 baht per person per shift.
2. Nationwide, water and electricity bills will be discounted by 3 percent for three months from April to June 2020. Hotels, highly affected by the drop in the number of tourists, may delay for six months the payment of their electricity bills incurred during the months of April and May 2020. Deposits placed with the electricity and water providers will be refunded to select groups of users. These discounts and refunds are estimated to be worth around 41 billion baht.
3. Required contributions to the Social Security Fund will be reduced for both employers and workers, from 5 percent to 4 percent for those falling under section 33 and from 9 percent to 7 percent for those under section 39 of the Social Security Act.
4. Collection of fees and charges levied by government agencies and state-owned enterprises will also be delayed. Rental fees levied on lessees under the obligation to pay rents on land used for residential or agricultural purpose will be waived for one year.
5. To increase the confidence in the capital market, individual investors will be able to claim their investment in the Super Saving Fund (SSF) up to 400,000 baht for tax deduction, an increase from the original cap of 200,000 baht. (The investment is subject to the minimum holding period of 10 years and must take place between 1 April and 30 June 2020.)

At the same time, twelve measures have been introduced to boost liquidity and reduce burden for business owners, especially the Small and Medium Enterprises (SMEs).

1. A low-interest loan program worth 150,000 million baht will charge an annual interest of 2 percent for the duration of two years for the lending amount up to 20 million baht per client. The funding is sourced from the Government Saving Bank to commercial banks at 0.01-percent interest per annum.

2. Specialized Financial Institutions (SFIs) will grant moratorium on principal payments, reduce interest payments, and extend debt repayment period to SFI debtors, who are affected by COVID-19.
3. Bank of Thailand (BOT) will relax regulations to encourage financial institutions to engage in preemptive debt restructuring for SMEs. Measures on auto and housing loans are being rolled out by commercial banks.
4. To promote employment and reduce the impact of COVID-19, the Social Security Office will make available a package of soft loans worth in total 30,000 million baht with the annual interest rate starting at 3 percent for a period of three years to businesses registered under social security system.
5. As a liquidity provision measure for domestic businesses, the government will reduce the withholding tax from 3 percent to 1.5 percent from April to September 2020.
6. Exporters will benefit from a quick VAT refund process. Those applying for refund electronically will be refunded within 15 days, while those submitting paper-based refund applications will be refunded within 45 days.
7. To increase efficiency in disbursing 2020 government budget and accelerate the government procurement procedure, the Comptroller General Department (CGD) will relax the procurement criteria and shorten the procedures for government procurement to expedite the disbursement.
8. SMEs which subscribe for the low-interest loan from the aforementioned 150,000-million-baht program are entitled to deduct 1.5 times the interest expenses paid from 1 April to 31 December 2020 in their tax filing.
9. Similar to the relief for the general public, water and electricity bills incurred by SMEs will be discounted. They will also get a refund of deposits from the electricity authorities.
10. SMEs will benefit from the reduction in required contributions to the Social Security Fund, from 5 percent to 4 percent for employees falling under section 33 and from 9 percent to 7 percent for employees falling under section 39 of the Social Security Act.
11. SMEs which keep their employees to the number no less than the number of hiring as of December 2019 can claim a tax deduction for 3 times the wage expenses paid from April to July 2020 to workers who are registered in the social security system and receive monthly wage of no more than 15,000 baht.
12. Collection of fees and charges levied by government agencies and state-owned enterprises, including the rental fees for the government-owned land, will be delayed.

Phase 2

To address the intensifying COVID-19 pandemic, the government has ordered non-essential premises and businesses to close. The effect of this closure is particularly felt by small business owners and informal labors, whose livelihood depends on daily incomes. Fully aware of this hardship, the cabinet approved, on 24 March 2020, a relief package worth at least 117 billion baht to mitigate such impacts.

Compensations for Workers: The workers will receive cash handouts, the conditions of which depend on their status in the social security system. Those enrolled in the social security system will receive an unemployment compensation for up to 50 percent of their salaries. They will receive the compensation for up to 180 days in case that their respective employer asks them not to work, and for up to 60 days in case that the government orders the business to close. Those outside of the social security system will receive a monthly cash handout of 5,000 baht for three months.

Soft Loans for Individuals: The low-interest loan programs are rolled out to add the liquidity into the economy and to help the workers stay afloat. A 40-billion-baht loan program will make available 10,000-baht emergency loan per person at the monthly interest rate of 0.1 percent with no collateral required, while another 20-billion-baht loan program, with a collateral requirement, will make available 50,000-baht special loan per person at the monthly interest rate of 0.35 percent. The state-owned pawnshops will charge a lower monthly interest rate of no more than 0.125 percent, with 2 billion baht being pledged to the low-interest pawnshop loan program.

Tax Relief for Individuals: Taxpayers will benefit from the relief as the personal income tax filing and payment deadline is extended to August 2020. They are also allowed to deduct 25,000 baht of health insurance premium, an increase from 15,000 baht. Hazard pays for healthcare workers will also be tax-exempted.

Soft Loans for Businesses: Facilitated by the SME Bank, soft loans are available to SMEs, each of which will be eligible to apply for a 3-million-baht loan with the annual interest rate of 3 percent in the first two years. This loan program is expected to issue up to 10 billion baht worth of loans.

Tax Relief for Businesses: Aside from the loans, business owners will also benefit from a variety of tax measures, including:

- The corporate income tax filing deadline is extended to August 2020 for the Por Ngor Dor 50 form, and to September 2020 for the Por Ngor Dor 51 form. The deadline for filing and payment of VAT, Special Business Tax (SBT), and other taxes under the purview of the Revenue Department will be extended for one month.

- Filing of excise tax by affected operators is extended by three months to the end of May 2020, while the deadline for payment is extended to 15 July 2020.
- Filing of excise tax by petroleum product operators is extended to the 15th of the following month for three months.
- Import duties for products related to the prevention and the treatment of COVID-19 will be exempted for six months until September 2020.
- From 1 January 2020 to 31 December 2021, taxes are exempted and fees are cut for debt restructuring with non-financial institution creditors.

Special Measures for Tourism Sector

Thailand's tourism industry is heavily affected by the dramatic reduction in the numbers of inbound and outbound international tourists and domestic travels. Therefore, to relieve the impact on tourism industry, 10,000 million baht from the 150,000 million soft loan program approved in Phase 1 is designated for the Government Savings Bank to lend and preserve liquidity amongst SMEs in the tourism sector.

The Ministry of Finance will place a moratorium on rental payments on government-owned properties made by tourism-related SMEs until September 2020. For domestic flights, the government reduces the excise tax on jet fuel from 4.726 baht per liter to 0.20 baht per liter until 30 September 2020.

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Fiscal Policy Office
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