



Measures to Alleviate the Effects of the COVID-19 on the Thai Economy

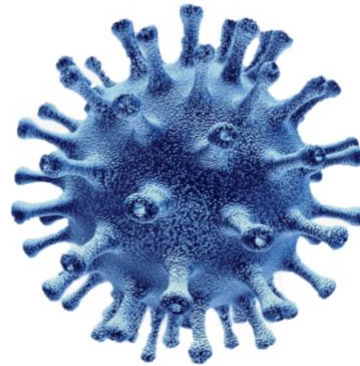
Measures to Alleviate the Effects of the COVID-19 on the Thai Economy

Royal Thai Government Announcement No. 26/2020, 24 March 2020 – Phase 2

Mr. Somkid Jatusripitak, Deputy Prime Minister, along with Mr. Prasong Poonthanes, Deputy Secretary of the Ministry of Finance, Mr. Lavan Saengsanit, Director of the Fiscal Policy Office, and Mr. Akeniti Nitithanpraphas, Director-General of the Revenue Department, announced the second phase of joint measures to alleviate the direct and indirect effects of the Corona Virus (COVID-19) on the Thai economy. These additional measures were implemented to fight the spread of the corona virus pandemic. The continuous increase in the number of infected people in Thailand together with the consequent depression of the economy have prompted the Government to take precautionary measures to control the spread of COVID-19; for example, the temporary closure of shopping malls, the suspension of various public services in Bangkok and surrounding provinces and the suspension of activities such as sporting events, entertainment events, training seminars and trade fairs, amongst others. Owing to this, the Council of Ministers passed a resolution on 17 March 2020 whereby relevant Government agencies, including the Ministry of Finance (MoF), will provide ad hoc remedies to alleviate the economic impact of the COVID-19 epidemic on the Thai economy.

The MoF has issued urgent measures to assist Thais as well as foreign nationals living in Thailand. In particular, the measures aim at mitigating the negative economic effects of the pandemic and enhancing overall market liquidity, which would allow entrepreneurs to overcome sustained economic hardships.

Salaried employees & self-employed workers



1. Measures and remedies for salaried employees, fixed-term employees and self-employed workers that are not in the Social Security system, who are affected by the COVID-19 epidemic, consisting of the following 8 initiatives:

1.1 Income compensation measures to alleviate the burden for employees on permanent and fixed term contracts as well as self-employed workers who are not in the Social Security system or other people affected by the COVID-19. These measures will assist target groups affected by the suspension of the establishments at risk of spreading the virus. These include crowded environments such as boxing and sports stadiums, pubs, entertainment places, theaters, spas and gyms, amongst others. The measures will assist Thai nationals who are 18 years and older on the date of registration, and whose income does not meet the tax paying threshold. This will exclude

those insured under Section 33 and those who hold qualifications to receive unemployment benefits from the Social Security Office. However, the aforementioned will not include current and retired government officials and farmers (already receiving other forms of assistance from the government). Krung Thai Bank Public Company Limited will be implementing this measure. The goal is to assist 3 million people by providing a monthly grant of 5,000 baht per person per month for a period of 3 months. This will be done through checking the eligibility criteria, and the funds will be transferred via electronic systems such as *PromptPay* by ID card number, transfers to bank accounts, and electronic wallets. The Ministry of Finance will provide guidelines on how to request for assistance.

1.2 Credit loan for expenditure programs for self-employed workers affected by the COVID-19 Virus (Emergency Loan).

This loan aims to improving the living conditions of all self-employed workers without a stable income, those who are unemployed due to the effects of the virus and farmers without a regular income, such as agricultural workers, hawkers, taxi drivers and tour guides, amongst others. The Government Savings Bank and the Bank for Agriculture and Agricultural Cooperatives (BAAC) supported a total credit line of 40 Billion baht (20 Billion baht by the Government Savings Bank and 20 Billion baht the BAAC). The limit per loan should not exceed 10,000 baht with a fixed interest rate not exceeding 0.10% per month, a loan period of not over 30 months and with no repayment of capital and interest for 6 months. Loan applications will be accepted until 30 December 2020.

1.3 Credit loan facility for expenditures for salaried employees affected by the COVID-19 virus (Special Credit Loan).

This can be either a secured or unsecured loan to boost liquidity for salaried employees in the tertiary sector, such as those in the tourism or service industries, who are affected by the COVID-19 virus, resulting in unemployment, reduced salary, unpaid leave, etc. The Government Savings Bank will be issuing lines of credit in the amount of 20 Billion baht, with a credit limit not exceeding 50,000 baht, a fixed interest rate not exceeding 0.35% per month, for a period not exceeding 36 months. Applications will be accepted until 30 December 2020.

1.4 Low-interest loan facility for the Department of Social Development and Welfare to help low-income individuals who are directly and indirectly affected by the COVID-19 outbreak.

The Government Savings Bank will be providing a low-interest loan of two million baht to the Ministry of Social Development and Human Security, Department of Social Development and Welfare. The interest rate will be 0.10% per year and the Department of Social Development and Welfare will charge an interest rate not exceeding 0.125% per month, for a period of 24 months.

1.5 Knowledge enhancement measures.

Training courses are being considered to increase professional skills and enhancing the knowledge for those affected by the COVID-19 epidemic as well as any other interested individuals. This will also include the creation of a Corporate Social Responsibility (CSR) program.

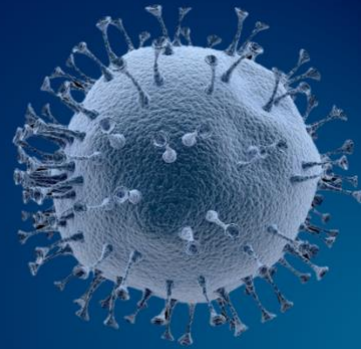
1.6 Measures to postpone personal income tax payments.

Payments of personal income tax will be postponed from the original deadline of 30 June 2020 to 31 August 2020. This will alleviate the burden on individuals who must pay personal income taxes.

1.7 Measures to lift the deduction threshold for health insurance premiums. The deduction threshold for health insurance premiums will be lifted to 25,000 baht from 15,000 baht, which, when combined with deductions of life insurance premiums and lifesaving deposits, must not exceed 100,000 baht from the fiscal year 2020.

1.8 Personal income tax exemption as compensation for personnel at risk of occupational health and safety. Exemption of personal income tax as (1) compensation for those who work in surveillance, investigation, prevention, control and treatment of patients with COVID-19 virus, and (2) compensation for public health consultants and specialists dealing with the COVID-19 virus. There is no tax burden for special compensation for the said professions.

Measures & Remedies for Entrepreneurs



2. Measures and Remedies for Entrepreneurs, consisting of the following 7 initiatives:

2.1 Introduction of a loan program to assist small entrepreneurs to enhance business liquidity and ease the burden of business expenses for small entrepreneurs affected by the COVID-19 outbreak. These include hospitality and transportation businesses (tour buses, buses, vans, taxis, boats, rental cars), tour companies, hotels and restaurants. The Small and Medium Enterprise Development Bank of Thailand (SME Bank) will issue loans up to a 10 Billion baht, with 3 million-baht loan credit ceilings, interest rate of 3% for the first 24 months, and a maximum loan term not exceeding 60 months. Credit applications will be accepted until 30 December 2020.

2.2 Postponement of corporate income tax payments. The payment of corporate income tax for private companies will be postponed as follows:

- (1) Fiscal year 2019 (Por Ngor Dor 50): the deadlines for tax payment submissions that would be due between 1 April 2020 and 30 August 2020 will be extended to 31 August 2020.
- (2) Fiscal year 2020 (Por Ngor Dor 51): the deadlines for tax payment submissions that would be due between 1 July 2020 to 29 September 2020 will be extended to 30 September 2020.

2.3 Postponement of submissions and payments of tax returns. This relief includes all types of taxes, such as Value Added Tax (VAT), for entrepreneurs affected by the epidemic of COVID-19, including (1) business-owners who must close their establishments in compliance with government orders

and (2) Other business operators affected by the of COVID-19 outbreak. The Ministry of Finance will consider each case individually.

2.4 Tax filing extensions for industrial entrepreneurs who work in the oil industry. In order to alleviate the tax burden for taxpayers affected by the economic downturn due to the COVID-19 outbreak, the Revenue Department allows entrepreneurs in the oil industry to submit their tax returns within the 15th day of the following month in which the goods are removed from an industrial facility or a bonded warehouse, for a period of 3 months (April – June 2020).

2.5 Tax filing and payment extensions for entertainment establishments. In order to alleviate the tax burden on business operators in the entertainment industry, closed by the government in an effort to mitigate contagion risk, the Revenue Department has extended the time for filing and payment of tax returns for entertainment establishments. This category includes nightclubs, discotheques, pubs, cocktail bars, lounges as well as food and alcohol outlets closing after Midnight. Entertainment establishments must file and pay their taxes by 15 July 2020.

2.6 Exemption of import duty on items used for treatment, diagnosis or prevention of the coronavirus infection (COVID-19). This exemption will be effective from the date of this announcement until 30 September 2020. The objective of the relief is to provide greater access to the treatment, diagnosis, or prevention of COVID-19 viral infections.

2.7 Exemption from taxes and fees to support debt restructuring

2.7.1 (1) Personal and corporate income tax exemption for debtors for income obtained from debt remission; (2) tax exemption from personal income tax, corporate income tax, VAT, specific business tax, and revenue stamps for debtors and creditors resulting for the proceeds from the transfer of assets, sales of goods or provision of services, due to debt restructuring; (3) tax exemption from personal income tax, corporate income, specific business tax and revenue stamps for debtors resulting from the transfer of properties encumbered by mortgages and (4) relief for writing off bad debts from accounts receivable.

2.7.2 Reduction of registration fees for rights and juristic acts on transfers and mortgages for real estate under the Land Code Act. The Department of Lands will issue a notification of the Ministry of Interior to charge registration fees at the rate of 0.01%, which will be effective from the date of promulgation of the notification in the Government Gazette until 31 December 2021.

For inquiries on Tax Deductions, please address your request to Accounting & Tax Advisory Department

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