

## Thai News Update: 25 April 2018

### **1. Tax Relief For Digital Assets A Non-Starter**

**Source: Bangkok Post ([Link](#))**

The Revenue Department has rebuffed a request by digital asset operators to scrap a tax-collecting agency's plan to impose a 15% withholding tax on capital gains and returns from putting money into such assets. The 15% withholding tax for digital asset trades is appropriate because the Revenue Department does not want to support retail investors trading in such assets, said Prasong Poontaneat, director-general of the department and the designated permanent secretary for finance. His comment came after digital asset associations and operators submitted a letter to Deputy Prime Minister Somkid Jatusripitak asking the government to rethink the enforcement of a royal decree to regulate digital asset transactions -- particularly the withholding tax, as it could be an obstacle to startup fund-raising. Finance Minister Apisak Tantivorawong told the associations the law was necessary, Mr Prasong said. The royal decree is expected to take effect soon after winning the Council of State's endorsement, he said. Investors who make digital-asset-related trades will be liable for a 7% value-added tax (VAT) payment from the trading fee, on top of the 15% withholding tax on capital gains and returns from such investments, when the new law is enforced. The 15% withholding tax on digital asset transactions is charged at the same rate as interest tax, he said, adding that authorities are not worried about claims that Singapore offers a more attractive tax climate than Thailand and that fund-raisers could flee to the city-state.

### **2. Bangladesh Plans FTA With Thailand**

**Source: The Daily Star ([Link](#))**

Bangladesh has decided to sign a free trade agreement (FTA) with Thailand to boost trade with the Southeast Asian nation, Commerce Minister Tofail Ahmed said April 23. He spoke at the inaugural session of a four-day fair of Thai products at Pan Pacific Sonargaon hotel in the city. The Department of International Trade Promotion under the commerce ministry and the Thai embassy in Dhaka have co-organised the event titled Thailand Week 2018. At present, Bangladesh enjoys duty-free benefit for exporting around 7,000 products to Thai market, Ahmed said.

Bangladesh has sought the same benefit for jute and apparel items as well, he said, adding that bilateral trade now stands at around \$2 billion. Though a lot of Bangladeshis travel to Thailand for business and tourism purposes, the visa regime is complex, the minister said, urging the Thai embassy to address the issue. This year, 45 Thai companies and 27 Bangladeshi firms that import Thai products or are agents of Thai companies have participated in the exhibition. The products on display include auto parts, industrial equipment, hardware, fruits, food and beverage, houseware, garments, jewellery and footwear.

### **3. Durian Pre-Sale Promotion Gets Thai Agri-Business Partnership With Alibaba's Tmall Off To Great Start**

**Source: The Nation ([Link](#))**

The successful Thai durian pre-sale promotion on Alibaba's Tmall platform, over a three-day period starting April 17, ushers in an expanded presence for more Thai agricultural products on the online platform. More than 130,000 high-quality Thai durians pre-sold to Chinese consumers, including more than 80,000 of the Monthong variety, during the opening minute of the promotion. Under the terms of its partnership with the Thai government, China-based Alibaba Group has pledged to jointly promote the sale of 3 billion yuan (about Bt15 billion) worth of durian over the next three years, in addition to other Thai exports. Charin Sirikarn, owner of fruit-trade centre Super Fruit Thailand, said increased demand from China would have a positive impact on the company's business across the board, with higher sale volumes and new job opportunities opening up to accommodate the growing market. "We carefully sort durians by their quality before shipping them overseas, considering factors such as shell colour, weight and ripeness level. By shipping durians that are 70-80 per cent ripe, they will arrive in China fully ripe and ready for consumption," Charin explained. Through the collaboration with Alibaba, the aim is to increase the value of durians and other quality agricultural products from Thailand in the global market, which will ultimately lead to a better life for farmers and entrepreneurs, said Commerce Minister Sontirat Sontijirawong. The sales of rice, another of Thailand's major export crops, will also be bolstered by the partnership following the launch of Tmall's Official Thai Rice Flagship Store on April 19.

#### **4. Kbank Leads Effort To Help Smes Counter Foreign Rivals**

**Source: The Nation ([Link](#))**

KASIKORNBANK (KBank) is teaming with up partners to help small and medium-sized enterprises (SMEs) in the retail sector compete both online and offline with their foreign peers. The initiative comes as the value of e-commerce business in Thailand is estimated to skyrocket to as much as Bt2.8 trillion this year. Kasikornbank on April 23 joined with the Electronic Transactions Development Agency (ETDA), Google Thailand and Line Thailand to launch “K SME Good to Great”, a project that aims to support SMEs in retail make the move to take advantage of the growing opportunities in e-commerce. Digital technology brings out many competitors not only from the local scene but also from overseas, so Thai SMEs have to learn how to reorganise their businesses by incorporating so-called omni-channel selling for their products offline and online, said KBank executive vice president Surat Leelataviwat. The bank plans to organise a seminar for 5,000 SMEs on the trends in retailing and how the owners and managers can use digital tools to run the business as part of survival strategies in the new environment. The bank will also offer five days of in-depth training for 50 applicants to be selected for guidance by experts. After that, five will be short-listed to be in the running for prizes of Bt100,000 each. The bank will also offer them a one-on-one business advisory service. The bank also uses a digital platform to help assess loans for SMEs loans as it can draw on the Big Data of the bank's clients to guide its loan approvals process, Surat said.

#### **5. Regime Rescues Digital TV Firms**

**Source: Bangkok Post ([Link](#))**

The National Council for Peace and Order (NCPO) will allow digital TV operators to transfer their licences to other private companies as part of measures to rescue those that are strapped for cash. This opens the door for other private companies who are interested in the business and could help bail out existing operators in financial dire straits, said government spokesman Sansern Kaewkamnerd after a meeting of the NCPO chaired by Prime Minister Prayut Chan-o-cha on April 24. Currently, the NBTC bars digital TV operators from transferring their licences. He said the operators acknowledged they could not afford to return the licences because they have already made large investments. The NCPO will invoke Section 44 over the course of the next few days

to implement the measures it approved on April 24, which will see digital TV operators' licensing fee payments suspended for three years from 2018-2020. The National Broadcasting and Telecommunications Commission (NBTC) will also subsidise half of the rental fee for broadcasting networks for 24 months, Lt Gen Sansern said. The NBTC called bids for 49 digital TV channels in late 2013. Bidders offered 50.9 billion baht for 24 channels -- 3.3 billion baht on average for an HD channel and 650 million baht to 2.2 billion baht for standard resolution channels, depending on content type.

## **6. Proposed VAT On Digital Goods And Services**

**Source: The Nation ([Link](#))**

The VAT treatment on supplies of digital goods and services continues to be an area of focus and rapid changes in many countries, affecting businesses around the world. In keeping with this trend, the Thai government is working on developing amendments to the current VAT law that will capture digital services. The second draft of the legislative amendments released in January proposes that a foreign company providing services through electronic media to a non-VAT registered person, where such services are used in Thailand, must register for, and will be subject to, VAT. The registration requirement kicks in when annual VAT-able income exceeds Bt1.8 million. This draft raised a number of valid concerns, mainly in connection with the lack of clarity on its practical application and imposed compliance obligations. Many interested stakeholders submitted their comments during the second public hearing held in early February. The Revenue Department has now published its responses to these comments providing important clarifications. A non-exhaustive list of businesses captured by the proposed law includes hotel booking services; e-books, movies, music, advertising, online gaming services; services related to downloadable music, stickers, programmes; and use of programmes and information via the internet. Payment processing systems were kept outside the scope. These services must be consumed in Thailand, without regard to the tax residency of the consumer. Foreign operators can rely on certain proxy indicators such as addresses, credit card details and IP addresses to identify the location of the service consumption.

## **7. BoT Governor Backs Up Merger Measures**

**Source: Bangkok Post ([Link](#))**

Bank of Thailand governor veerathai santiprabhob has thrown his support behind the government's tax incentives to encourage consolidation in the local banking sector, saying mergers and acquisitions will reinforce banks' competitive edge and level the playing field against regional peers. Size matters in the banking business and such mergers would strengthen the competitiveness of local lenders amid intensifying competition in the region, he said. With the larger size, local banks can better facilitate the rising number of large Thai corporations that are expanding overseas, cut down on costs per client, improve risk management and create economies of scale, he said. The cabinet last week approved tax deductions and exemptions in an effort to encourage mergers among Thai banks to create large "champion" banks that are able to compete with foreign banks. The terms of assets, banks in Singapore and Malaysia have assets worth more than 4 trillion baht, while Thailand's largest lender Bangkok Bank had assets worth 3.08 trillion baht at the end of the last year. Under the tax incentives which will be effective until the end of 2022, merged banks can deduct corporate income tax and receive a waiver from value-added tax, specific business tax and revenue stamps.

## **8. Plea To Ease Cryptocurrency Rules Rebuffed**

**Source: The Nation ([Link](#))**

THE Ministry of Finance is holding firm against efforts for a draft bill on the regulation of digital currencies to be watered down, especially with the imposition of a 15 per cent withholding tax on transactions. The ministry said the draft bill had been passed by the Council of State and it rejected suggestions that the emerging cryptocurrencies sector was deserving of supportive government policies. Prasong Poontaneat, revenue director-general, was responding to a letter from the Thai Blockchain Association that had been submitted to Deputy Prime Minister Somkid Jatusripitak. The letter requested that the government revise the draft bill, particularly on the withholding tax of 15 per cent. Prasong said that during a recent discussion between the association and the ministry, Finance Minister Apisak Tantivorawong insisted that officials proceed with enforcement of the bill and the collection of the withholding tax as specified. According to Prasong, the draft emergency decree on digital asset business and draft amendment of the revenue code are going

through the process for the announcement of their legal enforcement. The regulations are aimed at protecting retail investors who otherwise may fall victim to fraudsters, Prasong said, as digital currencies are not legally accepted in many countries, including Thailand. An anonymous source from the Ministry of Finance said that once the bill comes into force, the Securities and Exchange Commission (SEC) will introduce its organic laws or regulations, such as permissions for licences, to regulate digital currencies as well as their underwriters. For example, companies which operate digital asset businesses must inform the SEC within 90 days.