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SPI Newsletter

COLLECTION OF VAT ON E-SERVICES COMMENCES ON 1 SEPTEMBER 2021

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On 10 February 2021, the Act amending the Revenue Code No. 53 B.E.2564 regarding value added tax ("**VAT**") imposed on electronic services ("**E-Service Tax Law**") was published in the Royal Gazette. The E-Service Tax Law imposes VAT payments on foreign electronic service providers and electronic platform providers which provide Electronic Services and Electronic Platform respectively to non-VAT registrants in Thailand.

Key highlights of definitions, conditions, liabilities and responsibilities for vatable foreign electronic service providers and electronic platform providers under the E-Service Tax Law include the following:

- The E-Service Tax Law will be effective from 1 September 2021 onwards.
- The definition of "Electronic Service" ("**E-Service**") is a service, including intangible assets transferred through the internet network or any other electronic networks with the nature of service, which is essentially automated and not viable without information technology. Examples of E-Services include downloading service of games, music, or online movies, the downloading service of stickers on applications, the streaming service of multimedia through the internet network (e.g. live concerts, games, or any other programs), and advertising services on websites or applications.
- The definition of "Electronic Platform" ("**E-Platform**") is a marketplace, channel, or any other processes used by several service providers in order to render E-Services to service recipients. Examples of E-Platforms include Google, Facebook, YouTube, Line, Joox, Netflix, etc.
- Foreign service providers who provide E-Services to non-VAT registrants in Thailand with an annual income of over 1.8 million Baht from the provision of such services are required to register for VAT in Thailand.
- If a foreign service provider renders services, receives payment for services, delivers services and operates other processes to non-VAT registrants through an E-Platform, then the E-Platform provider is liable to register and pay VAT on behalf of all foreign service providers operating on the platform. The E-Platform provider is required to pay VAT from all relevant foreign E-Services without the need to separate each E-Service.
- The VAT payment for the foreign service provider and the E-Platform provider is calculated by VAT from output VAT without offsetting any input VAT. The VAT return filing shall be made on a monthly basis. The foreign service provider and the E-Platform provider cannot issue a tax invoice to its customer.
- The regulations and guidelines regarding the detail of conditions and methods of the VAT registration and the submission of VAT return will be announced in due course. Furthermore, the Revenue Department ("**RD**") is also currently developing a system called Simplified VAT System for e-Service ("**SVE**") exclusively for this purpose on the RD official website.
- The list of companies which are registered under the E-Service Tax Law will be announced on the RD official website.

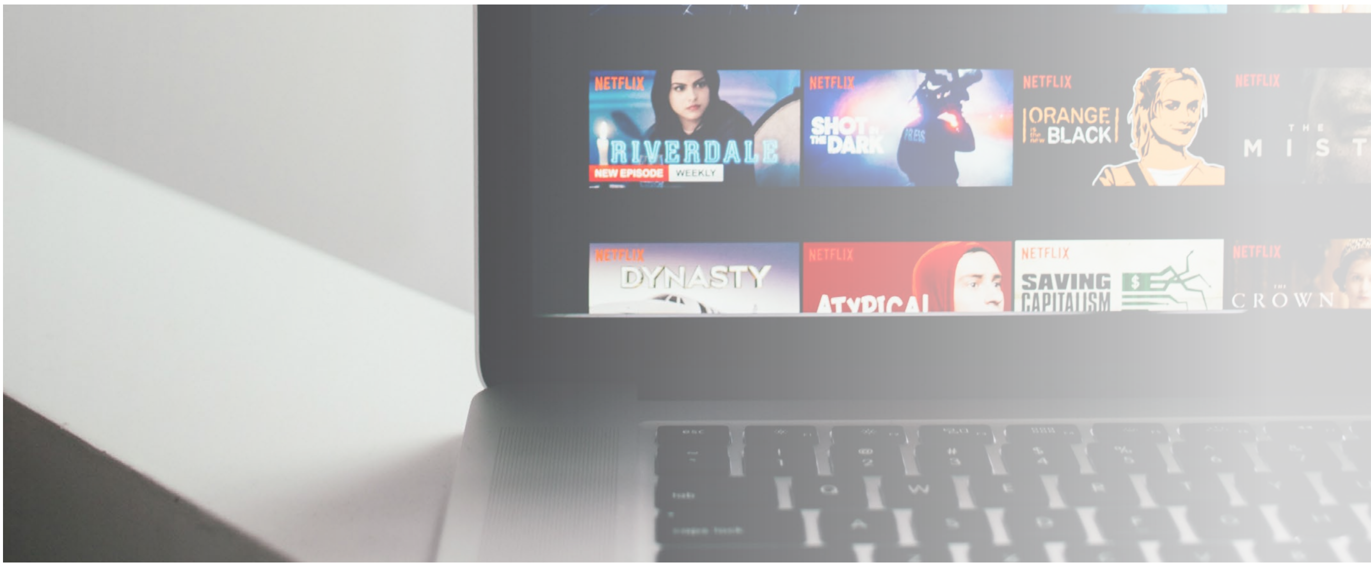
Initial observations

Foreign E-Service providers and E-Platform providers who are impacted by the E-Service Law will be required to register for VAT along with submission of VAT return and VAT payment in Thailand, even if they do not have a branch, office, or any permanent establishment in Thailand. Therefore, such companies should closely monitor any regulations issued under the E-Service Tax Law and prepare their systems and personnel for compliance and implementation prior to the E-Service Tax Law coming into effect on 1 September 2021.

Need assistance?

Siam Premier's Taxation team provides strategic legal advice on all aspects of Thai taxation law.

For further information on how the E-Service Tax Law might affect your business, please contact our tax partner, Praphan Phichaiwatkomol: Tel: +66 2 646 1888 Ext. 1010 or praphan@siampremier.com



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