

NEWSLETTER

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1. Requirement of New Items in Tax Invoice, Credit Note and Debit Note is Postponed

In May 2013, the Notifications of the Director-General of the Revenue Department were prescribed to require a VAT registrant to include the additional items on a tax invoice, a credit note and a debit note. Initially, the Notifications would require taxpayers to include additional items on a tax invoice, a credit note and a debit note from January 1, 2014 and thereafter. Now the department postpones the effective date of the new requirements from January 1, 2014 to January 1, 2015.

The tax invoice is the document in a value added tax system that a VAT registrant has to issue for a purchaser, when the tax registrant sells any good or service. A VAT registrant relies significantly on the presence of the properly worded tax invoice in order to claim back the input VAT from the Revenue Department. While these new requirements sound regulatory in nature, the accounting/finance professionals in corporate Thailand must get them right to stay out of the trouble.

A tax invoice issued on January 1, 2015 and thereafter must also state these items:

1. Identifying whether the head office or the branch number of the VAT registrant issues the tax invoice.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the tax invoice for the head office or the branch number of a purchaser.

A debit note issued for a tax invoice issued on January 1, 2015 and thereafter must also state these items:

1. Identifying whether the head office or the branch number of the VAT registrant issues the debit note.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the debit note for the head office or the branch number of a purchaser.

A credit note issued for a tax invoice issued on January 1, 2015 and thereafter must also state these items:

1. Identifying whether the head office or the branch number of the VAT registrant issues the credit note.
2. Tax identification number of a purchaser of good or service.
3. Identifying whether the VAT registrant issues the credit note for the head office or the branch number of a purchaser.

A VAT registrant must include these items in the input tax record:

1. Tax identification number of a seller of good or service.
2. Identifying whether the VAT registrant purchases from the head office or the branch number of a seller.

A VAT registrant must include these items in the output tax record:

1. Tax identification number of a buyer of good or service.
2. Identifying whether the VAT registrant sells the good or service to the head office or the branch number of a purchaser.

For more information, please contact our lawyers for consultation.

TAX UPDATE

2. Tax Exemption for Reserve Funds of Merger or Entire Business Transfer between Life and General Casualty Insurers, Commercial Banks, Finance Companies or Credit Fonciers Companies

Life insurers and general casualty insurers have to allocate some amount as reserve for future compensation. Likewise, commercial banks, finance companies and credit foncier companies have to allocate some amount as reserve for bad debt.

Upon a merger (amalgamation) between companies or an entire business transfer to another company, the Revenue Code requires each merged (amalgamated company) or a transferor company to recognize the reserve as the income immediately. Without the tax exemption, over the course of merger (amalgamation) or entire business transfer, companies will incur a lot of tax burden, which apparently discourages a merger (amalgamation) or an entire business transfer from happening in these financial industries.

In order to support the merger (amalgamation) and the entire business transfer between life insurers, general casualty insurers, commercial banks, finance companies or credit foncier companies, the Royal Decree issued by virtue of the Revenue Code Regard Exemption of Revenue Tax (No. 573), B.E. 2556 (2013) is enacted to exempt corporate income tax on the reserve fund made under the life insurance law, the general casualty insurance law or the financial institution law, which otherwise has to be recognized as income of each merged (amalgamated) company or a transferor company for the purpose of computing a net profit upon the merger or the entire business transfer. The government offers this financial incentive for companies in the financial industries to facilitate their consolidation.

For more information, please contact our lawyers for consultation.

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