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THAILAND**

Tax News

VAT remains at 7% for another year

On 3 July 2018, the Cabinet approved the draft Royal Decree issued under the Revenue Code which keeps the value added tax ("VAT") rate at 7% for another year.

The extension period of the 7% VAT rate (6.3% VAT and 0.7% local tax) will apply from 1 October 2018 to 30 September 2019. Should there be no further extension, VAT shall be levied at 10%, (9% VAT and 1% local tax) from 1 October 2019 onwards.

The extension of the VAT reduced rate will support the growth of the Thai economy which has been steadily expanding since 2017, especially in the export sector and tourism sectors. This is also including the increase of investment in mega infrastructure projects and the development of the Special Economic Zone (SEZ). Also, the reduction of VAT will boost demand in consumption and see investment steadily expand.

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