

# Newsletter:

## The Evolution of Taxation in Thailand’s E-commerce

### In Brief

Since 2019, the COVID-19 pandemic has drastically reshaped traditional retail, pushing consumers toward online platforms during global lockdowns and fueling an E-commerce boom.

As the world recovers, this shift in consumer behavior is here to stay, with platforms like Shopee, Lazada, and TikTok becoming integral to everyday shopping. For businesses, adapting to E-commerce isn’t just an option—it’s essential for survival and growth.

In this article, The Firm will explore the taxation landscape for E-commerce in Thailand, focusing on income tax and VAT; and will outline the key legal frameworks that E-commerce operators need to navigate to thrive in this digital marketplace.

### Key Takeaways

#### 1. Income Tax

**1.1. Personal Income Tax (PIT):** The tax rate for individuals with E-commerce income in Thailand is calculated using both progressive and flat rates, with the method resulting in the higher tax amount being applied. Individuals must submit the personal income tax form (Por Nor Dor. 94) from July to September of the tax year and the form (Por Nor Dor. 90) between January and March of the following year.

The calculation method is as follows:

◆ **Progressive Tax Rates:**

The progressive tax calculation is based on **income** from taxable income with deduct expenses, and deductibles under tax laws and regulations. This amount is then multiplied a progressive-tax rate as follows:

Rate of Income (THB)	Tax Rate (%)
0-150,000	0
150,001-300,000	5
300,001-500,000	10
500,001-750,000	15
750,001-1,000,000	20
1,000,001-2,000,000	25
2,000,001-5,000,000	30
Over 5,000,000	35

◆ **Flat Tax Rate:**

The flat tax calculation is based on income without any deductions. This amount is then multiplied by a flat-tax rates as follows:

Rate of Assessable Income (THB)	Tax Rate (%)
Up to 120,000	0
Over 120,000	0.5

**1.2. Corporate Income Tax (CIT):** The tax rate for general companies or limited partnerships with E-commerce income in Thailand is 20% of the company's or partnership’s net profit. Therefore, companies or juristic partnerships with a 12-month accounting period are required to submit the corporate income tax return (Form Por Nor Dor. 51) within 2 months from the last day of a 6-month period, starting from the first day of the accounting period.

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## About us

ILAWASIA is a full-service, Thai law firm based in central Bangkok. Mr. Somphob Rodboon, an acclaimed expert in business law and litigation in Thailand, founded ILAWASIA since 2007. A visionary Managing Partner, he expanded the firm's operation into Myanmar through acquisition of an experienced and respected local law firm in June 2018. Additionally, the firm established an office in Cambodia in August 2019 and incorporated a branch in Laos in January 2021.

We offer services in business and international law ranging from corporate and commercial law, litigation, intellectual property and due diligence to immigration, real estate and labour law. Our teams are individually experienced in legal practice and always combine cutting-edge understanding with a unique sensitivity to international clients' business needs. With pride, we take our ethical standards seriously, ensuring responsibility, care and respect in all aspects of our operations.

## 2. Value Added Tax (VAT)

A tax levied on the sale of goods and services at each stage of production and distribution. This tax applies to both domestically produced goods and services as well as those imported from abroad. In the context of E-commerce, businesses engaged in selling goods and services on online platforms are subject to VAT. This means that E-commerce operators must ensure compliance with VAT regulations as part of their business operations which detail as follows;

**2.1. VAT Registration:** In case E-commerce business has a revenue of more than 1.8 million Baht per year, it is necessary to register for VAT within 30 days after the revenue exceeds this threshold. VAT registration can be done at the local Revenue Office or via the internet.

**2.2. VAT Rate:** E-commerce business is required to collect VAT (currently at the rate of 7%) of the purchase price or service price from consumers after registering for VAT.

**2.3. Monthly Report:** After registering for VAT, the VAT report must be filed every month by the 15th date of the following month.

## 3. The up-coming of "Digital Economy and Taxation"

According to the World Bank, the "digital economy" has represented over 15.5% of global gross domestic product (GDP) in the last 15 years, expanding at a rate 2.5 times faster than that of the overall GDP. In light of this growth, the European Commission (EC) proposed in 2018 the introduction of a Digital Service Tax (DST) set at 3% on revenues from online advertising, digital intermediary services, and the sale of user data are considered part of the E-commerce business. This initiative aims to foster fairness among businesses and utilize tax revenue for national development.

While Thailand has yet to adopt a specific digital services tax, discussions regarding the taxation of digital services are actively ongoing, particularly as international standards continue to evolve.

## Conclusions

In conclusion, in addition to registering other licenses related to E-commerce businesses, such as direct sales licenses, E-commerce businesses in Thailand are subject to both corporate income tax and VAT. It is crucial for businesses to understand their tax obligations, maintain accurate records, and ensure compliance with relevant regulations.

For businesses eager to dive into this thriving industry, ILAWASIA offers expert legal counsel to navigate the complex regulatory landscape. ILAWASIA is a one-stop service for legal consultation, providing a comprehensive range of services tailored for the E-commerce businesses. Our expertise includes:

- ◆ Company Setup
- ◆ VAT registration
- ◆ Tax Planning
- ◆ E-Commerce Business Licenses
- ◆ Direct-Sale Business Licenses
- ◆ Contract Negotiation e.g. supply contracts, sale and purchase agreements and insurance
- ◆ Import and Export of Products Licenses

We ensure your business stays compliant and competitive, helping you seize opportunities without legal hurdles. Partner with us, and let's grow your business in Thailand's dynamic and evolving E-Commerce businesses in Thailand.

Remark: This newsletter is not intended to provide legal advice. It is for informational purposes only and should not be considered a substitute for professional legal consultation.