



Technical update in Thailand

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Contents

3 Tax

Thailand's proposed "Hometown Tax": Learning from Japan's *Furusato Nozei* model

4 Legal

New regulation on overtime payment for security guard work starting April 2026

5 Accounting

Middle East conflict: Where the impact may arise in financial statements for Thai entities under TFRS

7 IFRS

Post-implementation review of IFRS 16: first IASB redeliberations
Appointment and reappointment of Trustees at the IFRS Foundation

8 Sustainability

ISSB consults on proposed amendments to three SASB standards
ISSB's March meeting focused on nature-related disclosures and enhancement of SASB standards

Technical update in Thailand

Tax

Thailand's proposed "Hometown Tax": Learning from Japan's *Furusato Nozei* model

In April 2026, Thailand's Ministry of Finance announced that it is exploring the introduction of a "Hometown Tax" regime as part of its broader policy to reduce inequality and support the decentralisation of economic development to local communities. The initiative draws inspiration from Japan's *Furusato Nozei* system.

Japan's Hometown Tax (*Furusato Nozei*): How the system works

Introduced in 2008, the *Furusato Nozei* system was designed to address economic imbalances between urban and rural areas. Its key features include:

- **Voluntary redirection of tax payments**
Taxpayers may donate to any municipality, regardless of their residence or place of origin.
- **Tax deduction mechanism**
Donations exceeding JPY 2,000 are effectively offset against the taxpayer's income tax and resident tax (primarily through resident tax credits), subject to an income-based cap.
- **Economic incentives ("thank-you gifts")**
Participating municipalities may offer local products, typically capped at 30% of the donation value.

Thailand's proposed Hometown Tax framework

Thailand's proposed framework, currently under consideration, adopts a similar concept while tailoring it to the local fiscal structure. Based on the *draft Local Development Income Tax and Donation System Act*, the key features include:

- **Reallocation of existing income tax**
A portion of income tax collected by the Thai Revenue Department may be allocated to local administrative organisations, particularly based on the taxpayer's domicile or place of business. This reflects a revenue-sharing mechanism rather than a new tax.
- **Optional taxpayer participation (donation mechanism)**
Taxpayers may be able to direct part of their tax contribution to specific provinces or local communities, similar to the Japanese model.

- **Tax incentives for donors**
Donations to local administrative organisations are expected to be treated as deductible contributions under the Revenue Code, with potential additional benefits (e.g., under the Land and Building Tax regime), subject to further clarification.
- **Local economic incentives**
Local authorities may provide community products or services as a form of appreciation to donors, within prescribed limits.
- **Policy objective: decentralisation**
The regime is intended to redistribute fiscal resources and reduce the concentration of economic activity in major urban areas such as Bangkok.

Forvis Mazars' observation

From a tax perspective, the proposed "Hometown Tax" should not be viewed as introducing an additional tax burden. Based on current policy direction, the regime is intended to operate primarily as a **reallocation mechanism of existing income tax**, allowing taxpayers to support specific local communities.

That said, certain aspects of the draft framework (including the detailed mechanics of allocation and any potential local-level adjustments) remain subject to further clarification. Taxpayers and businesses should therefore continue to monitor developments as the legislation progresses.

As the proposal evolves, further guidance will be required on implementation mechanics, eligibility criteria, and administrative procedures. Both taxpayers and local authorities should closely monitor developments to assess the practical tax and compliance implications.

References:

- "Ministry of Finance Proposes 'Hometown Tax' to Combat Economic Centralisation". Retrieved from [The Nation](#).
- "The Ministry of Interior pushes 'Hometown Tax': paying taxes or donating money to one's hometown to receive a land tax reduction." Retrieved from [Thansettakij](#).

Technical update in Thailand

Legal

New regulation on overtime payment for security guard work starting April 2026

Since fiscal year 1998, Ministerial Regulation (no. 8) of the Labour Protection Act, B.E. 2541 (1998) has stipulated that security guards responsible for safeguarding premises and assets are not entitled to overtime pay on regular workdays or holidays, receiving only their standard hourly wage for any additional hours worked. This has been reconfirmed in the Ministerial Regulation Specifying Types of Work for Which Employees Are Not Entitled to Overtime Pay and Holiday Overtime Pay B.E.2552 (2009) that security guards who have duty to guard the place and assets **which are deemed to be part of the employee's normal scope of work** were not entitled to overtime pay on regular workdays or holidays.

On 24 April 2025, the Royal Gazette announced the Ministerial Regulation on Overtime Payment and Compensation for Security Work Beyond Eight Hours Per Day, B.E. 2568 (2025). This regulation is set to be implemented in April 2026.

This regulation aims to establish a standardised approach to overtime pay, enhance working conditions, and guarantee equitable compensation for security personnel throughout Thailand.

Key highlights of the new regulation:

- **Work hours limit:** The regulation reinforces existing limits on daily working hours to not more than 48 hours per week with mandatory rest periods to prevent overwork.
- **Standardised overtime rates:** The new regulation mandates a minimum hourly wage rate of 1.25 times the regular rate of the normal hourly wage rate for security guards who have duty to guard the place and assets working beyond their scheduled hours. For additional work on holidays, the rate increases to 2.5 times the regular hourly wage rate.

Overtime	Overtime rate/ Payment for additional working hours		
	Labour Protection Act, B.E. 2541 (1998) <i>(Only for employees that are entitled for overtime pay)</i>	Security guard worker who has duty to guard the place and assets <i>(Existing regulation)</i>	Security guard worker who has duty to guard the place and assets <i>(New regulation)</i>
Overtime on a normal working day/ Payment for additional working hours	1.5 times	Receive payment equal to normal working hour	1.25 times
Overtime on holiday/ Payment for additional working hours on holiday.	3 times	Receive payment equal to normal working hour	2.5 times

This new regulation will take effect 365 days after its publication in the Royal Gazette on 24 April 2025. It marks a significant step towards improving labor rights and helping ensure fair compensation for security personnel across Thailand.

Employers in the security industry are advised to review and adjust their employment contracts and payroll systems to comply with the upcoming regulation.

Reference (in Thai):

- The Royal Gazette announced the Ministerial Regulations on Overtime Payment and Compensation for Security Work Beyond Eight Hours Per Day, B.E. 2568. Retrieved from [The Secretariat of the Cabinet](#).

Technical update in Thailand Accounting

Middle East conflict: Where the impact may arise in financial statements for Thai entities under TFRS

Why this matters now

Recent geopolitical developments in the Middle East are not only affecting global markets but are increasingly influencing the assumptions underlying financial statements. This may be particularly relevant for Thai entities with exposure to import-dependent cost structures or export-driven demand.

For many entities, the impact may arise indirectly through factors such as *cost inflation, supply chain disruption, changes in interest rates and foreign exchange, as well as pressure on demand and customer credit quality*. These developments may, in turn, affect key accounting estimates under TFRS, particularly those that rely on forward-looking assumptions.

Financial reporting period: When does the impact apply?

The current escalation of the Middle East conflict is generally considered to have **commenced in early March 2026**.

Accordingly, for most Thai entities, the financial reporting implications arise **from March 2026 onward**, and should be reflected in FY2026 and interim reporting periods.

From this point, entities are expected to:

- Reassess key assumptions used in financial reporting, including discount rates, growth projections, and credit risk
- Reflect the impact in measurement of assets and liabilities, particularly in areas involving forward-looking estimates
- Consider whether impacts are already observable in interim financial information (e.g. Q1/Q2 2026)

For completeness, the conflict does not affect prior-period measurement but may have required disclosure as a subsequent event.

Reassessment of forward-looking assumptions

Many areas of financial reporting rely on projections of future performance. In the current environment, entities may need to revisit key assumptions such as cash flow forecasts, long-term growth expectations, and discount rates to ensure they remain appropriate and supportable. These inputs play a significant role in areas such as impairment testing and fair value measurement, and even modest changes may influence the resulting valuations.

Relevant standards:

- TAS 36 – Value in use assumptions
- TFRS 13 – Valuation techniques and inputs

Impairment of non-financial assets

Geopolitical uncertainty may constitute an impairment indicator, prompting entities to reassess the carrying values of non-financial assets. This is particularly relevant for assets such as goodwill, intangible assets, and property, plant and equipment, where recoverability depends on future economic benefits. In practice, even modest changes in key assumptions, such as a slight increase in discount rates, may reduce recoverable amounts, especially where the difference between the asset's recoverable amount and its carrying value is limited.

Relevant standards:

- TAS 36 – External indicators of impairment and goodwill impairment

Inventory valuation (NRV considerations)

Changes in demand conditions and cost structures may affect the recoverability of inventory balances. In this context, entities may need to reassess whether inventories continue to be measured at the lower of cost and net realisable value (NRV), taking into account factors such as potential declines in selling prices, increased costs to complete or sell, and slower inventory turnover.

Relevant standards:

- TAS 2 – NRV measurement
- NPAEs Chapter 8 – Inventory valuation

Revenue and onerous contracts

Rising input and operating costs may affect the profitability of existing contracts, particularly where pricing cannot be adjusted. In such cases, arrangements that were previously expected to be profitable may become loss-making. Where the unavoidable costs of fulfilling a contract exceed the expected economic benefits, entities may need to recognise provisions to reflect the anticipated loss.

Relevant standards:

- TAS 37 – Onerous contracts
- NPAEs Chapter 14 and 15 – Provisions and commitments

Credit risk and financial instruments

Economic uncertainty may lead to a deterioration in credit conditions, which can affect both counterparties and financing arrangements. Entities may experience higher expected credit losses as customers face increased financial pressure, alongside heightened counterparty risk and potential delays in collections. In addition, changes in market conditions may result in higher financing costs, requiring a reassessment of assumptions used in measuring financial instruments and related disclosures.

Relevant standards:

- TFRS 9 – ECL model
- TFRS 7 – Credit risk disclosure

Foreign exchange and currency risk

Increased market volatility and potential regulatory restrictions may affect both the measurement and accessibility of foreign currency. Entities may need to reassess whether exchange rates used in financial reporting appropriately reflect prevailing market conditions, as well as consider whether foreign currency balances can be accessed or converted in practice. These factors may have implications for the measurement of foreign currency transactions and related disclosures.

Relevant standards:

- TAS 21 – Exchange rates and lack of exchangeability
- NPAEs Chapter 21 – Foreign currency

Going concern and liquidity

In the current environment, entities may need to reassess their ability to continue as a going concern, particularly in relation to liquidity and financing arrangements. This includes evaluating whether projected cash flows remain sufficient to meet obligations as they fall due, whether access to refinancing is still available under reasonable terms, and whether the entity can continue to comply with debt covenants. These considerations may affect both measurement and the need for additional disclosures.

Relevant standards:

- TAS 1 – Going concern, judgement and estimates,
- NPAEs Chapter 3 – Going concern

Disclosure of risks and uncertainties

In periods of heightened uncertainty, transparent and meaningful disclosures become increasingly important. Entities may need to provide clear information on key assumptions underlying significant estimates, the sensitivity of outcomes to changes in those assumptions, and any concentrations of risk that could affect financial performance or position. Such disclosures help users better understand the degree of uncertainty and the potential variability in reported amounts.

Relevant standards:

- TAS 1 – Estimation uncertainty
- TFRS 7 – Risk disclosure, TAS 36 – Impairment disclosure

Final thought

The impact of geopolitical events may not be immediately visible in reported figures.

Instead, it is often reflected through changes in underlying assumptions, which, although incremental, can influence financial outcomes over time.

Accordingly, entities may wish to consider whether such developments have begun to affect the assumptions supporting reported values, and whether further assessment or disclosure is appropriate in light of the entity's specific circumstances.

Technical update in Thailand

IFRS

Post-implementation review of IFRS 16: first IASB redeliberations

At its March 2026 meeting, the International Accounting Standards Board (IASB) began to consider how to respond to the stakeholder feedback received as part of the post-implementation review (PIR) of IFRS 16 – *Leases*.

Observing that the ongoing costs of applying the standard were higher than anticipated for lessees, the IASB tentatively decided to explore the feasibility of reducing costs without a significant negative effect on the usefulness of lease-related financial information.

The following areas would be explored for the possibility of reducing costs:

- remeasurements of the lease liability – for example, by:
 - reducing the frequency of remeasurements of the lease liability; and
 - simplifying the requirements for the reassessment of the lease liability to reflect changes in variable lease payments that are linked to an index or a rate; and
- discount rates – for example, by requiring or permitting lessees to use:
 - a simplified discount rate instead of the incremental borrowing rate; and
 - an unchanged discount rate for some remeasurements of the lease liability.

Appointment and reappointment of Trustees at the IFRS Foundation

On 2 March 2026, the IFRS Foundation announced the appointment of Rudolf Bless as a Vice-Chair of the Trustees of the IFRS Foundation, along with the renewal, for a further three-year term, of the terms of office of the following Trustees: Koushik Chatterjee, Steven Maijor and Isabel de Saint Malo.

The press release is available [here](#).

Technical update in Thailand

Sustainability

ISSB consults on proposed amendments to three SASB standards

On 26 March 2026, the International Sustainability Standards Board (ISSB) published an Exposure Draft (ED) seeking stakeholders' feedback on proposed amendments to three Sustainability Accounting Standards Board (SASB) standards: (i) *Agricultural Products*, (ii) *Meat, Poultry & Dairy*, and (iii) *Electric Utilities & Power Generators*. This ED also covers consequential amendments to the industry-based guidance on implementing IFRS S2 climate-related disclosures. The related press release and materials are available [here](#).

These proposals complete the first phase of the ISSB's program to enhance 12 priority SASB standards and are consistent with the approach taken in last year's consultation on the first nine standards.

The amendments aim to align SASB language and concepts more closely with the ISSB standards, improve international applicability and decision-usefulness for investors, and support interoperability with other sustainability reporting frameworks, while maintaining alignment with IFRS S2 and its industry-based guidance.

Through this initiative, the ISSB emphasises the importance of industry-specific disclosures in meeting investor information needs, noting that SASB standards remain a key resource for entities applying ISSB standards. The consultation is open for 120 days, with comments due by 24 July 2026 by completing the [online survey](#).

ISSB's March meeting focused on nature-related disclosures and enhancement of SASB standards

At its March 2026 meeting, the ISSB discussed several aspects of its research and standard-setting activities, with a particular focus on nature-related disclosures and the enhancement of the SASB standards. The related ISSB Update is available [here](#).

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The Board agreed on the following (tentative) decisions with respect to nature-related disclosures:

- nature-related metrics: the ISSB decided that entities would be required to apply the existing requirements in IFRS S1 when disclosing metrics for nature-related risks and opportunities. This includes the obligation to refer to and consider the applicability of metrics in the SASB standards, while also allowing entities to consider other sources of guidance as already set out in IFRS S1. The Board also agreed to explore whether any cross industry metrics should be required within the scope of this project, but not to expand work on cross industry metrics beyond identified information areas at this stage;
- information on nature-related transition: the ISSB decided to develop incremental requirements and guidance on how an entity disclose the effects of nature-related risks and opportunities on its strategy and decision making. This would include information on an entity's responses and planned actions, regardless of whether these are part of a formal transition plan, and would be incremental to the general requirements already set out in IFRS S1. In this context, the ISSB agreed to provide illustrative drafting of incremental requirements and guidance for disclosing such information, as a basis for the development of proposals in an exposure draft;
- information on nature-related targets: the ISSB decided to provide incremental guidance on the the breadth of what nature-related targets could relate to and the disclosure of location-specific information associated with such targets.

The ISSB also discussed its work on enhancing the SASB standards, which supports entities applying IFRS S1 and IFRS S2 by providing industry specific guidance, in the course of the aforementioned publication of an Exposure Draft proposing amendments to the final three of the 12 SASB standards identified as initial priorities under the ISSB's 2024–2026 work plan.

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