

# Technical update in Thailand

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# Technical update in Thailand
# Tax

## Thailand extends 1% e-Withholding tax rate through 31 December 2027

On 9 October 2026, the Royal Gazette published Ministerial Regulation No. 402, extending the reduced withholding tax ("WHT") rate for payments made through the e-Withholding Tax system. As previously discussed in our June 2026 technical update, the incentive will remain available for eligible payments made from 1 January 2026 to 31 December 2027.

### Reduced WHT rate under the e-Withholding Tax system

Under this measure, payments normally subject to WHT at 2%, 3%, or 5% qualify for a reduced 1% rate when the tax is filed and remitted through the e-Withholding Tax system. The reduced rate generally applies to the following types of income:

| Type of payment | Standard WHT rate | Reduced e-WHT rate |
|---|---|---|
| Rental income, prize income, and entertainment fees | 5% | 1% |
| Service fees, royalties, and professional fees | 3% | |
| Sales promotion benefits | 2% | |

Businesses that regularly make payments subject to WHT, particularly service fees, royalties, rental payments, and professional fees, may benefit from adopting the e-Withholding Tax system and applying the reduced 1% WHT rate through 31 December 2027.

### Our observation

The extension provides greater certainty and may improve recipients' cash flow while simplifying WHT compliance. However, the 1% rate does not reduce the recipient's final income tax liability, as WHT remains a tax credit. Businesses should confirm the nature of each payment and the recipient's eligibility before applying the reduced rate, and consider reviewing payments processed since 1 January 2026.

Forvis Mazars can assess eligible payments, review WHT classifications and system mapping, support implementation of the e-Withholding Tax system, and review prior payments for compliance.

Reference (in Thai):

- Ministerial Regulation No. 402. *Retrieved from the Revenue Department.*

## Thailand extends 200% tax deduction for e-Tax system investments through 31 December 2027

On 12 October 2026, Royal Decree No. 808 B.E. 2569 (2026) was published in the Royal Gazette, extending the corporate income tax incentive for investments and service fees relating to electronic tax systems.

The incentive applies to qualifying expenditure incurred by companies and juristic partnerships from 1 January 2026 to 31 December 2027. It provides an additional corporate income tax exemption equal to 100% of the qualifying expenditure, resulting in a total deduction of up to 200%.

As discussed in our June 2026 technical update, the Royal Decree formally implements the extension previously approved by the Cabinet.

### Scope of the incentive

#### 1. Investment expenditure

The incentive covers qualifying investments in systems used for:

- issuing, sending, receiving or storing e-Tax Invoices and e-Receipts; and
- electronically remitting withholding tax, income tax or VAT.

Qualifying assets may include software, electronic certificate storage devices, computers and related equipment. Repair costs incurred merely to maintain assets in their original condition are excluded.

For e-Tax Invoice and e-Receipt investments, the incentive does not apply to expenditure incurred by electronic data service providers or software developers for systems developed for sale or provision to third parties.

### 2. Service expenses

The incentive also covers qualifying service fees, including:

- fees paid to electronic data service providers;
- digital certificate and cloud-storage fees relating to e-Tax Invoices and e-Receipts;
- fees for electronic tax-remittance services and related digital certificates or cloud storage; and
- information-system assessment fees paid to the Electronic Transactions Development Agency in connection with becoming an electronic data service provider.

### 3. Asset conditions

Qualifying assets must:

- be new and depreciable;
- be acquired and ready for use by 31 December 2027;
- be located in Thailand; and
- be used in the business for at least three consecutive accounting periods.

The assets must not receive overlapping tax benefits or be used in activities enjoying corporate income tax exemptions under BOI, targeted-industry competitiveness or EEC incentive schemes.

The incentive remains subject to the rules, procedures and conditions prescribed by the Director-General of the Thai Revenue Department.

## Our observation

The extension gives businesses a further two years to invest in digital tax infrastructure while reducing qualifying implementation costs. However, the incentive is narrower than a general IT deduction, and eligibility depends on the purpose, timing and use of each expenditure.

Companies that have incurred relevant expenditure since 1 January 2026 should consider reviewing those costs, even where the investment was completed before the Royal Decree was published.

## Forvis Mazars' recommendation

Businesses should identify qualifying costs at the project level and maintain supporting documents, including contracts, invoices, system specifications and evidence of business use.

Forvis Mazars can assist in assessing eligible expenditure, reviewing potential overlaps with other incentives, calculating the additional deduction and preparing supporting documentation for the corporate income tax return.

Reference (in Thai):


- Royal Decree (No. 808) B.E. 2569. *Retrieved from the Thai Revenue Department.*

## New data centre standards and regulatory oversight in Thailand

Thailand is moving towards a clearer and more consistent framework for regulating data centre businesses as the country's digital infrastructure continues to expand. This development also brings wider considerations, including electricity and water availability, environmental impact and the economic benefits that data centre projects can bring to Thailand.

On 27 October 2026, at Meeting No. 4/2026, the Data Centre Business Policy Committee endorsed a draft policy on data centre regulation. The draft is expected to be submitted to the Cabinet for consideration on 3 November 2026.

For now, the draft policy and its proposed minimum requirements remain under review. The supporting laws and regulations have also not yet been finalised and are not generally in force. Data centre operators and investors should therefore continue to monitor developments closely and assess how the emerging regulatory framework may affect their projects and operations.

### 1. Which data centres would be covered?

Under the draft policy, a data centre is defined as a building, site or facility that uses electronic equipment to collect, store, process, host or transmit data for third parties outside the operator's corporate group, with an electricity demand of at least 0.5 megawatts (MW).

In practice, the proposed framework would therefore focus on data centre operators that provide services to external customers and meet the 0.5 MW electricity-demand threshold.

Facilities used exclusively by a company for its own operations, or within its corporate group, may fall outside this definition. However, whether a particular facility is covered will ultimately depend on how it operates and the scope of the final rules.

### 2. Seven categories of data centres

The draft policy proposes classifying data centres into seven categories according to their facility load, meaning the amount of electricity required by the facility. These categories would help determine the standards and level of oversight that apply to each project.

| Category | Electricity demand (facility load) |
|---|---|
| Category 1 | 0–0.5 MW |
| Category 2 | More than 0.5 MW, up to 5 MW |
| Category 3 | More than 5 MW, up to 10 MW |
| Category 4 | More than 10 MW, up to 20 MW |
| Category 5 | More than 20 MW, up to 50 MW |
| Category 6 | More than 50 MW, up to 200 MW |
| Category 7 | 200 MW or more |

Larger data centres are expected to be subject to more stringent requirements, reflecting their higher demand for resources and potentially greater impact. The detailed standards and requirements for each category are expected to be set out separately.

### 3. Minimum standards operators should prepare for

The draft policy identifies four key areas to be covered by the proposed minimum requirements:

1. **Location and land use**

   Authorities would assess whether the proposed site is suitable for a data centre and whether the intended land use is appropriate. The assessment would also cover the safety of backup power systems and fuel storage.

2. **Electricity and water**

   The availability and capacity of electricity and water supplies would be considered to determine whether the project can be adequately supported without affecting the resources required by households and other businesses.

3. **Environment**

   Environmental requirements will also be an important consideration. The draft policy proposes a Code of Practice (CoP) aimed at managing and reducing the environmental impact of data centre projects.

4. **Economic and social benefits**

   Projects would also be assessed based on the benefits they are expected to bring to Thailand. These may include job creation, development of local skills and support for Thai businesses.

## 4. How the draft rules may affect existing and new projects

The draft policy proposes transitional arrangements based on the status of each project.

**Existing data centres**: Data centres that are already operating would generally be allowed to continue under the existing legal framework. However, operators may need to bring their operations into line with the environmental Code of Practice (CoP) within one year, subject to the conditions and procedures to be announced.

**Projects with construction permits obtained before 11 August 2026**: Projects that obtained construction permits before 11 August 2026 and meet the relevant conditions may continue to be considered under the existing laws and regulations. They may also be required to comply with the CoP within one year.

**New projects**: Projects that obtained construction permits after 11 August 2026, as well as projects that have not yet obtained a construction permit, would be assessed under the proposed framework for new operators. These projects would need to meet the applicable minimum standards and environmental requirements once they are announced.

In addition, if an existing data centre expands and its total electricity demand rises above 20 MW, the expanded portion may be treated as a new project and become subject to the new minimum standards and other applicable requirements.

For operators and investors, the practical impact of the proposed framework will therefore depend not only on the size of a data centre, but also on its development stage, permit status and any future expansion plans.

## 5. Data centre one-stop service (DC-OSS)

The government plans to establish a Data Centre One-Stop Service (DC-OSS), overseen by the Ministry of Digital Economy and Society, to coordinate the approval and permitting process across the relevant authorities.

The DC-OSS would be linked to a central database, known as the TH-DC Dashboard, to monitor project progress and support the screening of investment proposals.

For new projects, the draft policy also proposes a project presentation, or "pitching", process. This would be used to assess key aspects of a proposed project, including infrastructure readiness, environmental impact and the economic benefits expected to be delivered to Thailand.

## 6. What operators and investors should prepare for

Although the draft policy is not yet in force, data centre operators, investors, and project developers should start assessing its possible impact. The proposed changes could affect investment costs, approval timelines, access to electricity and water, and environmental compliance obligations.

As a practical starting point, operators and investors should consider the following:

1. **Assess electricity demand** to identify the project's proposed category based on its facility load.
2. **Review construction permits and other relevant approvals**, particularly for projects that are still under development.
3. **Assess electricity and water availability**, including whether there is sufficient capacity to support the project over the longer term.
4. **Prepare for the proposed environmental requirements**, including the Code of Practice (CoP).
5. **Review future expansion plans**, particularly where an expansion may increase the data centre's total electricity demand above 20 MW.
6. **Prepare information on the project's economic and social contribution to Thailand**, including job creation and workforce development.
7. **Monitor regulatory developments**, including new laws, announcements, guidelines and their effective dates.

## 7. Legal perspective: why early preparation matters

Although the new regulatory framework is still being developed, operators should not wait until every requirement is finalised before considering its potential impact.

Data centre projects typically involve several regulatory areas, including land use, construction, electricity, water, environmental requirements, permits and investment approvals. Understanding how the proposed framework interacts with these areas at an early stage can help operators identify issues that may need to be addressed and make more informed legal, commercial and investment decisions.

Early preparation is particularly relevant for businesses developing new projects or planning to expand existing data centres. Taking the proposed requirements into account during the planning stage can help businesses anticipate regulatory issues, assess potential costs and reduce the risk of delays once the new framework takes effect.

References (in Thai):


- Office of the Prime Minister, Regulation on the Data Centre Business Policy Committee, B.E. 2569 (2026), Royal Gazette, Vol. 143, Special Issue 192 Ngor, 13 August 2026.
- Office of the National Economic and Social Development Council (NESDC), Report on Data Centre Business Policy Committee Meeting No. 4/2026, held on 27 October 2026 and published on 28 October 2026.
- Ministry of Digital Economy and Society, News release on Data Centre Business Policy Committee Meeting No. 4/2026, held on 27 October 2026.




## TFRS 18 – Presentation & disclosure in financial statements: What the TFAC explanatory guide reveals

On 21 August 2026, Thailand Federation of Accounting (TFAC) published the TFRS 18 explanatory guide, which shows how TFRS 18's requirements work in real-life situations and provides insights not found in earlier published materials, such as the TFRS 18 summary deck.

### Worked judgements instead of principles

The summary deck described the five categories for classifying income and expenses, the new required subtotals in the statement of profit or loss, MPMs (management-defined performance measures) and the aggregation principles. It was an orientation document: what is changing and why. It answered classification questions at the rule level.

Four additions in the TFRS explanatory guide are worth attention.

#### 1. Five practical examples on loan classification

Several pages focus on how to classify loans as current or non-current when financial covenants are involved. The guide reflects common Thai bank lending situations, such as a long-term loan with a minimum current ratio, checked on different dates, with and without waivers.

The guide includes a decision flowchart to help identify management-defined performance measures, supported by a reconciliation note tailored to Thai reporting. This flowchart walks users through a series of practical questions: Is the measure a subtotal of income and expenses? Has it been used in public communications? Does the standard already specify it? Finally, it asks whether evidence challenges the assumption that this measure reflects management's perspective.

Another example is a convertible debenture that can be settled in a variable number of shares at the holder's discretion. This is classified as current because the company cannot delay settlement.

These examples show classification principles that already exist and continue under TFRS 18. So, they are relevant now, not just after 2028.

#### 2. A full profit or loss statement for a bank

The summary deck noted that companies with certain main business activities must classify some items differently. The guide provides a full profit or loss statement for a company whose main business activities are investing in financial assets and providing financing to customers.

Here's a subtle point: by classifying all income and expenses from financing activities in the operating category, this type of company cannot present the "profit before financing and income taxes" subtotal. That subtotal is mandatory for manufacturers but not permitted for banks. Before deciding on their statement formats, financial institutions and finance companies should review this example carefully and discuss their approach with auditors.

#### 3. A decision flowchart for identifying MPMs

The guide includes a decision flowchart for identifying management-defined performance measures and a localised reconciliation note. The flowchart shows the steps: check whether the measure is a subtotal of income and expenses, see whether it is used in public communications, check whether the standard already defines it, and consider whether the assumption that it reflects management's view can be challenged.

Test this assumption early. If a subtotal is used in public communications, it is assumed to show management's view, unless the company has strong evidence, like a legal or regulatory requirement, to challenge that assumption.

#### 4. Nature or function: making the choice

When it comes to presenting operating expenses, the guide lays out a series of practical questions to help companies decide which approach works best:

- Which line items give the clearest picture of what drives profitability?
- How does the business organise expenses for internal management and reporting?
- What presentation method is common practice in the industry?

- Would it be difficult to justify breaking costs down by function, or would doing so lead to inconsistencies?

If there's no solid basis for allocating costs by function, it's usually better to present expenses by nature instead.

### Our view

In our view, any company that read the summary deck back in 2025 and assumed TFRS 18 could be ignored until 2028 should take a closer look. The guidance in the new explanatory guide brings forward issues that demand attention much sooner than many might expect.

The covenant examples are especially relevant now. They cover common situations in Thai bank loans at each year-end and focus on whether the right to defer settlement exists at the reporting date, not when the lender tests it. The guide shows that the outcome depends on the test date and the timing of any waiver. It also notes that loan agreements should be carefully reviewed before making classification decisions.

For financial institutions, there is another important issue. If a company's policy classifies all finance-raising items as operating, it cannot present a subtotal that is required for other entities. This presentation difference should be discussed with auditors early, well before the first TFRS 18 year-end close.

References (in Thai):


- TFRS 18 explanatory guide. *Retrieved from Thailand Federation of Accounting*.
- TFRS 18. *Retrieved from Thailand Federation of Accounting*.
- TFRS 18 summary deck. *Retrieved from Thailand Federation of Accounting*.




# Technical update in Thailand
# IFRS

## Revision of IAS 28: final stage

In September 2026, the IASB completed its redeliberations on the equity method project and decided to begin the process of finalising the revised version of IAS 28 *Investments in Associates and Joint Ventures*.

The revised version of IAS 28 is expected to be published in the first half of 2027, with an effective date of 1 January 2029 and early application permitted.

## Statement of cash flows project

At its September 2026 meeting, the IASB made tentative decisions on two aspects of its project to improve the statement of cash flows: the classification of cash flows relating to business combinations and the reconciliation between the statement prepared using the indirect method and the statement of financial position.

The IASB tentatively decided to propose an amendment to IAS 7 to clarify the classification of certain acquisition-related payments. Payments of deferred and contingent consideration arising from a business combination would be classified as investing activities, while the repayment of pre-existing debt of the acquired entity would be classified as financing activities and transaction costs relating to the acquisition as operating activities.

The IASB is also considering introducing into IAS 7 a disclosure objective requiring entities to provide information about certain non-cash changes in assets and liabilities, to enable users to better understand the relationship between changes in those items presented in the statement of cash flows when it is prepared using the indirect method and the corresponding amounts presented in the statement of financial position. In particular, an entity would be required to present in a table changes arising from foreign exchange differences, obtaining or losing control of subsidiaries or other businesses, and reclassifications in the statement of financial position.

The IASB will continue to consider the project at future meetings. An overview of the project and of the tentative decisions made before the September 2026 meeting is provided in the appendices to the cover paper prepared by the staff.

## Amortised Cost Measurement project

Following on from the April and June 2026 meetings, the IASB continued its work on the 'Amortised Cost Measurement' project at its September meeting. On this occasion, three topics were discussed:

- the application of the 10% test to certain financial instruments;
- the determination of the effective interest rate (EIR) of a modified financial instrument when the modification does not result in derecognition;
- the definition of, and accounting for, costs or fees relating to the modification of a financial instrument in the absence of derecognition.

### Application of the 10% test

The IASB considered the questions raised by stakeholders concerning the application of the 10% test in paragraph B3.3.6 of IFRS 9 to financial instruments that have options or contingent terms, as well as to revolving credit facilities.

The IASB tentatively decided to clarify that an entity applying the 10% test to a financial asset or financial liability:

- considers all the contractual terms of the financial instrument;
- determines the contractual cash flows of a financial instrument that have an option or a contingent term by assuming that the option is exercised, or that the contingent event occurs, on the earliest possible contractual date. The probability or estimated timing of the option being exercised, or the contingent event occuring, has no effect on determining those cash flows.

According to the IASB staff, the expected benefits of this change would be:

- to ensure consistency with the objective of the 10% test, which is to determine whether changes to contractual terms, rather than entity-specific estimates, are likely to affect the instrument's cash flows;
- to enhance comparability between entities;
- to simplify the operational application of the approach, as it does not require cash flow estimates or the exercise of judgement.

The IASB also tentatively decided to apply the 10% test to a revolving credit facility as a whole, based on the contractual cash flows relating to the maximum credit capacity available over the remaining term of the facility.

According to the IASB staff, the expected benefits of this change would be to:

- retain a quantitative criterion in addition to the qualitative assessment, in accordance with the general approach tentatively adopted by the IASB;
- make the 10% criterion applicable to revolving credit facilities when they are undrawn or only partly drawn;
- better reflect the economic substance of the contracts by basing the assessment on the total credit facility available rather than on the amount drawn at a given date;
- enhance comparability between drawn and undrawn financing through a common quantitative methodology for all the instruments concerned.

### Determination of the effective interest rate of a modified instrument

The IASB tentatively decided to clarify that, when a modification of a financial instrument does not result in its derecognition, the entity adjusts the effective interest rate when the modification reflects changes in the time value of money or credit risk.

According to the IASB staff, the expected benefits of this change would be:

- to ensure consistency with the accounting for revisions to estimates resulting from existing contractual terms, following the decisions made by the IASB on this matter in April 2026;
- to improve the usefulness of information about interest income and expense by aligning it with cash flows;
- to reduce the operational complexity associated with maintaining the original EIR in information systems and to align with prevailing practice.

### Definition of, and accounting for, costs or fees relating to the modification of a financial instrument

The IASB tentatively decided to clarify that:

- for modifications of financial assets and financial liabilities accounted for under paragraphs 5.4.3 and B3.3.6A of IFRS 9, 'costs or fees incurred' include:
  - all fees and pointsbetween the lender and the borrower that are directly attributable to the modification of the financial instrument, whether paid or received, including when those fees are incurred by one party on behalf of the other party as an agent;
  - the other components included in the definition of the effective interest rate, namely transaction costs and all other premiums or discounts directly attributable to the modification of the financial instrument;
- when a modification of a financial asset or financial liability does not result in its derecognition, the entity continues to amortise the costs or fees (not yet amortised at the modification date) over the remaining life of the modified financial instrument.

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