

THAILAND – LOGIC CHANGES

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH
AUGUST 2021 CONTENT UPDATE #1

Introduction

This guide provides an explanation of the recent changes made to Determination for the authority of Thailand, which were implemented to support the taxation of electronic services supplied by non-resident businesses to non-VAT registrants in Thailand.

In accordance with The Revenue Code Amendment Act gazetted on 10 February 2021, non-resident electronic services providers and electronic platforms who meet the income threshold by providing electronic services to consumers in Thailand are required to register, charge and remit VAT on such services starting from 1 September 2021.

The new rules apply to a broad range of cross-border electronic services, such as mobile applications; software programs; digital images, videos, financial data, music, films, and games or online advertising services.

In case of electronic services provided from abroad to customers who are VAT registrants in Thailand, the reverse charge method is applied.

Considering the above, the Electronic_Services authority logic group was mapped with the highest order, as well as the “CL - Customer Location Reverse Charge” authority option was added in the authority of Thailand. The changes are effective from 1 September 2021.

Below are some examples of the expected tax results including Thailand authority in respect of the supplies of Electronic Services.

TAX RESULTS EXAMPLES

Test 1: B2C Electronic Services provided by a foreign unregistered Seller to the Thai Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Thailand
Seller Registration	DE123456789
Buyer Registration	null

Results for the SELLER:

Tax Calculation Results

Scenario 2021 August 1st Update - Supplies of Electronic Services in Thailand:

View Results: 1

Gross Amount: 100.00

Eff%: 0%

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: GERMANY	Germany	Not Liable	NL	O		0%	0.00		
Country: THAILAND	Thailand	Not Liable	UN	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Germany	5001	EUSS17: No VAT liability in Seller's country under Article 44 of EC Directive 2006/112.
Thailand	5001	GCSC132: Seller cannot invoice VAT since seller is not registered in Buyer's country.

Test 2: B2C Electronic Services provided by a foreign registered Seller to the Thai Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Thailand
Seller Registrations	DE123456789; 1234567890123
Buyer Registration	null

Results for the SELLER:

Tax Calculation Results

Scenario 2021 August 1st Update - Supplies of Electronic Services in Thailand:

View Results: 1

Gross Amount: 100.00

Eff%: 7%

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: GERMANY	Germany	Not Liable	NL	O		0%	0.00		
Country: THAILAND	Thailand	VAT	S	O		7%	7.00		
							7.00 USD		

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Authority Messages:

Authority	RuleOrder	Message
Germany	5001	EUSS17: No VAT liability in Seller's country under Article 44 of EC Directive 2006/112.
Thailand	10000	GCSC14: Output VAT in Buyer's country.

Test 3: B2B Electronic Services provided by a foreign unregistered Seller to the Thai Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Thailand
Seller Registration	DE123456789
Buyer Registration	1234567890123

Results for the SELLER:

Tax Calculation Results

Scenario 2021 August 1st Update - Supplies of Electronic Services in Thailand:

View Results: 1

Gross Amount: 100.00

Eff%: 0%

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: GERMANY	Germany	Not Liable	NL	O		0%	0.00		
Country: THAILAND	Thailand	Not Liable	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Germany	5001	EUSS17: No VAT liability in Seller's country under Article 44 of EC Directive 2006/112.
Thailand	5001	GCSC13: No VAT liability in Buyer's country.

Results for the BUYER:

Tax Calculation Results

Scenario 2021 August 1st Update - Supplies of Electronic Services in Thailand:

View Results: 1

Gross Amount: 100.00

Eff%: 0%

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: THAILAND	Thailand	VAT	RC	O		7%	7.00		
Country: THAILAND	Thailand	VAT	RC	I		7%	7.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Thailand	10000	GCBCL31: Reverse charge in Buyer's country.
Thailand	10000	GCBCL32: Recovery of reverse charge in Buyer's country.