



# Revenue Department News

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**Date** : 9<sup>th</sup> June 2020

**Subject** : The Revenue Department introduces the draft bill on VAT on cross-border electronic services to promote fairness and meet international standards

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The Cabinet has approved the proposal to the House of Representatives to consider the draft act amending the Revenue Code to collect value added tax (VAT) from foreign electronic service providers and foreign platforms as proposed by the Ministry of Finance and the Revenue Department to level the playing field and advance the Thai tax system to international standards.

**Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department,** said, “The Cabinet has approved the submission of the draft act amending the Revenue Code (No. ...) B.E. .... (VAT collection on cross-border electronic services (e-Service)) to the Coordination Committee of the House of Representatives for the House of Representatives’ consideration as proposed by the Ministry of Finance and the Revenue Department. In the drafting process, the Revenue Department has taken the results of the Organisation for Economic Co-operation and Development (OECD)’s study on tax collection efficiency of VAT on cross-border electronic services which suggests that requiring foreign operators and digital platforms to register for VAT and remit the tax to tax collection agencies is the most effective and practical way to improve VAT collection on digital services. Currently, more than 60 countries including Australia, New Zealand, Japan, Taiwan, and South Korea have adopted the OECD guidelines to enhance VAT collection on cross-border services.”

**Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department,** added, “The draft act amending the Revenue Code requires foreign e-Service providers or foreign platforms (such as online streaming service providers and digital content providers) that receive revenue of more than 1.8 million baht per year from providing services over the Internet or an electronic network to customers in Thailand who are not VAT registrants to register for VAT, file the tax returns, and pay the tax to the Revenue Department following the OECD’s principle. To provide convenience and facilitate individual consumers, foreign service providers will remit VAT for individual service recipients through the VAT registration and payment service (Simplified VAT) system.”

**Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department,** concluded that the law amendment will help promote fair competition between Thai and foreign operators which provide services to Thailand and make Thailand’s tax collection in line with today’s economic activities and international standards. The Revenue Department expects that the amendment will bring in around 3,000 million baht of tax revenue each year.

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