

Legal Update

Director General Notification No. 468: Implementing Rules for the SEZ Corporate Income Tax Reduction

Issued pursuant to Royal Decree No. 797 (B.E. 2568) effective 6 June B.E. 2568 (2025) March B.E. 2569 (2026) | Revenue Department of Thailand

1. Background and Legislative Context

Royal Decree No. 797 issued under the Revenue Code on the Reduction of Tax Rates (B.E. 2568) was published in the Royal Gazette on 5 June 2025 and entered into force on 6 June 2025 (the "**Decree**"). The Decree reduces the corporate income tax ("**CIT**") rate from the standard 20 percent to 10 percent of net profits for companies or juristic partnerships conducting targeted business activities within Thailand's designated Special Economic Zones ("**SEZs**"), for a period of ten consecutive accounting periods.

The Decree conferred upon the Director General of the Revenue Department the authority to prescribe the criteria, methods, and conditions governing the exercise of rights under the reduced rate. In the absence of such implementing rules, eligible entities were unable to formally elect the benefit.

On 19 March B.E. 2569 (2026), the Director General issued Notification Regarding Income Tax (No. 468) (the "**Notification**"), prescribing those implementing rules. The Notification takes effect from 6 June B.E. 2568 (2025), in alignment with the operative date of the Decree. The full text of the Notification is published by the Revenue Department and accessible at: https://www.rd.go.th/fileadmin/user_upload/kormor/newlaw/dg468A.pdf

2. Scope of the Notification

The Notification addresses four principal matters:

- I. the procedure for exercising the right to the reduced rate;
- II. the method of computing net profit and net loss where an entity carries on both qualifying and non-qualifying activities;
- III. the treatment of net losses as between those activity streams; and
- IV. the operative date.

3. Election Procedure

An entity seeking to exercise its right under the Decree is required to submit a notification of election to the Director General in the prescribed form annexed to the Notification. Submission is made to the Large Business Tax Administration Division where the entity falls within that Division's jurisdiction, or otherwise to the Revenue Department Area Office for the area in which the entity's registered head office is located.

The reduced rate applies commencing from the accounting period in which the notification of election is filed, even where that period is of less than 12 months' duration. That partial period constitutes the first of the ten consecutive accounting periods to which the entitlement accrues. Accordingly, the timing of the election filing has material consequences for the total duration of the benefit.

4. Conditions for Entitlement

The Notification, read together with the Decree, prescribes six cumulative conditions. All conditions must be satisfied in each accounting period; failure to satisfy any one condition in any period results in the immediate loss of entitlement for that period. No provision for reinstatement is made.

| Condition | Requirement |
|-----------------------------|--|
| Election filing | The entity must have filed the prescribed notification of election with the Revenue Department in accordance with the Notification. |
| No BOI CIT exemption | The entity must not exercise any right to a CIT exemption, whether in whole or in part, under the law on investment promotion. |
| No SME CIT reduction | The entity must not exercise rights to reduced CIT rates or CIT exemptions for small and medium enterprises under Royal Decrees Nos. 530, 564, or 583. |
| No prior SEZ rates | The entity must not avail itself of reduced CIT rates for businesses in special economic development zones under Royal Decrees Nos. 591 or 693. |
| Separate accounting | The entity must maintain separate books of account for activities qualifying under the Decree and all other activities. |
| Ongoing compliance | The entity must comply at all times with the criteria, methods, and conditions prescribed by the Notification. |

5. Computation of Net Profit and Net Loss

Where an entity carries on both qualifying SEZ activities and other activities, net profit and net loss are to be computed separately for each category of activity in accordance with Sections 65, 65bis, and 65ter of the Revenue Code. Expenditure that is not directly and clearly attributable to either category is to be apportioned on a pro-rata basis by reference to the relative revenue of each category. A single tax return and taxpayer identification number

are used for both streams, but separate working papers evidencing the computation for each category must be prepared.

6. Treatment of Net Losses

A net loss arising in respect of qualifying SEZ activities is to be retained within that activity stream and may not be set off against profits from other activities. Conversely, losses from non-qualifying activities may not be applied against SEZ profits. There is no provision for cross-stream loss relief.

7. Qualifying Entities and Premises

The reduced rate is available to companies or juristic partnerships whose business premises are situated within one of the ten designated SEZs — being Tak, Mukdahan, Sa Kaeo, Songkhla, Trat, Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi — and whose income is derived from the production of goods within an SEZ or from the provision of services both supplied and consumed within an SEZ.

The premises requirement is as follows: entities incorporated on or after 6 June 2025 must operate from a permanent building within an SEZ constructed after that date; entities incorporated before that date must operate from a permanent building within an SEZ that constitutes an expansion of or addition to their existing premises.

Entities already operating in SEZs

Given the retrospective operative date of the Notification (6 June 2025), entities that have conducted qualifying activities within an SEZ since that date are now in a position to file their election notification. The accounting period in which the notification is filed will be treated as the first period of entitlement. The election does not operate automatically — a formal filing is required.

8. Concluding Observations

The issuance of Director General Notification No. 468 completes the implementing framework under the Decree and renders the reduced CIT rate operative as a matter of practical law. Entities with existing or contemplated operations in Thailand's designated SEZs are advised to: assess whether their activities and premises satisfy the qualifying conditions; confirm that no conflicting tax elections are in place; ensure that their accounting systems are capable of producing the separate working papers required by the Notification; and file the election notification with the appropriate Revenue Department office without undue delay.

The Notification, in its official form, is accessible via the Revenue Department link set out in Section 1 above.

Further information

Should you have any questions on SEZ Corporate Income Tax Reduction in Thailand or how this development may affect you or your business, please get in touch with the team at PDLegal.

Supagorn (Pop) Jittimaporn

Partner, Thailand

supagornj@pdlegal.com.sg

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