THAILAND 4.0 – IMPLEMENTATION OF E-TAX INVOICE & E-RECEIPT

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In 2016, the Thai government of Prime Minister Prayut Chan-o-cha officially introduced the national policy of "Thailand 4.0". The policy serves two major long-term objectives: to transform Thailand into a "Digital Economy" and thus become an "advanced economy" in 2032.

The policy encourages businesses toward new innovation, creativity, technology, and R&D. It will further promote financial technologies that will have a substantial effect on all transactions in Thailand. A major cornerstone is the "National e-Payment Program" which consists of five master plans:

1. Payment Infrastructure Development;

2. e-Tax System;

3. e-Social Welfare;

**4. Financial Inclusion; and**

5. e-Payment.

Currently, the Thai Revenue Department ("RD") is implementing the e-Tax System, consisting of the "e-Tax Invoice" and the "e-Receipt". The e-Tax System will have an impact on all business operations in Thailand.

What is an e-Tax Invoice and an e-Receipt?

An e-Tax Invoice is an invoice, credit note, or debit note provided in electronic format with a digital signature or time stamp under the e-Tax System by e-mail. Similar to the e-Tax Invoice, an e-Receipt is a receipt document provided according to the Thai Revenue Code in an electronic format.

When will the e-Tax System be implemented?

Originally, the RD intended to fully implement the e-Tax System by January 2018. Though the timeline got postponed, qualified persons and companies meeting the criteria for e-Tax Invoice and e-Receipt may now apply for the e-Tax System.
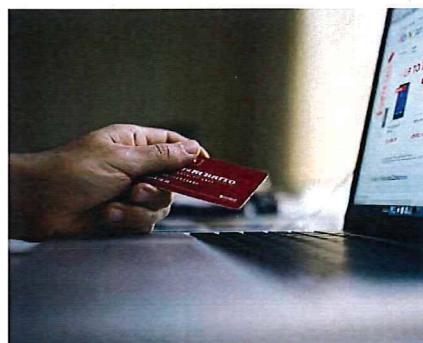
How to prepare e-Tax Invoice or e-Receipt?

There are two methods to prepare an e-Tax Invoice and an e-Receipt:

1. Preparation of an e-Tax Invoice as an XML file (extensible markup language – a format that can be read by humans and machines) with a certified digital signature:
This method requires the user to create a system (software) meeting all requirements and regulations regarding e-Tax Invoices, especially containing a certified digital signature. There is currently only a single service provider meeting the RD's regulations regarding certified digital signatures.

2. Preparation of e-Tax Invoice by Email:
This method is designed for small enterprises with an assessable income not higher than THB 30 million during each accounting period starting from year 2015. The e-Tax Invoice under this method will be prepared electronically by using formats such as PDF, PDF/A-3, Word or Excel. The electronically created documents have to be sent to a special portal provided by the RD. The portal system will then apply a Time Stamp for time recording.

Regardless of the method, companies will have to keep an electronic copy of each e-Tax Invoice and e-Receipt for a certain period according to the Revenue Code for the purpose of tax audit. This is similar to other physical tax documents.

What exactly is the current situation of e-Tax Invoice and e-Receipt?

Even though a new implementation timeline is yet to be announced, relevant regulations of the RD are available, effective, and in full force. The RD has legally acknowledged e-Tax documents meeting the RD's requirements. Therefore, business may utilize the e-Tax System.

Businesses are increasingly adopting the electronic format: Insurance companies issue their receipts in electronic format with digital signature and commercial banks issue tax invoices of EDC (Electronic data capture) machine to their customers in electronic format. These examples show that financial technology - especially regarding e-Tax - is no longer a matter of the future but rather a current and on-going one.

How should you get yourself ready?

1. Internal review: You need to decide which method is suitable for you? Do you want to adopt your own system (XML file with a certified electronic signature) or do you want to work with the RD's Portal system by using the email method. This internal review will rely on a number of factors such as size of your organization, IT department, and nature of your business which will determine your tax point.

2. Implementation: Once the review is finished and it was decided which method to use, you can start working with a service provider and the RD to initiate the process of e-Tax Invoice or e-Receipt.

Please note that implementing the e-Tax System can be complicated. Some small enterprises have a limited IT infrastructure and/or use a very simple accounting system. These businesses may face increasing costs due to the requirements of the e-Tax System. Ensuring that the used system is compatible and meets all relevant regulations and requirements will be a challenge for all businesses.

Furthermore, all enterprises have to ensure that the e-Tax Invoice or e-Receipt is properly delivered to the customers when their tax point arises. It is advisable to plan the implementation of the e-Tax System carefully. Businesses should also keep an eye on further developments in the context of the implementation of the Thailand 4.0 policy.

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