

## **Tax Incentives: Double Deduction**

### **In case the hire fee for research and development (R&D)**

<b>Regulation</b>	
<b>1. R&amp;D Institutions</b>	<p>1.1 The institution must be a ministry, bureau, department, government organization, individual, ordinary partnership, non-juristic body of persons, company, juristic partnership, or any other juristic person.</p> <p>1.2 The institution carries on a R&amp;D business in Thailand.</p> <p>1.3 The institution shall file documents to the Revenue Department in order to present to the Minister of Finance.</p>
<b>2. Hiring Company</b>	<p>1. The company shall file documents of the R&amp;D project to the National Science and Technology Development Agency (NSTDA) for checking and approving, before or after the project's operation.</p> <p>2. The project shall be a fundamental industry research for discovering new knowledge, or an applied research to use as a pattern, blueprint, plan or prototype. The tax incentives are not allowed for the hire fee of the prototype invention, which is used for business.</p>
<b>3. Book the expense for hiring R&amp;D institution</b>	<p>3.1 The expense of R&amp;D hire shall use accrual basis to calculate the net profit in order to pay the corporate income tax.</p> <p>3.2 The actual expense for R&amp;D service shall be doubled for the purpose of tax computation. The expense amount is based on the discretion of the Revenue Department.</p> <p>3.3 In a case where the R&amp;D institution does not perform an actual R&amp;D project as it was checked and approved by NSTDA, the hired company shall not be able to claim the incentive.</p>
<b>4. Proof of Booking Expense</b>	<p>4.1 In a case of the R&amp;D institution did R&amp;D for other company. The institution shall issue a hired document for the other company separately.</p> <p>4.2 In a case of the R&amp;D institution did R&amp;D for itself. The institution shall issue the hired document for itself as doing for other companies.</p>
<b>5. Tax Invoice</b>	<p>5.1 In a case where the R&amp;D institution does R&amp;D for other company, the performance is a service. The R&amp;D institution has a responsibility to issue a tax invoice for the other company.</p> <p>5.2 In a case where the R&amp;D institution does R&amp;D for itself, the performance is not a service. The R&amp;D institution does not have any responsibility to issue a tax invoice for itself. However, the institution has a responsibility to issue a hired document for itself.</p>
<b>6. Law</b>	<p>6.1 Royal Decree No. 297 (B.E. 2539)</p> <p>6.2 Notification of the Ministry of Finance on Income Tax (No. 3)</p> <p>6.3 Revenue Department Order No. Por. 103/2544</p>

