

ECONOMIC RELIEF MEASURES

in Response to the COVID-19 Outbreak

Phase 1 (Approved by Thai cabinet on 10 March 2020)

Target:
SMEs which would be most affected
by the economic impacts of the COVID-19 outbreak

Monetary Measures



Low interest soft loans

at 2% interest for a period of 2 years, not over 20 million Baht per customer in the total amount of 150 billion Baht

Pause in principal payments

including reducing the interest rate for the debts of the Government Saving Bank & Government Housing Bank

Easing the rules (BOT)

for granting commercial bank loans

Providing a credit line

The Social Security Fund (SSF) will provide a credit line at 3%, for a period of 3 years in the amount of 30 billion Baht

Fiscal Measures



Reducing withholding tax

from 3% to 1.5% from Apr. to Sep. 2020

Tax deduction for interest expenses

of up to 1.5 times for SMEs participating in low-interest credit measures, between 1 Apr. and 31 Dec. 2020

Tax deduction allowances for salary expenses

of up to 3 times for SMEs, between Apr. and Jul. 2020

Expediting VAT refunds

to domestic entrepreneurs within 15 days after filing the online form and within 45 days for physical form submission at the Revenue Department

Capital Market Measures



Tax deduction on the purchase of investment units in SSF

The general public can deduct the purchasing investment units in SSF, which has a policy to invest in securities listed on the SET at least 65% of the net asset value but not over 200,000 Baht

Other Measures



Refunding of electricity meter deposits

for businesses affected by the outbreak

Reducing rental fees

for state properties of government agencies

Phase 2 (Approved by Thai cabinet on 24 March 2020)

Targets:
Temporary & informal workers and business operators
affected by the economic impacts of the COVID-19 outbreak

Measures for temporary and informal workers



Cash handouts

of 5,000 Baht per month for three months for some 3 million workers not covered by the SSF

Emergency loan

of 10,000-Baht per person at 0.1% monthly interest with no collateral for loans of up to 2 years and 6 months

Special loan

of 50,000-Baht per person at 0.35% monthly interest with collateral for loans of up to 3 years

Lowering the interest rate

of state-owned pawnshops of 0.125% a month for 2 years

Training and skills enhancement

for workers affected by the COVID-19 outbreak

Extension of personal income tax filing

deadline from 30 Jun. to 31 Aug. 2020

Increasing deduction of health insurance

from 15,000 Baht to 25,000 Baht starting from the 2020 tax year

Tax exemption of risk allowances for medical professionals in the frontline of combating the COVID-19 outbreak

Measures for business operators



Tax filing deadline extension on the following:



1. Corporate income tax



3. Excise tax for oil products operators



2. Other taxes for affected operators



4. Tax refund and tax payment for affected operators

A special credit line

of up to 3 million Baht for SMEs at a 3% interest rate in the first 2 years for loans of up to 5 years

Exemption of import duty

for products related to the prevention and treatment of COVID-19 until 30 Sep. 2020

Exemption of taxes and fee cuts

for debt restructuring with non-financial institution creditors

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Phase 3 (Approved by Thai cabinet on 7 April 2020)

Target:
Maintenance of domestic economy
and stability of financial system

Additional funds



1 trillion Baht
for healthcare and
economic measures
by executive decree



600,000
million Baht

for healthcare measures
and economic relief for farmers
and business operators



400,000
million Baht

for economic measures
of developing the local
economy and infrastructure

Economic and financial system stabilization measures



BOT to issue soft loan
to help businesses
by executive decree

Allocation of 500,000 million Baht
for commercial banks and SFIs to
provide soft loans at 2% interest
rate for SMEs with a credit line of
no more than 500 million Baht
each

Commercial banks and SFIs
will give SMEs, with a credit line
not exceeding 100 million Baht
each, a six-month debt moratorium
on principal and interest

BOT



Establishment of Corporate
Bond Liquidity Stabilization
Fund by executive decree

of 400,000 million Baht
through which the BOT
can buy corporate bonds

Other measures



Deposit protection
at of 5 million Baht
per customer
until 10 Aug. 2021



Low interest loans
for non-banks



Temporary reduction
of deposit contribution rate
paid by financial institutions
to BOT from 0.46% per year
to 0.23% per year

Phase One: Economic Relief Measures

To alleviate the economic impact of the COVID-19 outbreak, the Royal Thai Government has approved Phase One of a series of financial and fiscal relief measures. These measures are largely aimed at small and medium-sized businesses which would be most affected by the economic impacts of the outbreak. The measures approved by the Thai cabinet on March 10, 2020 are as follows:

1. Monetary Measures

1.1 Low interest soft loans at 2% interest for a period of 2 years, not over 20 million Baht per customer in the total amount of 150 billion Baht.

1.2 Pause in principal payments, reduce interest, and extend repayment period for the debtors affected by COVID-19 which will be operated by state-controlled Specialized Financial Institutions (SFIs) such as Government Savings Bank and Government Housing Bank.

1.3 The Bank of Thailand has eased the rules for granting commercial bank loans.

1.4 The Social Security Fund (SSF) will provide a credit line at 3%, for a period of 3 years in the total amount of 30 billion Baht.

2. Fiscal Measures

2.1 Reducing withholding tax from 3% to 1.5% from April to September 2020.

2.2 Small and Medium Enterprises (SMEs), participating in low-interest credit measures and having a single account, can receive 1.5 times deduction for interest expenses that occur between 1 April and 31 December, 2020.

2.3 SMEs can receive tax deduction of up to 3 times for salary expenses, for employees who are insured under the law on the SSF and receive wages of not more than 15,000 Baht per person per month, paid from April to July 2020.

2.4 The expedition of VAT refunds to domestic entrepreneurs within 15 days after filing the online form and within 45 days for physical form submission at the Revenue Department.

3. Capital Market Measures

The general public can deduct the purchasing investment units in SSF, which has a policy to invest in securities listed on the Stock Exchange of Thailand at least 65% of the net asset value but not over 200,000 Baht.

4. Other Measures

4.1 Refunding of electricity meter deposits for businesses affected by the outbreak.

4.2 Government agencies to reduce rental fees for state properties.

Overall, these measures are expected to create a circulation of 400,000 million Baht in the Thai economy. Additionally, the government has allocated 20,000 million Baht for an emergency fund to provide financial assistance to those who are impacted by the outbreak.

Division of Economic Division
Department of International Economic Affairs
March 2020

Phase Two: Economic Relief Measures

To mitigate the negative economic impacts on temporary and informal workers and business operators in the sectors most affected by the outbreak of COVID-19, the Royal Thai Government has approved Phase Two of a series of financial and fiscal relief measures. The measures approved by the Thai cabinet on March 24, 2020 are as follows:

1. Relief measures for temporary and informal workers

1.1 Cash handouts of 5,000 Baht per month for three months for some 3 million workers not covered by the Social Security Fund (SSF) while those under the SSF will get increased unemployment compensation to 50% of the salaries. The handouts are applicable to those working in businesses that were ordered to close due to the COVID-19 outbreak such as sporting venues, theatres, massage parlors, spas, and gyms.

1.2 Emergency loan of 10,000-Baht per person at 0.1% monthly interest with no collateral for loans of up to 2 years and 6 months. Individuals can file for the emergency loan until 30 December 2020. The Government Saving Bank and the Bank for Agriculture and Agricultural Cooperatives will provide a collective credit limit of 40,000 million Baht.

1.3 Special loan of 50,000-Baht per person at 0.35% monthly interest with collateral for loans of up to 3 years. Individuals can file for the special loan until 30 December 2020. The Government Saving Bank will provide a credit limit of 20,000 million Baht.

1.4 Lowering the interest rate of state-owned pawnshops of 0.125% a month for 2 years.

1.5 Training and skills enhancement activities for workers affected by the COVID-19 outbreak.

1.6 The extension of personal income tax filing deadline from 30 June 2020 to 31 August 2020.

1.7 Increase deduction of health insurance premiums from 15,000 Baht to 25,000 Baht starting from the 2020 tax year.

1.8 Tax exemption of risk allowances for medical professionals in the frontline of combating the COVID-19 outbreak.

2. Relief measures for business operators

2.1 A special credit line of up to 3 million Baht for SMEs at a 3% interest rate in the first 2 years for loans of up to 5 years. Businesses can file for loans until 30 December 2020. This measure is for businesses affected by the outbreak of COVID-19 particularly those in the tourism sector including buses, hotels, and restaurants.

2.2 The extension of corporate income tax filing to 31 August 2020 (Por Ngor Dor 50) and 30 September 2020 (Por Ngor Dor 51).

2.3 The extension of filing of other taxes for affected operators.

2.4 The extension of filing of excise tax for oil products operators extended to the 15th of the following month for three months (April – June 2020).

2.5 The extension of deadline for filing tax refunds and paying taxes for businesses in the service sector affected by orders to close business to prevent the spread of COVID-19 such as restaurants, bars, and nightclubs.

2.6 The exemption of import duty for products related to the prevention and treatment of COVID-19 until 30 September 2020.

2.7 The exemption of taxes and fee cuts for debt restructuring with non-financial institution creditors.

Division of Economic Information
Department of International Economic Affairs
March 2020

Phase 3 Economic Relief Measures

To provide relief for the people and to maintain stability of the domestic economy and its financial system, the Royal Thai Government has approved Phase 3 of a series of financial and fiscal relief measures. The measures approved by the Thai cabinet on April 7, 2020 are as follows:

1. Additional funds for healthcare and economic relief measures

Allocation of additional funds of 1 trillion Baht (approx. 31 billion USD), by executive decree through the Ministry of Finance, for healthcare and economic measures in response to the COVID-19 outbreak: (1) 600,000 million Baht for health-related plans and economic relief for farmers and business operators and (2) 400,000 million Baht for economic measures of developing the local economy and infrastructure that would help improve productivity and strengthen domestic economy.

2. Economic and financial system stabilization measures

2.1 An executive decree to authorize the Bank of Thailand (BOT) to issue soft loan to help businesses;

(1) Allocation of 500,000 million Baht (approx. 15 billion USD) for commercial banks and specialized financial institutions to provide soft loans at 2% annual interest rate for SMEs, with a credit line of no more than 500 million Baht each.

(2) The commercial banks and the specialized financial institutions will give SMEs, with a credit line not exceeding 100 million Baht each, a six-month debt moratorium on both principal and interest.

2.2 The executive decree, through the Bank of Thailand (BOT), is aimed at cushioning the corporate bond market by setting up a Corporate Bond Liquidity Stabilization Fund (BSF) of 400,000 million Baht (approx. 12 billion USD), in which the BOT can buy corporate bonds to keep liquidity flowing.

3. Other measures

3.1 The extension of deposit protection deadline at the level of 5 million Baht per customer from 10 August 2020 to 10 August 2021.

3.2 Low interest loans for non-banks.

3.3 Temporary reduction of the deposit contribution rate paid by financial institutions to the Financial Institutions Development Fund, through the Bank of Thailand, from 0.46% per year to 0.23% per year.

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