

Tax Break Article April 2009



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Debt Restructuring Relief – New Rules

For debt restructuring of Non-Performing Loans ('NPL') during the period 1 January 2009 to 31 December 2009, NPL debtors will be exempt from income tax for the debt released by the financial institution or other creditors, provided certain complying conditions imposed by the Bank of Thailand are met. The financial institutions and other creditors will also be allowed to write-off certain bad debts as a tax deductible expense without having to comply with the normal bad debt write off rules.

Under the new measures, debtors of financial institutions (and other creditors) may be exempt from a variety of taxes including income tax, VAT, SBT and stamp duty where there is a restructuring or partial restructuring of the business. They may also qualify for a reduction in the transfer fee where the restructuring involves a sale of real property.

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