Topics in November 2025

Tax measures to promote investment in machinery, high-efficiency equipment, and energy-saving devices

The Cabinet passed a resolution on 25 November 2025 approving tax measures to promote investment in machinery, high-efficiency equipment, and energy-saving devices that carry a 5-star energy-efficiency label and are sold by VAT-registered entrepreneurs. Companies need evidence of e-Tax Invoices from the date the royal decree enters into force until 31 December 2028 to claim a 1.5-times expense deduction by exempting a corporate income tax equal to 50 percent of the amount invested in the aforementioned assets.

New Auditing Standard Issued by TFAC: TSA for LCE

On **11 December 2025**, the **Federation of Accounting Professions (TFAC)** officially issued a new auditing standard titled:
"Thai Standard on Auditing for Less Complex Entities (TSA for LCE)".
This standard is designed specifically for audits of financial statements of entities whose operations and organizational structures are considered **less complex**.

Overview

TSA for LCE aims to provide an **appropriate and efficient audit framework** for less complex entities, while maintaining the objective of obtaining **reasonable assurance** that the financial statements are free from material misstatement.
Instead of applying the full set of existing Thai Standards on Auditing (TSAs), this standard consolidates and simplifies audit requirements, allowing auditors to focus on risks relevant to simpler business environments.

Scope and Application

- TSA for LCE is **not mandatory** for all entities.
- It may be applied **only when the auditor concludes that the entity qualifies as a Less Complex Entity (LCE)**.
- The standard **must be applied in its entirety**; it cannot be combined with other TSAs.

If the auditor determines that the entity does not meet the LCE criteria, the audit must be conducted in accordance with the full TSAs.

Entities Not Eligible

TSA for LCE **cannot be applied** to:

1. Listed companies or entities with public accountability
2. Financial institutions (e.g. banks, insurance companies)
3. Entities subject to extensive regulatory oversight
4. Audits involving complex group structures or group audits

Key Practical Considerations

- The auditor must **document the rationale** for applying TSA for LCE in the audit working papers.
- Professional judgment remains essential in assessing entity complexity.

- While procedures are simplified, **audit quality and professional skepticism are not reduced**.

Effective Date

TSA for LCE is effective for audits of financial statements for **periods beginning on or after 15 December 2025**.

Additional draft revision to the National Competitiveness Enhancement Act approved by Cabinet (September 2, 2025)

- This additional draft revision to the National Competitiveness Enhancement Act, proposed by the Board of Investment (BOI) to strengthen competitiveness in targeted industries, was approved by the Cabinet and is currently under review by the Council of State. Following this, it will be submitted for consideration by Parliament. The draft is expected to be approved by Parliament, signed by the King, and formally announced within the first quarter of 2026.

- This law is of significant importance because it establishes various measures, such as the Qualified Refundable Tax Credit (QRTC), that ensure BOI incentives remain effective to a certain degree under the Global Minimum Tax regime, which has been in force since 1 January 2025, specifically with respect to the Qualified Domestic Minimum Top-up Tax (QDMTT). As part of the global community, Thailand is therefore required to enact this law promptly.

- It is believed that a significant number of Japanese companies operate as constituent entities of multinational enterprises (MNEs) whose total consolidated revenue, based on their financial statements, meets or exceeds the prescribed threshold (i.e., not less than EUR 750 million, or approximately THB 28,000 million).

- Once the top-up tax system becomes effective, its impact on companies currently benefiting from tax exemptions granted by the Board of Investment (BOI) remains unclear. In particular, if companies that have previously received BOI tax exemptions become subject to a minimum effective tax rate of 15 percent, such incentives may be rendered ineffective or substantially diminished. The author considers that significant uncertainty persists regarding these issues.

【Author Mr. Naomichi Katabe, Japanese Public Accountant】