



TMI Eyes No. 34: Top-Up Tax in Thailand – BOI Policy and Implications for Investors

TMI wishes all readers a Happy New Year 2026 and extends its best wishes as we prepare for another challenging year ahead.

This article outlines Thailand’s Top-Up Tax regime under Pillar Two of the OECD BEPS 2.0 framework, recent BOI policy developments, and key implications for investors, BOI-promoted entities, and applicants.

Thailand and the Top-Up Tax

Thailand enacted the Emergency Decree on Top-Up Tax B.E. 2567 (2024), effective from 1 January 2025, aligning its tax framework with the OECD’s global minimum tax initiative.

The Top-Up Tax applies where a multinational enterprise’s (MNE’s) effective tax rate (ETR) in a jurisdiction falls below the 15% global minimum. Its objective is to curb profit shifting to low-tax jurisdictions and ensure tax revenues are allocated to jurisdictions where economic activity and value creation occur.

The regime operates through several mechanisms, including the Domestic Minimum Top-Up Tax (DMTT / QDMTT), the Income Inclusion Rule (IIR), and the Undertaxed Payments Rule (UTPR), which determine how and where the top-up tax is collected. Detailed mechanics are beyond the scope of this article.

In Thailand, the regime applies to fiscal years beginning on or after 1 January 2025, with initial filing and payment obligations expected in 2026–2027, depending on group structure and fiscal year-end.

Interaction with BOI Incentives

Thailand’s standard corporate income tax (CIT) rate of 20% exceeds the 15% global minimum and would not, by itself, give rise to Top-Up Tax exposure.

However, the Board of Investment (BOI) incentives, notably, CIT exemptions or reductions, may result in an ETR below 15%. As a result, BOI-promoted companies within large MNE groups may trigger Top-Up Tax liabilities under Pillar Two, potentially diminishing the effective value of traditional BOI tax holidays.

For example, where a Thai company benefits from a full CIT exemption, a top-up tax may be required, either at the level of the ultimate parent entity under the IIR or in Thailand through a domestic minimum top-up tax, to bring the ETR up to 15%.

BOI's Latest Position

The BOI has been actively reviewing and adapting Thailand's investment incentive framework to remain competitive in the Pillar Two environment. While keeping granting the CIT benefits, Thailand's policy direction suggests an intention to ensure that any Top-Up Tax arising from Thai operations is collected domestically, rather than by a foreign parent jurisdiction. This aligns with a broader global trend toward adopting domestic minimum top-up taxes to protect local tax bases.

These include proposals to allocate a portion of Top-Up Tax revenues to national competitiveness funds or targeted programs supporting priority industries, as well as consideration of alternative incentives such as Qualified Refundable Tax Credits (QRTCs). QRTCs, which may be provided as cash refunds or refundable tax credits, are generally more compatible with the OECD's global minimum tax rules and therefore less likely to trigger additional Top-Up Tax exposure.

Similar approaches are being discussed or implemented in several jurisdictions as a means of preserving the economic value of investment incentives while remaining compliant with global minimum tax requirements.

Impact on Investors and Their Incentives

The Top-Up Tax regime applies only to multinational enterprise (MNE) groups with consolidated annual revenues of at least EUR 750 million. For in-scope investors, any effective tax rate below 15% will result in a Top-Up Tax liability being imposed somewhere within the group. By contrast, groups that fall outside this threshold will not be subject to the Top-Up Tax regime and will generally not be impacted.

By contrast, investors outside the scope of Pillar Two, including groups below the EUR 750 million threshold, will generally not be affected, and traditional BOI tax incentives should continue to apply without Top-Up Tax implications.

Author's Note


The Top-Up Tax marks a significant shift in Thailand's international tax framework and has direct implications for BOI-promoted companies, particularly those within multinational groups. The Top-Up Tax might reduce the tax benefits for in-scope investors.

BOI companies should proactively assess their Pillar Two exposure, review their effective tax rates during and after incentive periods, and evaluate whether existing BOI incentives remain efficient under the new rules. Early preparation, including data readiness, compliance planning, and engagement with evolving BOI incentive structures, will be critical to managing tax risks and preserving investment value in the new global minimum tax environment.

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