



Thailand: Income Tax Exemptions for Solar Power Systems and Energy-Efficient investments

The Thai government has issued Royal Decree No. 805 B.E. 2569 (2026), introducing new personal and corporate income tax exemptions to promote renewable energy and energy-efficient technologies. The incentives cover investments in solar power systems and high-efficiency machinery or equipment, with specific conditions and qualification requirements.

Tax Exemption for Solar Power Systems

As per the prescribed conditions for the personal income tax (PIT) exemption, the taxpayer shall incur expenses for the purchase of equipment and installation costs of one solar power system installed on a roof, rooftop, or any part of a building that a person may occupy or use.

- The solar power system must be connected to the electricity grid of the Metropolitan Electricity Authority (MEA) or the Provincial Electricity Authority (PEA).
- The exemption applies to actual expenses paid, capped at Baht 200,000.
- The PIT exemption shall be exercised only once in the taxable year in which the connection to the electricity grid is successfully completed.

Tax Incentives for Energy-Efficient machinery and equipment

The Royal Decree also provides tax benefits for:

- Individuals earning assessable income under Section 40(5)-(8) of the Revenue Code, and
- Companies or juristic partnerships investing in energy-efficient machinery or equipment.

Taxpayers are eligible for a 50% income tax exemption on the amount paid for investments in high-efficiency machinery or equipment for energy conservation that results in energy savings.

To qualify the machinery or equipment must be certified with a 5-star energy efficiency label by Department of Alternative Energy Development and Efficiency (DEDE), and Electricity Generating Authority of Thailand (EGAT).

To claim the tax exemptions under Royal Decree No. 805:

- Payments must be made to a registered VAT operator and supported by an E-tax invoice issued in accordance with the Revenue Code.
- Expenses eligible for income tax exemption under this Royal Decree shall not be used, whether in whole or in part, to claim income tax exemptions under other Royal Decrees or Ministerial Regulations issued under the Revenue Code, or in a business granted corporate income tax exemption under the investment promotion, national competitiveness enhancement, or Eastern Special Development Zone laws.
- It must be according to the rules, procedures and conditions prescribed by the Director General.
- Eligible payment period: 3 March 2026 - 31 December 2028

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To maximize the benefits and mitigate potential tax risks, taxpayers should:

- Ensure that the solar power system is installed and connected to the electricity grid of the MEA or the PEA within the incentive period and retain evidence of successful grid connection.
- Ensure that the solar system and related equipment meet the prescribed eligibility conditions, and any energy-efficiency equipment qualifies for certification by the DEDE and the EGAT where applicable.
- Avoid double-claiming tax incentives by ensuring that the same expenses are not used to obtain tax benefits under other incentive schemes.
- Maintain adequate documentation (e.g., installation contracts, equipment specifications, E-tax invoices, payment records, and grid connection confirmation) to support the tax claim in the event of a tax audit.

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