



## **Important Tax News for Hotels in 2026! Thai Gov Greenlights Double Tax Deduction to Support Hotel Renovations**

The Thai Revenue Department has announced a major economic stimulus package for the tourism sector. The Royal Decree on Exemption from Revenue Taxes (No. 800) B.E. 2568 has been issued, offering significant benefits for hotel businesses. Under this measure, businesses can claim an additional 100% tax deduction for costs related to additions, alterations, and renovations of their hotel properties. The initiative aims to elevate Thai tourism standards and attract private sector investment.

On December 29, 2025, the Royal Gazette published the Royal Decree Issued Under the Revenue Code Governing Exemption from Revenue Taxes (No. 800) B.E. 2568, which became effective the following day. The primary objective is to encourage hotel operators to invest in their assets, thereby enhancing competitiveness and stimulating long-term economic growth.

### Who is Eligible and What are the Benefits?

This tax incentive is available to companies or juristic partnerships licensed as hotel operators under the Hotel Act. The key details are as follows:

- **Tax Exemption Benefits:** Businesses can claim an additional 100% deduction.
- **Qualified Expenses:** The deduction applies to costs incurred for the addition, alteration, expansion, or renovation of assets used specifically in hotel operations.
- **Eligible Asset Types:**
  1. Permanent buildings used for hotel business activities.
  2. Permanent fixtures or furniture that are built-in or permanently attached to the hotel building.
- **Investment Period:** To qualify, expenses must be paid between October 29, 2025, and March 31, 2026, only.

### Key Conditions and Important Considerations

Not all expenses are eligible for this tax privilege. To qualify, licensed hotel operators must strictly adhere to the following conditions:

- **Exclusion of Repair and Maintenance Costs:** Expenses must be for improvements or upgrades that enhance the asset's value or capability. Standard "Repair and Maintenance" costs intended only to maintain the asset's current condition are not eligible.
- **Ready-for-Use Requirement:** The renovated or improved assets must be completed and ready for use by March 31, 2026.
- **Domestic Location:** The assets must be located within Thailand.
- **No Double Benefits:** The assets must not have previously received or be currently benefiting from other tax incentive programs, such as those under the Board of Investment (BOI) or the Eastern Economic Corridor (EEC) schemes.
- **Required report:** The Company is required to prepare an investment project and a payment plan and notify the Director-General.

## **Business Impacts and Opportunities**

This measure represents a "Golden Opportunity" for hotel operators planning to renovate buildings or upgrade fixtures in preparation for the upcoming tourism season. Beyond physical improvements, the primary advantage is a substantial reduction in Corporate Income Tax (CIT), which directly bolsters the business's cash flow by minimizing tax liabilities.

A critical risk that operators must navigate is the "misclassification of expenditures." It is vital to distinguish between routine repair and maintenance and capital improvements for investment.

If the Revenue Department determines that an expense was incorrectly claimed as an improvement when it was actually a standard repair intended to maintain the asset's current condition, the tax benefits may be revoked. This could result in retroactive tax assessments, along with penalties and surcharges.

At this stage, the relevant notification from The Thai Revenue Department, prescribing clear rules, procedures, conditions, and timelines, has not been issued to public. As such, business operators are advised to closely monitor further announcements from the authorities. However, the tax incentive cannot be fully claimed in the year the investment is incurred. The first portion of the deduction may be claimed as normal depreciation in accordance with standard tax rules, while the additional deduction must be claimed in equal amounts over a period of 20 accounting periods, commencing from the first accounting period in which depreciation of the relevant assets is recorded.

In the meantime, companies should begin preparing and retaining supporting documents related to qualifying expenses. This preliminary preparation will help ensure that the notification of the investment project and the application of the tax incentive can be carried out accurately and in full compliance with the legal requirements once the detailed guidelines are officially public.

Royal Decree No. 800 presents a valuable opportunity to transform your business development expenditures into significant tax incentives. If your investment plans are slated for late 2025 through early 2026, this is the optimal window to move forward and maximize your business's financial growth.

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