

Bank of Thailand's Economic Relief Measures for SMEs Affected By COVID-19 as of April 7

Faced with the specter of corporate liquidity problems brought about by the COVID-19 pandemic, the Thai government and the Bank of Thailand (BOT) have announced an array of measures to assist small and midsize enterprises (SMEs) affected by the COVID-19 pandemic. The measures range from preemptive financial support, to debt moratoria, to the granting of low interest financial assistance.

Below is a chronological summary of the measures as at April 7:

On February 28, the BOT issued guidelines to Specialized Financial Institutions (SFIs) (i.e., state-owned financial institutions established and defined under specific laws, such as the Government Savings Bank, Export-Import Bank of Thailand, and Small and Medium Enterprise Development Bank of Thailand), for providing preemptive financial support to debtors who face direct and indirect adverse impact from the COVID-19 outbreak. The guidelines include providing additional working capital, loan moratoria, packing credit or trust receipts, renewal of credit limits, and cutting interest rates. [Details of the February 28 package are available here.](#)

On March 10, the Thai cabinet approved a broad range of financial and fiscal relief measures to alleviate the impact of the COVID-19 outbreak on SMEs, including:

1. Making a total of THB 150 billion available for low interest loans (at 2% interest for a period of two years, for not over THB 20 million per customer).
2. Suspending payments of principal and reducing interest rates for debts owed to the Government Savings Bank and Government Housing Bank.
3. Easing of the BOT rules for granting loans by commercial banks.
4. The Social Security Fund making available a total amount of THB 30 billion for low interest loans (at 3% interest for a period of three years).
5. Reducing withholding tax from 3% to 1.5%.
6. Allowing SMEs a tax deduction equal to 1.5 times their interest expenses incurred on loans obtained under the government's low interest soft loan initiative (item 1 above) occurring between April 1, 2020, and December 31, 2020.
7. Allowing SMEs to deduct, for corporate income tax purposes, three times the salary expenses paid from April 2020 to July 2020 to employees who are insured under the Social Security Fund and who receive wages of not more than THB 15,000 per person per month.
8. Acceleration of VAT refunds to domestic entrepreneurs within 15 days after filing the form.
9. Refunding the deposit for electricity usage.
10. [Reducing contributions to the Social Security Fund by employers and employees.](#)
11. Reducing rental fees for state property by government agencies.

On March 20, the BOT cut the policy rate by 0.25 percentage points from 1.00% to 0.75%, the lowest so far, effective on March 23, to reduce the burdens of borrowers affected by the COVID-19 outbreak and to alleviate the liquidity problem of the financial markets.

On April 7, the BOT announced additional measures to assist SMEs affected by COVID-19. These include the following:

1. A six-month loan payment holiday for all SMEs with a credit line not exceeding THB 100 million. The payment holiday will not be considered as a missed payment and thus will not impair credit history.
2. Soft loans to SMEs with a credit line not exceeding THB 500 million at a concessional interest rate of 2% per annum and interest-free for the first six months.

These measures provide extensive relief for businesses impacted by the outbreak—especially when considered alongside the [tax relief measures announced by the Thai Revenue Department](#). However, as the crisis deepens and the situation develops, it is likely that the government will continue to issue further economic stimulus measures in an attempt to soften the blow of the outbreak on the national economy. Affected companies should keep a close eye on the measures made available to them, so that they can avail themselves of these measures if necessary to maintain liquidity. Tilleke & Gibbins will continue to update you on these measures as they emerge.

For more information on the economic stimulus measures, or on any aspect of commercial financing in Thailand, please contact Cynthia Pornavalai on cynthia.p@tilleke.com or +66 2056 5559.

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Our Commitment to Continuous Client Service

During the COVID-19 outbreak, we are focused on maintaining high-quality client services while ensuring the safety and wellbeing of our team. Over the past several weeks, Tilleke & Gibbins has implemented our Business Continuity Plan across our offices in Cambodia, Indonesia, Laos, Myanmar, Thailand, and Vietnam. The vast majority of our team members are now working remotely, and based on our robust technology infrastructure, we are providing our full range of services as usual. We are now carrying out all client meetings through the use of technology, and, as many of you will have already experienced, this is proving to be a highly effective solution. By implementing a range of technology and agile working measures, we will ensure that you continue to receive the highest quality services with the fastest possible response times from our team. We know that you are facing complex business challenges during this crisis, and we have put together a bank of practical resources tracking the legal developments in the region as they happen—you can access them all at [this link](#). In addition, we want to assure you that our team will be continuously available to help you navigate these issues across Southeast Asia. If you have any queries about these measures, please contact your usual client service partner, or email communications@tilleke.com.

Stay well, safe, and healthy.