

Legal Update

Thailand Joins Global Minimum Tax Framework: Cabinet Approves Key International Tax Cooperation Measures

On 16 June 2026, the Thai Cabinet approved in principle two significant international tax measures that mark a major step forward in Thailand's participation in the global effort to implement a minimum corporate tax rate. The approvals relate to Thailand's engagement with the Organisation for Economic Co-operation and Development (OECD)'s Global Anti-Base Erosion (GloBE) Rules — the legal framework underpinning the 15 percent Global Minimum Tax (GMT) agreed by over 135 jurisdictions. These developments carry significant implications for multinational enterprise (MNE) groups operating in or through Thailand, as well as for international investors monitoring Thailand's regulatory trajectory.

This alert summarises the Cabinet's decisions, explains the instruments involved and outlines the practical next steps for businesses and advisors.

1. What the Cabinet approved

1. Amendment of Annex A of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters to include top-up tax

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) is a comprehensive multilateral treaty developed jointly by the OECD and the Council of Europe, now covering over 140 jurisdictions. Annex A of the MAC specifies the categories of taxes covered by the Convention for each signatory country. By notifying the OECD to amend Annex A to include the Qualifying Domestic Minimum Top-up Tax (QDMTT) and/or the Income Inclusion Rule (IIR) top-up taxes, Thailand formally brings the GMT mechanisms within the scope of its existing treaty framework for administrative cooperation in tax matters.

In practice, this means that the Thai Revenue Department, Thailand's relevant tax authority, will be able to request and exchange information, conduct simultaneous tax examinations, and engage in other cooperative administrative measures with treaty partners specifically in respect of the GMT top-up taxes — a necessary step to ensure the effective enforcement of GloBE rules once implemented.

2. Participation in the Multilateral Competent Authority Agreement on the Exchange of GloBE Information Returns

The Multilateral Competent Authority Agreement on the Exchange of GloBE Information Returns (MCAA GIR) is a multilateral agreement among tax authorities that establishes an automatic exchange framework for GloBE Information Returns (GIRs). Under the GloBE Rules, the ultimate parent entity of a large MNE group (with annual consolidated revenue of EUR 750 million or more) is required to file a GloBE Information Return with its local tax authority. That return sets out the group's global income, taxes paid and effective tax rates by jurisdiction. The MCAA GIR enables participating countries' tax authorities to automatically exchange these returns with each other, facilitating coordinated enforcement without the need for individual bilateral agreements.

Thailand's entry into the MCAA GIR is a critical enabling step: without it, Thailand's Revenue Department would lack access to the information infrastructure needed to assess and collect top-up taxes on the profits of in-scope MNE groups operating in Thailand.

2. Context: Thailand's GloBE implementation journey

Thailand has been actively aligning its tax framework with the OECD/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting), of which Thailand is a member. The GloBE Rules, forming Pillar Two of the BEPS 2.0 initiative, establish a global floor of 15 percent effective tax rate for large MNEs. A jurisdiction may implement:

- A Qualified Domestic Minimum Top-up Tax (QDMTT), allowing Thailand to collect any top-up tax on locally low-taxed profits before other jurisdictions can do so under their own rules;
- An Income Inclusion Rule (IIR), requiring a parent entity in Thailand to pay top-up tax on its low-taxed subsidiaries' income; and
- An Undertaxed Profits Rule (UTPR), acting as a backstop where other rules have not been applied.

Thailand has been working on domestic legislation to implement GloBE Rules. The Cabinet's approval on 16 June 2026 of the MAC Annex A amendment and MCAA GIR participation provides the international treaty and information-exchange architecture essential for that domestic legislation to function in practice.

3. What happens next

The Cabinet's approval is described as "in principle" approval. The formal next steps outlined by the Thai government are:

- Formal notification to the OECD to amend Thailand's Annex A under the MAC to include the GMT top-up taxes within the scope of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters; and
- Completion of the domestic procedural requirements necessary to activate the exchange of GloBE Information Returns under the MCAA GIR, which will involve treaty action and, potentially, further subordinate legislation.

Businesses should also monitor the progress of Thailand's domestic GloBE legislation, which will determine the exact scope, timing and mechanics of top-up tax obligations in Thailand.

4. Implications for Businesses

This development is significant for the following categories of businesses:

Large MNE Groups with Thai Operations

MNE groups with consolidated annual revenue of EUR 750 million or more that have constituent entities or operations in Thailand should be aware that: (i) Thailand will have access to GloBE Information Returns filed in other jurisdictions, and (ii) Thailand's domestic top-up tax regime, when enacted, may apply to profits taxed below the 15 percent effective rate. Groups that rely on Thai tax incentives (such as Thailand Board of Investment-promoted rates, regional headquarters benefits, or International Business Center regimes) should reassess their effective tax rates under the GloBE calculation methodology, which may differ significantly from statutory rates.

Groups Structuring Through Thailand

Thailand has historically been used as a regional holding and treasury hub, partly due to its favourable tax treaty network and special tax regimes. These structures require re-evaluation under the GloBE framework. The MCAA GIR means that revenue authorities in other jurisdictions will be able to identify where Thailand-based entities sit in the global structure and whether sufficient tax is being paid.

Investors and Private Clients with International Structures

While GloBE Rules technically apply to MNEs meeting the EUR 750 million revenue threshold, the increased information exchange and coordinated enforcement environment signals a broader trend toward greater tax transparency. Family offices, private holding structures, and high-net-worth investors with complex cross-border arrangements should consider the evolving reporting and compliance landscape.

5. Conclusion

Thailand's Cabinet approval of the MAC Annex A amendment and MCAA GIR participation on 16 June 2026 represents a concrete and significant milestone in the country's implementation of the Global Minimum Tax framework. While domestic legislation will ultimately determine the precise obligations on businesses, the international legal architecture is being put in place. MNE groups with operations in Thailand, or that hold Thai entities within wider structures, should begin reviewing their GloBE position now — including their effective tax rate calculations, existing incentive regimes, and information filing obligations.

Further Information

PDLegal advises on cross-border tax structuring, international tax treaty matters and GloBE compliance readiness across our offices in Thailand, Singapore, Malaysia and Australia. We will continue to monitor the progress of Thailand's domestic GloBE legislation and related international developments.

Should you have any questions on Thailand's Global Minimum Tax implementation or how these developments may affect you or your business, please get in touch with the team at PDLegal.

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