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# The 2022 Global Philanthropy Environment Index Thailand

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**Institutional Affiliation:**

Edited by the Indiana University Lilly Family School of Philanthropy

## QUICK FACTS

**Legal forms of philanthropic organizations included in the law:** Association, Cooperative, Endowment, Foundation, Society, Social Enterprise

**Five main social issues addressed by these organizations:** Basic Needs, Early Childhood Education, Environment, Housing and Economic Development, Human Rights

**Average time established by law to register a philanthropic organization:** More than 90 days

**Average cost for registering a philanthropic organization:** USD 16,000

The registration cost includes the costs of an endowment for forming a foundation. For associations, the average cost for registration is around USD 70.

**Government levels primarily regulating the incorporation of philanthropic organizations:** Central/Federal Government, Local Government

If the organization works at the local level, then local administration is enough for incorporation as a philanthropic organization (PO), but if a PO operates at the national level, then the central government agency's permission is needed.

**Philanthropic Environment Scores:**

<b>Year</b>	<b>Ease of Operating a PO</b>	<b>Tax Incentives</b>	<b>Cross-Border Philanthropic Flows</b>	<b>Political Environment</b>	<b>Economic Environment</b>	<b>Socio- Cultural Environment</b>	<b>Overall Score</b>
<b>2022 GPEI</b>	3.33	3.00	3.00	3.00	3.00	4.00	3.22
<b>2018 GPEI</b>	3.50	3.00	3.00	3.00	N.A.	3.00	3.10

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## Key Findings

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

Question One: To what extent can individuals form and incorporate the organizations defined?

<b>Score: 4.0</b>
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Individuals can form and incorporate POs freely, as long as there is no intention to meddle in politics.

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

Question Two: To what extent are POs free to operate without excessive government interference?

<b>Score: 3.0</b>
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Most communication with government agencies is paper-based and therefore it takes time. Excessive interference happens when government agencies discover any political agenda or goal within a PO. Indeed, under recent military governments, there has been an increase in harassment, arrests, and retaliatory lawsuits against critics of the monarchy and the government, as well as against human rights defenders (ICNL, 2021).

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

Question Three: To what extent is there government discretion in shutting down POs?

<b>Score: 3.0</b>
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Involuntary dissolution of a PO might happen if the government sees that the operation of the PO is beneficial to some political groups.

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

Question Four: To what extent is the tax system favorable to making charitable donations?

<b>Score: 3.0</b>
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Tax exemption is up to 10 percent of income for individuals and up to 2 percent of net profit for corporations.

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

<b>Score: 3.0</b>
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There are some tax benefits for POs in receiving charitable donations. However, getting approval for the exemption requires time. The final decision whether an association or foundation is awarded “public-charitable status,” which grants tax exemption, is made by the Revenue Department in the Ministry of Finance.

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

## III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

<b>Score: 3.0</b>
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Cross-border charitable contributions are exempt from value-added tax (VAT) but do not receive tax incentives. However, in case of cross-border donations to natural disasters, donors could receive tax benefits.

There has been no change since 2018. For more information, please see the 2018 Thailand Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16807>

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 3.0

Cross-border philanthropic inflows are tax-exempt under Section 42 (28) or (29) of the Thailand Revenue Code, but the laws are often based upon interpretation. However, if the donation exceeds THB 10 million (USD 333,350) per year, it may be subject to 5 percent of excess tax.

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.0

For some activities, such as environmental concerns or political issues, the government does not show any support or provide opportunities for collaboration.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.0

Overall, philanthropic activities such as promoting charitable giving are not well supported by the Thai government.

However, in 2019, the Social Enterprise Promotion Act was implemented, which established tax incentives and government resources for companies that chose to register as social enterprises. Registration requires that the social enterprise operates for social purposes and reinvesting funds to such causes (British Council, 2020).

#### V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.0

Thailand is an export-based country, and has observed economic slowdown, which might negatively impact philanthropy.

## VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

<b>Score: 4.0</b>
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The culture in Thailand is community-based and people are expected to support each other. Therefore, the perception of POs at a regional or national level may be less important. However, the role of POs has become more important when addressing economic and societal challenges such as the refugee crisis.

## VII. Future of Philanthropy

*These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

Current state of the philanthropic sector

In Thailand, religious charities (Buddhist usually) get the attention of the public sector. However, this support is often informal. Formal philanthropic activities receive less attention from the general public, except for educational entities, where the government offers tax measures for charitable contributions.

Looking forward, the philanthropic sector in Thailand will have to adapt to the challenges of the restrictions imposed in the Act on the Operation of Not-for-profit Organizations (“NPO bill”), which was revised several times during 2021 until the Thai cabinet ultimately passed the most recent version in February 2022 (ICNL, 2022). In a country where POs already face many restrictions on freedom of expression and assembly, the NPO bill further restricts the sector by prohibiting informal organization of groups without prior registration, giving authorities broad power to prohibit the work of POs for vague causes, imposing unreasonable and disproportionate reporting requirements on small organizations, prohibiting any cross-border inflows without express permission, disallowing appeals to any suspension or termination following violations of the law, and imposing fines of up to THB 500,000 (USD 16,670) for violations of the law (ICNL, 2021; Muntarhorn, 2022).

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The COVID-19 pandemic;
2. Political instability; and
3. Religion.

Future development trends in the philanthropic landscape

For emerging forms of philanthropy such as crowdfunding, blockchain-based giving, and collaborative projects, growth trends can be observed, but it seems that these trends do not exist at the national level yet. Additionally, new financial tools such as social impact bonds and development

impact bonds or professional practices such as impact investing and venture philanthropy will be more common in the future.

Three key recommendations to improve the environment for philanthropy

- Collaboration with international organizations;
- Promoting social awareness among people; and
- Philanthropic organizations should have specific plans tailored to different locations. Each region of Thailand has different characteristics, experiences different advantages and disadvantages in their economic potentials, and therefore they require different investments and infrastructure.

## VIII. Philanthropic Response to COVID-19

*These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.*

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Village health volunteers are playing a role in protecting against infection and tracking the infected in their local areas.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

Village health volunteers have made an effective effort in responding to the COVID-19 pandemic in Thailand. This success should be highlighted due to the hard work of this particular group of volunteers.

Impact of COVID-19 on the philanthropic environment

The main impact of the COVID-19 pandemic was economic impact, which has also made POs vulnerable.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

The economy's slow recovery might negatively impact the philanthropic environment, as charitable contributions might drop, and more POs would face financial challenges.

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