

Legal Update

THAILAND'S CORPORATE TAX RATE MAY BE DROPPED TO 15%

Mr. Satit Rungkasiri, director-general of the Revenue Department, said that Thailand's corporate tax could drop to just 15% if effort to expand the tax base are successful

Tax evasion has been a perennial problem in Thailand, reflecting the considerable size of the informal economy, loopholes within the law and sluggish pace of regulatory change.

With a population of nearly 70 million, less than 10 million are formally in the tax system. Personal income tax payers account for more than 9 million under a five-tier progressive tax system with a top rate of 37% for annual income of more than 4 million baht.

In terms of corporate and business taxes, the value-added tax (VAT) system counts 360,000 registered tax entities, while corporate taxes are paid by some 350,000 companies nationwide.

According to Mr. Satit Rungkasiri, the measures for expanding of tax base is as follows:

1. Revenue Department will increase more staff.
2. Revenue Department will invest in updated computer systems include requiring business to submit computer records on purchases and sales for VAT calculations, and using IT to cross-check with holding tax reporting by companies and individuals.

He said a larger tax base would allow authorities to cut the corporate tax rate without hurting government revenues.

Equally important, a lower tax rate would allow Thailand to compete better in the future, particularly following the launch of the Asean Economic Community in 2015, when cross-borded barriers on capital labour and goods are due to fall.

For fiscal 2012 ending this September 30, the Revenue Department, which oversees the collection of personal, corporate, value-added and specific business taxes, has a collection target of 1.26 trillion Baht.

Mr. Satit said that "we believe that with the right investment, within two years, annual tax collections could rise to as much as 3 trillion baht". And added that "it's not a target is out of reach. Last year, even without added staff or computer investment, we exceeded our targets by 19.6%."

Vickery & Worachai Ltd.

Lawyers

16th Floor, GPF Witthayu Towers A, 93/1 Wireless Road, Bangkok 10330, Thailand
Telephone: (66) 02-256-6311, 02-650-9691, Fax: (66) 02-256-6317/8
Email: vwlaw@loxinfo.co.th, Website: www.v-w.co.th

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FEBRUARY 1, 2012 D-DAY TO APPLY THE 13-DIGIT TAXPAYER IDENTIFICATION NUMBER

Mrs. Jitmanee Suwannapool, Deputy Director-General acted as the Revenue Department spokesperson said that from February 1, 2012 the 13-digit taxpayer identification number shall be applied instead of the 10-digit taxpayer identification number, this concerns individual taxpayer, body of persons, company and juristic partnership for tax filing, tax payment, income tax withholding, any contact with the Revenue Department, including any establishment of documents related namely; tax invoice issuing, receipt issuing, and so on.

The application of the 13-digit taxpayer identification number shall cover these following taxpayer

Taxpayer	The 13-digit taxpayer identification number to be used	Government sector which issue the number
1. The individual taxpayer	The 13-digit citizen identify number	The Department of Provincial Administration, Ministry of Interior.
2. The Thai Juristic taxpayer or Foreign Juristic taxpayer having to register or being granted by the Department of Business Development, Ministry of Commerce	The 13-digit juristic person registration	The Department of Business Development, Ministry of Commerce
3. The taxpayer other than 1 and 2 (such as body of persons, ordinary partnerships which isn't juristic person, alien, undivided estate, associations, foundation	The 13-digit taxpayer identification number	The Revenue Department, Ministry of Finance

However, the taxpayer can still apply the taxpayer identification number as it appeared on withholding tax certificate, tax invoice, receipt and invoice until January 31, 2013.

Mrs. Jitmanee Suwannapool added that "The application of the 13-digit taxpayer identification number is a business date link among the Revenue Department, the Department of Business Development and the Social Security Office in order to share the same date base, to reduce process for having business identification number that brings convenience to the business persons".

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16th Floor, GPF Witthayu Towers A, 93/1 Wireless Road, Bangkok 10330, Thailand
Telephone: (66) 02-256-6311, 02-650-9691, Fax: (66) 02-256-6317/8
Email: vwlaw@loxinfo.co.th, Website: www.v-w.co.th