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THE FINANCE MINISTRY WILL SEEK CABINET APPROVAL TO MAINTAIN TAX DEDUCTION FOR SMEs.

The Finance Ministry will seek cabinet approval to maintain the tax privilege enjoyed by companies on research and development expenses, saying it will keep the present level of benefits even when the corporate income tax is cut further to 20% next year.

Finance Minister said that the move is aimed at helping SMEs, which have less capability to handle rising wage costs or other negative impacts, to be able to upgrade their products and proficiency.

Currently, R&D expenses can be doubled and used as a base that is deducted from the corporate income tax, but once the reduction of corporate income tax to 20% (from 30%) takes place in fiscal 2013, the benefit of this item will decline in line with reduced rates.

For instance, if R&D investment costs 100 baht, equalling 200 baht when doubled, it can translate into corporate income tax payment savings of 60 baht at present. But next year, if the government keeps this two times calculation base, the business operator would save only 40 baht in tax payments.

The Finance Ministry will also seek to relax conditions regulating R&D tax benefits. The government will allow the private sector to claim tax deductions whether the research is conducted in-house, or by hired research houses or in co-research projects with external researchers, loosening rules that allowed deductions only for in-house research.

He added that the 300-baht minimum wage, to be raised in the remaining 70 provinces across the country after already being implemented in seven provinces earlier this year, will force SMEs to adjust their operations and improve efficiency.

R&D is key to helping them survive higher costs and the changing competitive landscape after Asean integration takes place in 2015, said Mr Kittiratt.

Previously, the Securities and Exchange Commission came up with an idea to help SMEs by promoting venture capital initiatives under which income taxes for investors, the venture capital itself and the company's owner are waived.

THE CABINET APPROVED TO CHANGE THE TRADEMARK LAW IN ORDER TO INCREASE THE PENALTIES FOR PEOPLE WHO PUT FAKE PRODUCTS INTO GENUINE PACKAGING.

On 11 September 2012, The government approved to raise penalties for those who breach trademark law by putting fake products into genuine packaging.

Such practices have misled consumers into thinking that the goods they buy belong to genuine trademark owners, said Pajchima Tanasanti, director-general of the Intellectual Property Department.

She said fake ingredients put consumer health at risk and harm the legitimate trademark owners.

The department expects new penalties to become effective next year after they were endorsed in principle by the cabin on 11 September 2012.

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Fake ingredients in real packaging are widespread in the flea markets, mainly in the form of alcoholic drinks, coffee, sauces, shampoo and cosmetics.

The department said the new penalties include a fine of up to 400,000 baht, a jail term of up to four years or both.

The department has pledged to work closely with the Information and Communication Technology Ministry, the Department of Special Investigation and the National Police Office.

In a related development, Mrs Pajchima said the cabinet endorsed an improvement of trademark law to make it compliant with international treaties, particularly the Madrid Agreement relating to the international registration of trademarks.

TGO IS PUSHING FOR GREENHOUSE GAS EMISSION REPORTING LAW.

Thailand is pushing for legislation on greenhouse gas emission reporting, aiming to have a voluntary carbon market established by October 2013, said the Thailand Greenhouse Gas Management Organisation (TGO).

Prasertsuk Chamornmarn, TGO deputy executive director and acting executive director, said having a law in place is essential as Thailand is expected to join other developing countries committed to reducing GHG emission after 2020.

Thailand has pioneered a voluntary regime for carbon trading that includes corporate social responsibility (CSR) activities.

The TGO has been working on a law that obliges corporations to report their GHG emissions. The final draft is expected to be submitted to a national committee on climate change, chaired by the prime minister, and the cabinet next year before it is sent to parliament, she added.

Under the Kyoto Protocol, developed economies have committed to cut 10-15% of the global GHG emission. To meet a challenging target of preventing a 2-degree world temperature rise, developing nations need to make a similar commitment by 2015 to cut emissions by 48% by 2020.

Dirk Forrister, president and CEO of the International Emissions Trading Association, said carbon-trading transactions were valued at US$175 billion last year, of which $100 billion were dominated by Europe.

Australia has set up a national carbon-trading scheme and vowed to link its carbon market with the European Union bourse in 2015. India has introduced its own trading platform while China is gearing up to pilot trading schemes with a view to setting up a nationwide scheme in 2015. The Korean parliament passed a bill earlier this year to establish a carbon market by 2020.

As much as $200 billion worth of annual investment in clean energy by 2020 is required to achieve the goal of preventing a 2-degree temperature rise, according to Mr Forrister.