

Independent Study Paper Title	: Application of Zero-Rate VAT for Medical Services
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ABSTRACT

At present, the provision of medical services of health institutions, whether such are provided by the public or the private sector, are both exempted from VAT, stipulated in section 81(1) (j) of the revenue code B.E.2482. It causes problems and impacts on medical businesses and their patients. The objectives of this study aim at discussing the basis of the VAT system, the comparison of taxable, exempted and zero-tax-rate supplies as well as the general principles of the exemptions of VAT imposed on medical services under the Thai tax law. Furthermore, the study aims at analyzing the problems of VAT exemptions with regard to medical services in Thailand, in order to discern and find an appropriate method to revise and render laws and regulations concerning medical businesses more suitable.

It is found that when providing medical services and grant those VAT exemption status – such method still results in costs going up as the component parts would still be VAT levied, causing extra financial burden to the population, especially then underprivileged. It is therefore essential to enact and revise the law and solve these problems. Therefore, the law should adopt an approach to impose value added tax on medical services by applying zero-tax-rated VAT. The method used in this independent research study is to compare the principles and theory of imposing value added tax under Thai law, the royal decree, the ruling of the commission of taxation of the revenue department of Thailand as well as the provisions of the Australian consumption tax.

The commendation is to apply the medical services in section 81 of the Revenue Code into the zero-tax-rated VAT system to eliminate the VAT burden and from the process of provision of medical services, for economic reasons and the betterment of society.