Independent Study Paper Title : Problem of Collecting Income Tax From a Cooperative: Case Study of the Rubber Cooperative
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ABSTRACT

The objective of this study is to explore activities of some rubber cooperatives which are now used as tools of the capitalist to avoid tax. In Thailand, rubber business is a business generating high revenue to the government. If the rubber entrepreneur establishes the corporate entity to run their business they will be taxed on the corporate income tax (CIT) in the rate of 30 percent which will be used as revenue of the government to provide any needs of their citizen for a better living. But, nowadays, some rubber entrepreneur runs their business in the form of rubber cooperative in order to get an exemption from the corporate income tax under section 39 of the Revenue Code instead of realizing on the real objectives of the cooperative.

The method of this research focuses on the problem of collecting income tax from the Rubber Cooperative. In principle, the cooperative is established with aims to help each member confronted with trouble in living; the cooperative will provide goods and services at a cheap price for members. But, the problem occurs due to section 39 of the Revenue Code which does not stipulate the meaning of cooperative as company or juristic partnership, so the cooperative will automatically obtain the exemption from the corporate income tax, separate from any corporate entity. And it becomes a loophole which induces the capitalist to form the rubber cooperative to seek the profit. In this regard, they will establish the rubber cooperative instead of other entities under section 39 of the Revenue Code so as to obtain the exemption from the corporate income tax. In countries like the United Kingdom, Japan and the United State, they levy the corporate income tax on the cooperative. Even in The People Republic's of China, the country which has a socialism regime, they also impose tax on the cooperative. Therefore, Thailand should adopt the

approach to collect tax from the cooperative which seeks for profit so as to decrease the counterfeit cooperative which operates against the objective of the cooperative.

It is recommended that, according to the study of section 39 of the Revenue Code, the law should additionally enact the approach to levy tax on the cooperative which is seeking profit, to prevent any loss of the government's revenue and also prevent the cooperative, which has been used as a tool of the capitalist, to avoid tax.

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