

Independent Study Paper Title : Taxation on International Payment of Swap Agreements: Reviewing the Department Instruction Por. 114/2545

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ABSTRACT

This study has explored Thai taxation of international payments of swap agreement, paid to foreign swapper that does not carry on business in Thailand, and finds alternatives and approaches to improve it. In this study, UK laws are compared as UK is one of the most famous financial hubs in the world. Moreover, this paper not only studies international principles, such as tax treaties (2 influential models – OECD and UN Model) and international accounting standard that related to the international payments of swap agreement, but also shows the real international practice between Thailand and UK through the Double Tax Treaty between two countries.

This study finds that Thai taxation of international payments of swap agreement, specifically the Department Instruction Por. 114/2545, can be improved to be the better guidance to the Revenue Department officer to examine the income from swap transaction, to prevent the tax avoidance through swap agreements, to promote capital mobilization, and to be the same direction as the international practice. In addition, this paper studies and analyses the decision of Supreme Court regarding the international payment of swap agreement to better understand the definition and characteristics of interest income.

This study not only examines and surveys Thai taxation of international payments of swap agreement but also reviews and recommends alternatives to improve the Department Instruction Por. 114/2545.