



**A Study of Tax Saving Behavior of Corporate Income  
Tax in Thailand**

**By**

**RUCHIRA TRAINGAMSOM**

**A Thesis Submitted in Partial Fulfillment  
of the Requirements for the Degree of**

**Master of Business Administration**

**Graduate School of Business  
Assumption University  
Bangkok Thailand**

**September, 2001**



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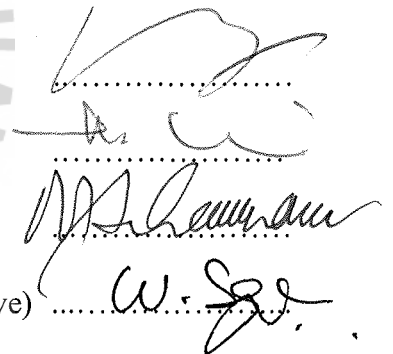
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September 2001



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## Abstract

Thailand is a country, which has faced the problem of tax avoidance and tax evasion. There are many factors which affect tax collection i.e. tax installment policy, company closing down, exchange rate system from fixed system to managed float exchange rate in the year 1997. Therefore, this study is to study of tax saving behavior of the Thai companies.

The objectives of this study are as follows. Firstly, to research a taxpayer awareness in terms of how much tax to pay and when to pay and how to pay taxes. Secondly, to research the attitude of tax compliance. Thirdly, to research taxpayers' behavior adopted regarding tax compliance. This study covers the period of 1992 to 2000. During this period the corporate income tax collection of the government has decreased.

The three variables in the framework are cognition of taxation laws, taxpayers' attitude and taxpayers' behavior. The qualitative research is used to analyze the data in this study. In depth interviewing is selected to collect the data and drawn transcripts and note for categorization and unitizing data.

As a result of hypothesis testing, there is the relationship between taxpayers' cognition, attitude and behavior. The conclusions of the finding are given as follow:

- Most Thai business people understand the basic issues of the corporate income tax in Thailand especially, tax base, tax rate and tax refund.
- Most Thai business people agree to pay the right amount of tax.
- Most Thai business people think that the corporate income tax rate and tax refund are unfair now.
- Most Thai business people adopt the strategy of tax planning to save tax.

The findings of this study are a result of an examination of only 20 samples of Thai business people. If most Thai business people behave in the same way as shown in result of this thesis, the problem of tax avoidance and tax evasion may not affect tax collection of the Thai government. There are many taxpayers who disagree with paying the right amount of tax, and who are unwilling to pay tax.



# Chapter 1

## Introduction

### 1.1 Background

#### 1.1.1. Definition of key terms

Corporate income tax in Thailand is generally imposed on the net income of a business for the tax year after deduction of allowable expenses. The tax that a company pays is the price for its legal privileges based on its reported financial information. Most industrial countries use the corporate income tax to collect revenues from the companies but some business people are not willing to pay the tax based on net income. The survey taken for this study could not determine the real cause of the lack of compliance and practices used, nor why the business people want to avoid or evade paying taxes. The cause of avoidance and evasion may be that tax rates are seen as being too high, imprecision in the tax laws, inequity, or the lack of sufficient penalties. It would be of great assistance to the smooth running of the tax system and to the reduction of evasion if government and revenue authorities could build administrative fairness into the system.

#### 1.1.2. The topic in the current literature

There are many researchers who are interested in the topic covered in this thesis. One author asks the obvious question: “Should the Corporate Income Tax to be repealed [altogether]”.

Martin was interested to find out the rationales behind the general taxation of businesses. After completion of the study, he found that a reduction in the corporate income tax or its eventual repeal would enhance the State of Georgia’s competitive advantage for attracting new business. A repeal would make Georgia and Texas the only states in the South of the United States without a corporate income tax. A corporate income tax repeal, by itself, however, is not enough to attract investment as businesses



examine more than just the corporate tax climate when making decisions to relocate. However, combined with Georgia's physical and educational infrastructure improvements, the repeal of the corporate income tax will provide new investors with a strong incentive to invest in Georgia.(Martin, Georgia Public Policy Foundation,1998).

Tax evasion is failing to pay legally due taxes. One important way that high tax rates affect behavior is by increasing evasion. For example, people may fail to report income to the government, thus reducing their tax bill and the government tax revenue. Tax cheating is extremely difficult to measure. The internal Revenue Service estimates that taxpayers voluntarily pay only about 80 percent of taxes they legally owe. The greater an individual's tax rate, the greater the incentive to defraud the government.

Tax avoidance occurs when people change their behavior to reduce the amount of taxes they legally owe. When individuals relocate their business to a state with lower taxes or take advantage of loopholes in tax laws, they are practicing tax avoidance. There is nothing illegal about tax avoidance.

"The study finds a resurgence in corporate tax avoidance". The researchers preferred to study why many of the country's biggest corporations are once again paying little or no federal income taxes. The researchers found that the general public has a right to be concerned about how their taxes and services are affected by this resurgence in corporate tax avoidance. The companies have a legitimate "beef" and who worries about their economic long term growth wonder why the tax code is being used to favor some industries and some kinds of investments over others, rather than letting market forces decide. (The Institute on Taxation and Economic Policy (ITEP), the Shefa Fund, Stanley, Tides Foundation, The Corporate Income Tax in 1990s)

### 1.1.3 Introduction to the case

**TABLE 1**

**Sources of Thai federal tax revenues**

<sup>1</sup>Data of tax collection for the period of 1992 –2000 (000,000 baht)

| Type of taxes | 1992    | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal      | 52,945  | 56,835  | 67,386  | 85,754  | 108,785 | 115,005 | 122,946 | 106,070 | 91,790  |
| Corporate     | 87,273  | 104,038 | 133,162 | 157,148 | 171,852 | 162,709 | 99,478  | 108,820 | 145,524 |
| VAT           | 66,614  | 112,583 | 134,791 | 163,122 | 184,155 | 195,730 | 232,388 | 201,976 | 192,510 |
| Specific      | 9,629   | 16,764  | 21,228  | 28,312  | 33,405  | 34,286  | 35,241  | 21,311  | 17,015  |
| Trading       | 37,783  | 2,739   | 1,441   | 1,082   | 572     | 266     | 342     | 185     | 126     |
| Duty stamp    | 3,781   | 3,876   | 4,752   | 5,284   | 5,286   | 4,738   | 2,991   | 2,824   | 3,351   |
| Petroleum     | 2,884   | 3,448   | 3,603   | 3,196   | 3,430   | 5,635   | 5,316   | 10,872  | 10,739  |
| Others        | 134     | 184     | 224     | 249     | 244     | 344     | 263     | 258     | 236     |
| Total         | 261,042 | 300,468 | 366,586 | 444,146 | 507,729 | 518,714 | 498,964 | 452,317 | 461,322 |

The above table shows that the personal income tax, VAT, specific tax, trading tax, petroleum, and other taxes decreased, but the corporate income tax and duty stamp increased in 2000. The cause of reduction is unknown. It might be the result of Thailand's economic crisis that lingers on since 1997 from which the economy has still not recovered.

As a result, the Thai government was unable to collect the taxes due from previous periods. The following taxpayer behavior might also be a factor:

1. Tax avoidance.
2. Tax evasion or
3. Tax saving.

The government could collect more corporate income tax in 2000 than in 1999 but some taxes such as the personal income tax and Vat were decreasing.

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<sup>1</sup> Source: Government of Thailand - <http://www.rd.go.th>



The decrease in personal income taxes is the result of falling personal income. An increase in personal income tax and all taxes is an indicator for the health of the Thai economy. This by itself has no bearing on tax compliance in Thailand, which is the subject of this study.

## **1.2 Statement of the Problem**

The tax laws of Thailand are very complex for all businesses, both corporate and individual, and most people are confused by it. The complexity of tax system in other countries differs from country to country. Most people would have a problem in filing and reporting the right amount on their return. Being mindful of this fact, the Thai government is working to improve the tax laws, and to meet the world's economic growth and need for international investment.

The general purpose of this thesis is to determine the taxpaying public's perception of the role of Thailand's tax laws. This thesis is determined to provide the impact of tax development on all affected people.

The government found that many people attempt to find ways to avoid paying taxes. Some ways and means, however, are unlawful.

This thesis is based on the following questions:

- “Are taxpayers aware of saving tax legally?”
- “What is the legal way to save corporate income tax?”
- “Why do many people prefer to avoid tax?”
- “How to save tax legally in taxpayers' opinion?”

The nature, scope and responses to tax avoidance are important issues for researchers and taxpayers alike. There are many sources of revenues for the Thai government, as shown in the above table 1. This thesis, however, is concentrating only on the corporate income tax, or the taxation of income from trade or business of unincorporated entities.

### **1.3 Objective of the Study**

The study has the following objectives:

- (1) To research taxpayers' awareness in terms of how much tax to pay and when to pay and how to pay taxes.
- (2) To research the attitude of tax compliance.
- (3) To research taxpayers' behavior adopted regarding tax compliance.

### **1.4 Significance of the Study**

There are several benefits of the study:

1. The taxpayers who have a lack of understanding of tax cognition will be known, or at least better understood, including the area in which they can be educated to meet their tax burden, which tax schedule to use, and which tax procedure to apply.
2. The taxpayers mistaken in their attitude for tax responsibility, tax rates and tax payments could be made aware of their shortcomings.
3. The taxpayers who are acting unlawfully or are mistaken about the law, should be made aware of lawful tax saving methods before they file their returns.

### **1.5 Scope of the Study**

The scope of the study is limited to the primary data. Interviews are planned to include 20 individuals located in Bangkok, Chonburi and Rayong. This is based on qualitative research consisting of detailed notation of taxpayers' behaviors, events and the contexts surrounding the events and behaviors.

This study is selected only 20 samples according to time constraints because each interviewing has to take more time and questions are easily misunderstood.

Secondary data is provided by the rulings of the Revenue Department and a set of materials of income tax courses offered at Thammasat University, Chulalongkorn University, and others.



## 1.6 Limitations of the Study

The limitations of the study are as follows:

1. Because of its technical nature, the questions are not always easily understood by the general public. Questions are easily misunderstood. Consequently, a sample and the result of the census will differ from the standard sample.
2. Some source data cannot be disclosed such as the company's name, profits and sales. Available data is limited to the Stock Exchange of Thailand (SET), and published annual reports.
3. This study cannot discuss the Government. Because of participants' purpose, they are afraid that the government will come to exam their companies when they have known that who are concerning with this study.

## 1.7 Glossary

- **Corporate income tax** is the tax on the income of companies. In many countries corporate profits are subject to an income tax which differs from the income tax levied on individuals. (Susan, International Tax glossary, 3<sup>rd</sup> ed. 1996)
- **Tax saving behavior**; Saving<sup>2</sup> is that portion of income which is not spent. (Taxation, an Encarta Encyclopedia Article Titled "Taxation")
- **Tax avoidance** is the legal arrangement of a taxpayers' affairs so as to reduce their tax liability. Tax avoidance is the illegal arrangements where liability to tax is hidden or ignored.  
(Susan, International Tax glossary, 3<sup>rd</sup> ed. 1996)
- **Tax saving** is the result of tax planning and reduction of tax by following legal ways.

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<sup>2</sup> <http://www.encarta.msn.com/taxation>

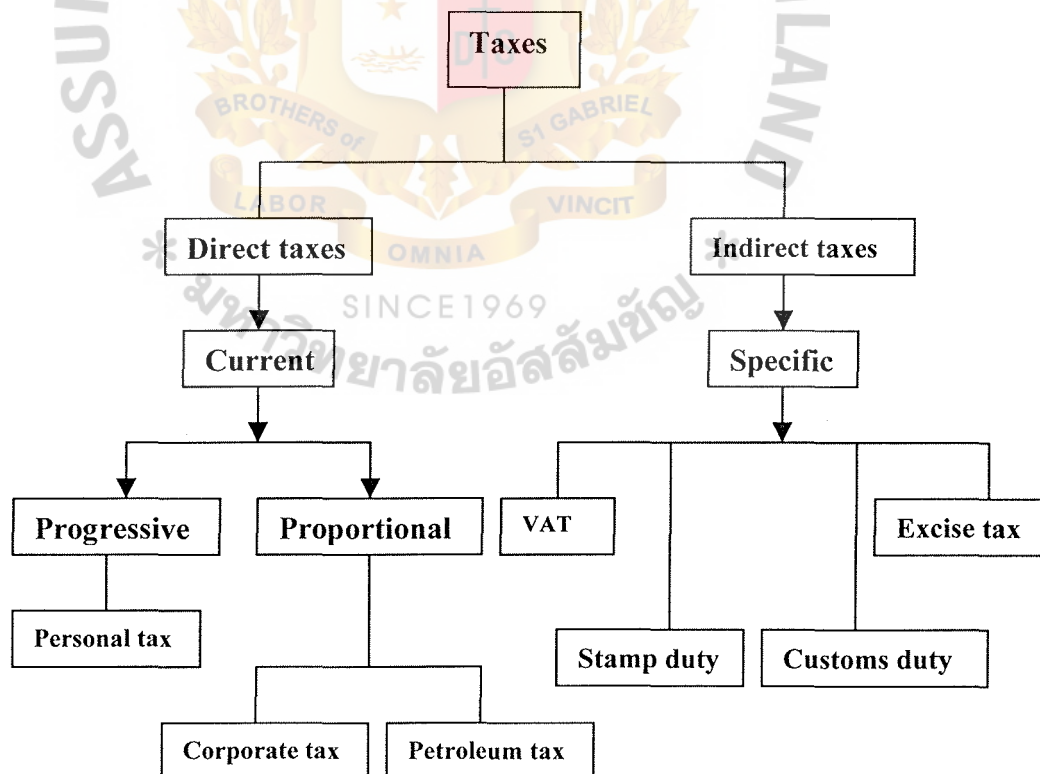
## Chapter 2

### Literature Review

#### Introduction

A **tax** is a compulsory levy imposed by a public authority for which nothing is received directly in return. Before dealing with the theory of taxation in detail, the main authority for taxation should be known, namely, the classification of taxes. If the tax is actually assessed on and collected from individuals who intend to bear it, it is called a **direct tax**. On the other hand, a tax which is collected from all businesses involved in the production and distribution of goods for a final consumer is an **indirect tax**. (Simon and Christopher, The economics of taxation, Prentice Hall, 2000)

**Diagram 2.1 Thai Taxation system**





1. Direct taxes
  - Corporate income tax
  - Personal income tax
  - Petroleum income tax
2. Indirect taxes
  - Value added tax
  - Excise tax
  - Customs duty
  - Stamp duty

The three main taxes in Thailand are the corporate income tax, personal income tax and value added tax.

The petroleum income tax replaces corporate income tax on companies with concessions from the Thai government to engage in upstream petroleum and gas operations.

Excise tax is a form of sales tax levied on a number of goods such as petroleum products, tobacco, liquor, soft drinks, matches, cement, and certain luxury goods such as motor vehicles and perfumes. Customs duty is self-explanatory with the various rates stipulated in the Customs Tariff Act. Stamp duty is insignificant except in one or two areas.

## 2.1 Literature to support framework

### 2.1.1 Key concepts

The theoretical model in this thesis consists of “**Cognition of taxation laws, attitude of tax compliance and taxpayers’ behaviors**”, which Thailand has faced. The problem of tax avoidance and tax evasion inside and outside of Thailand has existed for long time. The regulations are not specified and there are no proper rules to prevent tax avoidance.

(1) Cognition of taxation laws consist of

- Tax burden
- Tax base
- Tax rate
- Tax exemption
- Tax reduction
- Tax refund

(2) Taxpayers' attitudes consist of

- Whether fair or unfair tax
- Whether trying to pay less tax is right or wrong

(3) Taxpayers' behaviors consist of

- Tax avoidance
- Tax evasion
- Tax saving

### **Cognition of taxation laws**

Most Thai business people do not know taxation laws. They hope that their employee who is handling accounting or in the tax department, can control all tax aspects. It is a weakness of the business owner. All of cognition in this thesis is selected from surveying and the need of clients to ask for them.

**Tax burden** is defined simply as the duty subjected to the corporate income tax or paying Thailand income taxes.

1. The juristic companies (private and public limited companies. Registered ordinary and limited partnership, joint venture, foundations and association) registered under Thai law are subjected to income tax on corporate income derived from sources within and outside Thailand.
2. A branch of a foreign corporation is taxed on the net profits only on income derived from sources within Thailand.



Tax burden means the duty and responsibility of taxpayers. Responsibility is (1) accountability: the state, fact, or position of being accountable to somebody or for something, (2) blame: the blame for something that happened, (3) something to be responsible for: somebody or something for which a person or organization is responsible (4) authority to act: authority to make decisions independently.

In terms of tax law, responsible person is a person who is responsible for collecting or paying withheld income and employment taxes or for paying collected excise taxes and who willfully fails to collect or pay them. A responsible person is one who has the duty to perform and the power to direct the collecting and paying of taxes. Therefore, responsibility involves status, duty and authority (the body responsible for administering the tax laws of a particular country or regional or local authority and persons employed by that body to carry out its responsibilities).

The responsible person may be:

1. An officer or an employee of a corporation
2. A member or employee of a partnership
3. A corporate director or shareholder
4. A member of a board of trustees of a nonprofit organization
5. Another person with sufficient authority and control over funds to direct their disbursement

All juristic entities which are constituted under Thai law must pay tax on the net profits arising from or in consequence of a business carried out during an accounting period regardless of the place. Where the business is carried out and what source income the net profits are being received.

**Tax base** is the basic of tax return, as the following is the basis of the Thai Tax:

- (a) Net Profits and tax rate
- (b) Profits sent out of Thailand
- (c) Income from the business of international transport
- (d) Gross receipts of a foundation or association
- (e) Certain categories of income paid from or in Thailand under section 70 R.C.

33395 e-1

**Tax rate**, an income tax is often levied on taxable income at progressive rates so higher rates tax apply to the top brackets or slices of an individual's taxable. The taxpayer's actual tax liability is expressed as a percentage of a pre-tax income base rather than as a percentage of taxable income. The corporate income tax rate in Thailand is charged at the following rates:

| <u>Taxable entity</u>  | <u>Percentages of tax rate</u> |
|--|--------------------------------|
| For all limited companies, juristic partnership and branches of foreign companies. | 30%                            |
| For petroleum concessionaires  | 50%-60%                        |

**Tax exemption**, tax laws frequently provide specific exemptions for persons, items or transactions, etc. which would other wise be taxed. Exemptions may be given for social, economic or other reasons. Limited exemptions designed as **tax incentives** may be granted to certain categories of individuals or companies. Relief in respect of foreign tax may be given to prevent double taxation by exemption income, gains, etc. The following items are the income exempt from the corporate income tax.

(1). Tax exemption by the Revenue Code

A registered company is exempt from income tax on all dividends received from registered companies, ordinary or public companies and mutual fund.

(2). Tax exemption by Royal Decrees

- (a) Exemption from taxes and duties imposed by the Revenue Code under Royal Decrees.
- (b) The United Nations Organization, its specialized agencies and officials of such organization or agencies performing their duties in Thailand is under the obligation to grant exemption under a convention or agreement.
- (c) An Embassy, legation, consulate-general, consulate, members of diplomatic or consular corps and a person who is by agreement regarded as a member of diplomatic corps, subject, however, to the principle of reciprocal treatment.
- (d) A company or partnership formed under a foreign law, only on interest received from;

- (i). The bank of Thailand
- (ii). A government enterprise, if the loan has been approved by the Ministry of Finance.
- (e) Companies or partnerships organized under a foreign law and not carrying business in Thailand, receiving interest on bonds sold abroad and issued by the government, governmental enterprises and the institution organized by a specific law of Thailand for the purpose of lending money to promote agriculture, commerce or industry.
- (f) Companies and partnerships in accordance with compacts on avoidance of double taxation.
- (3). Tax exemption under National Executive Council Announcements and order of the chairman of the National Executive Council.
- (4). Exemption under other laws.
  - (a). Investment Promotion Law of 1977, (BOI)
  - (b). The Petroleum Act,
  - (c). The Petroleum Income Tax Act.

**Tax reduction**, the reduction of corporate income tax on juristic companies and partnerships is granted in accordance with the double tax agreements between Thailand and foreign countries such as foreign financial institutions that receive interest from Thai borrowers pay tax at 10 percent instead of 15 percent under section 70.

**Tax refund** is a tax which is repaid to a taxpayer or a credit for which the Revenue Department will send the taxpayer a refund for any amount in excess of the taxpayer's tax liability. When taxpayers received reduction from their customers or prepaid or overpaid their taxes and duties they are entitled to claim a refund from the Revenue Department within a specific period. Thailand government granted to return tax within a period of three years from the last day of tax filing for the applicable accounting year.



### Taxpayers' attitude

**The current tax is fair or unfair**, the most obvious requirement of equity or fairness is to treat equal people in equal circumstances in an equal way. There are, of course, great problems in deciding who is equal to whom. Does equality mean equality of income, expenditure, wealth, and total utility, benefit gained from the expenditure of tax-raising authority or some combination of these and other factors? There are three alternative criteria which is considered for judging whether a distribution is fair.

- (i) Endowment-based criteria, these assume that an individual has an innate right to the fruits of his own labor. The inequalities in ability between individuals are recognized and allowed for. The resulting "natural" distribution of income is deemed to be fair. It is possible to modify this approach by allowing for adjustments to the distribution to take account of the "unfair" benefits of monopoly power.
- (ii) A second basis for criteria about the fairness of distribution is that which seeks the greatest utility or the greatest happiness for the greatest number.
- (iii) A third set of criteria is those which are equity-based. At one extreme this means that, since all individuals are of equal worth, they must be allowed equal welfare. (Simon James and Christopher Nobes, The Economics of Taxation, Prentice Hall, 2000)

**Whether trying to pay less is right or wrong**, it depends on the methods which the taxpayers use. If they used the legal way to pay less, it would be right. But if they used the illegal way to pay less, it would be wrong. The way selected depends on ability to pay or taxable capacity is the theoretical amount of tax which each individual taxpayer is able to contribute to the government and is based on principle that individuals with higher income or grater wealth should pay more tax than those with lower income or lesser wealth.

Ability to pay thus relates to the economic capacity of each taxpayer as compared to the economic capacity. (Susan, International Tax Glossary, IBFD Publication, 3<sup>rd</sup> ed.1996).

## **Taxpayers' behavior**

### **The distinction between Tax Avoidance, Tax Evasion and Tax Saving**

In practice, there is a difference between tax avoidance and tax evasion.

**Tax avoidance** comprises actions by a taxpayer to reduce a tax burden that does not constitute a criminal offence. The distinction between legal tax avoidance and illegal tax evasion is critical because particularly non-lawyers are sometimes inclined to put both phenomena on the same footing. Such similar treatment may be justified in an economic or moral context, but is basically wrong in the legal context of administration and implementation of tax law. Usually tax lawyers also make a distinction between tax avoidance in the legal sense and tax reduction by behavior modification such as reducing consumption of products subject to higher taxes. The factual avoidance of the tax burden is considered perfectly legal and is not subject to statutory anti-avoidance measures. The tax avoidance that is considered problematic typically occurs when factual situations are molded in legal forms that bear less tax than would alternative legal forms.

**Tax evasion** or tax fraud is an offer against the tax laws that is punishable by criminal sanctions. It consists of clear violations of the tax laws, such as fabrication false accounts or other false documents, keeping parallel accounts, not reporting income, or smuggling or dissimulating goods or assets. The tax consequences of these acts can of course be corrected by the tax administration, but in addition they are liable to criminal sanctions. The statutory measures taken to combat such violations of the tax law generally are not considered to be anti-avoidance measures.

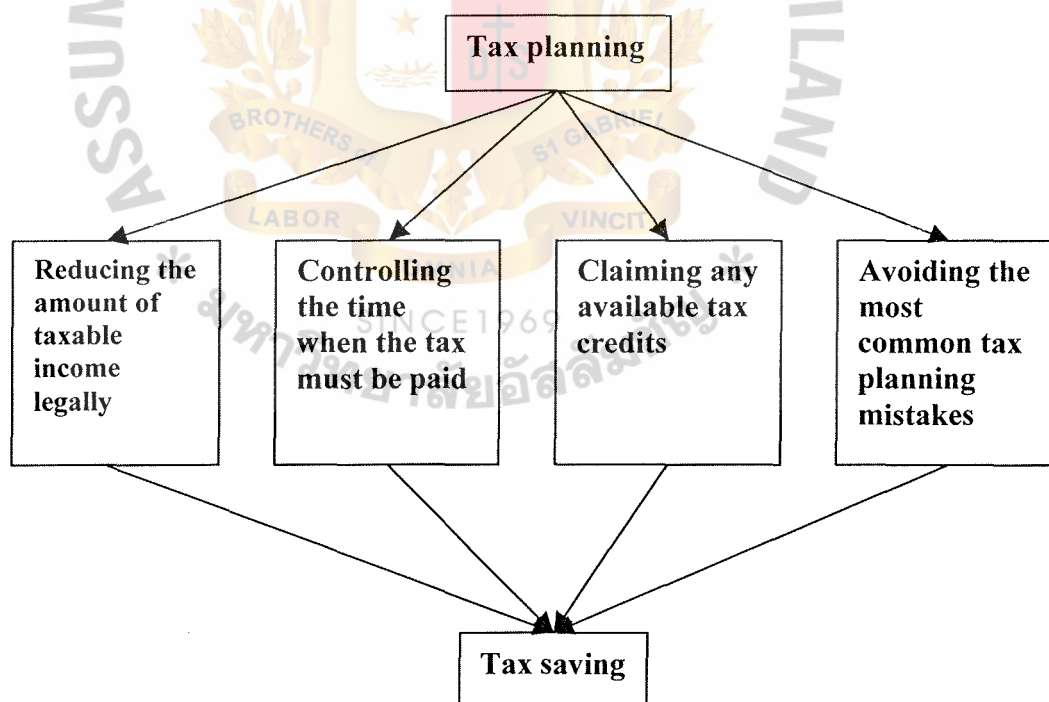
**Tax saving** or tax planning is arrangement of a person's business and/or private affairs in order to minimize tax ability by legal way. The best strategies of tax saving is tax planning. Tax planning is a process of looking at various tax options in order to determine when, whether and how to conduct business and personal transactions so taxes are eliminated or considerably reduced.

Many small business owners ignore tax planning and do not even think about taxes until they are scheduled to meet with their accountant but tax planning is an ongoing process and good tax avoidance is a very valuable commodity. The following are actions good tax planning.

1. Reviewing the business income and expenses monthly.
2. Meeting with the auditor or tax advisor quarterly to examine how to take full advantage of the provisions, credits and deductions that are legally available to business.

There are countless taxes planning strategies available to a business owner. Some are aimed at the owner's individual tax situation, and some at the business itself. But regardless of how simple or how complex a tax strategy is, it will be based on structuring the strategy to accomplish one or more of these often overlapping goals:

**Diagram 2.2 Tax planning**

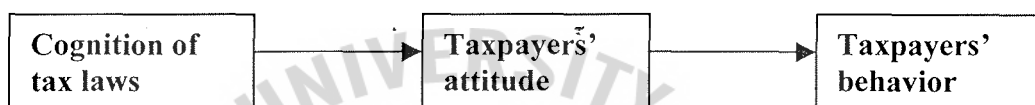




In order to plan effectively, the business owner will need to estimate his/her personal and business income for the next few years. This is necessary because many tax planning strategies will save tax at one income level, but will create a larger tax bill at other income levies. (Tax planning, <http://www.acctsite.com>)

### 2.1.2 The relationship between key concepts

**Diagram 2.3 Key Concepts**



Corporate income tax is one of the most controversial types of taxes. Although the law treats corporations as if they have an independent ability to pay tax, many economists note that only real people such as the shareholders who own corporations can bear a tax burden. In addition, the corporate income tax leads to double taxation of corporate income. Income is taxed once when it is earned by the corporation and a second time when it is paid out to shareholders in the form of dividends. Thus, corporate income faces a higher tax burden than income earned by individuals or other types of businesses.

Not surprisingly, information on tax laws is sparse, especially, on avoidance and evasion. The cause of tax avoidance and evasion may be affected by the cognition of tax laws and it would make them distort the taxpayers' attitude leading the different opinions. Tax avoidance and evasion become more rewarding as rates of tax become higher. It is only an assumption, which will be verified by the results of this study.

Tax rate takes into account not only the statutory tax rate, but also other aspects of the tax system, which determines the amount of tax paid. The relationship between the tax liability and the profits as artificially is adjusted for tax purposes. Typically, although not necessarily, a calculation of the tax will take into account the effect of tax deferrals' effective rate.

High marginal tax rates discourage work effort, saving and investment and promote tax avoidance and tax evasion. A reduction in high marginal tax rates would

boost long term economic growth and reduce the attractiveness of tax shelters and other forms of tax avoidance.

The taxpayers' attitude about whether tax is fair or unfair and whether their attempt to pay less is right or wrong might come from the taxpayers' ability. The ability to pay is more a matter of equitable distribution of the tax burden among taxpayers than a tool to determine the actual amount that can be paid by each individual taxpayer.

The possibility of tax avoidance in the area of corporate income tax has also been much discussed, notably in the literature stemming from pioneering contributions to financial theory by economics Nobel laureates Modigliani and Miller. It has long been generally acknowledged that a classical system of company income tax of the sort prevailing in the United States, Australia and other countries throughout much of the postwar period is highly non-neutral and inequitable. In terms of the standard critique, distorting effects must generally be expected, both in the allocation of real investment and also in corporate financial policy, with debt favored over new share issues and retention of earnings over distributions. In M-M models, however, such adjustment in corporate financial policy, while serving to reduce or eliminate tax, need involve no efficiency cost or excess burden.

The corporate tax avoidance is therefore privately and socially cost-less. The same may be true of changes in organizational form away from more heavily taxed corporate structures to more tax-effective alternatives such as trusts or large limited partnerships.

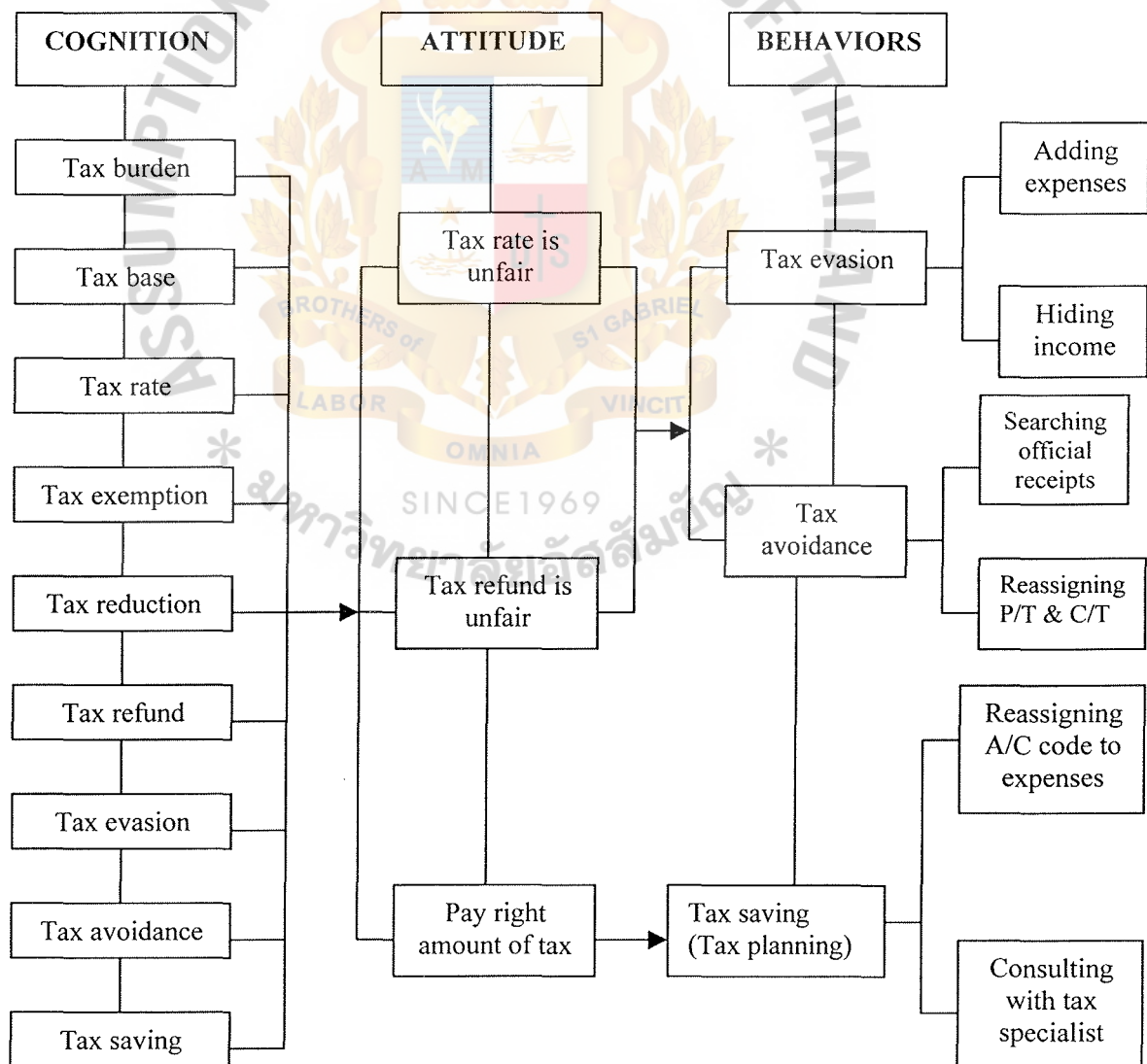
(Graeme, Tax Avoidance and The Rule of Law, IBFD Publication, 1997)

## Chapter 3

### Research Framework

This chapter consists of four sections. The first section is the diagram for guiding framework of the study which is consisting of the explanatory variables and the models, while the second section describes the definition of guiding concepts, the third section is the preliminary hypotheses used to test the stated hypotheses for this study and the last section is the expected outcome

**3.1 Diagram of the guiding framework**





### **3.2 Definition of guiding concept**

Further to the theoretical view, there are three classifications, cognition, attitude and behavior of taxpayers, which are considered in this studying in area of Corporate Income Tax.

- Cognition of taxation laws
- Taxpayers' attitude
- Taxpayers' behavior

#### **3.2.1 Cognition**

Taxpayers should be aware and know in terms of how much tax to pay, when they will pay tax, how to pay tax and how to save tax. Some cognition should not be known i.e. tax evasion and tax avoidance but many taxpayers want to understand them. They may think that it can help them to pay less tax. Generally, they should understand how to save tax legally. There are nine categories of taxes, which the taxpayers are interested in understanding as follows:

- Tax burden
- Tax base
- Tax rate
- Tax exemption
- Tax reduction
- Tax refund
- Tax evasion
- Tax avoidance
- Tax saving

The above categories are essential for corporate income tax return and taxpayers should try to learn about them. Each category is concerned with taxpayers' practice to file the right or wrong corporate income tax return for any periods.

### **i. Tax burden**

The *Income Tax Burden* is defined simply as who pays Thailand income taxes in the form of individual and corporate income taxes, payroll taxes, and federal excise taxes.

**Who pay** will be studied in this part.

**Income Tax Burden** includes individual and corporate income taxes, payroll taxes, and excise taxes (<http://www.allegromedia.com/sugi/taxes> by Sugi and Stephen, An analysis of congressional Budget Office (CBO) Number, Last revised, 2000)

The legal requirement is to provide enough evidence to win a lawsuit. In civil cases, such as tax court, the burden is decided by the preponderance, the most evidence. Except in cases of tax fraud (tax fraud is a form of deliberate evasion of tax which is generally punishable by law. The term includes situations in which deliberately false statements are submitted, faked documents are produced), the burden of proof in a tax case generally is on the taxpayer. (Susan, International Tax Glossary, IBFD Publication, 3<sup>rd</sup> ed.1996)

### **ii. Tax base**

Tax base is an important category of tax return filing. The taxpayer will fill in the tax return form or compute tax which will be right or wrong depending on their knowledge, “**Are they understanding in the real tax base of each tax?**” The tax base is the basic of tax return. If the taxpayers cannot know the tax base, they cannot go to the other steps of tax filling and will fail to submit the tax return. Taxable base is a bottom line amount, taking into consideration all possible. (Susan, International Tax Glossary, IBFD Publication, 3<sup>rd</sup> ed.1996)

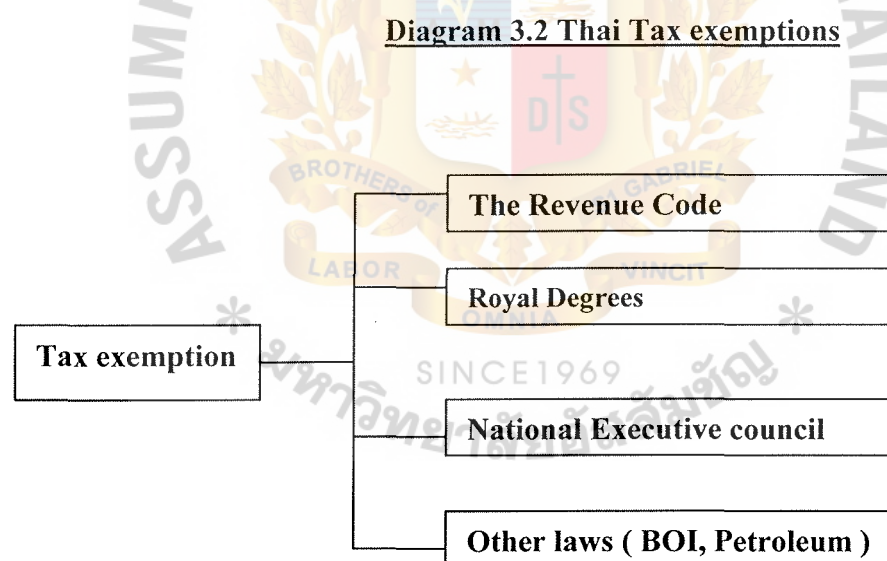
### **iii. Tax rate**

A tax rate can be applied in a number of ways, but it is usually expressed as a percentage or as a fixed amount. Whichever type of tax rate is used, the tax rate is applied on the taxable base, which differs depending on the nature of tax concerned. There is

only one rate of corporate income tax in Thailand now, that is a single rate of 30 percent on net profit although petroleum concessionaires pay income tax at 50 percent on net profit but the personal income tax is divided into many rates or progressive rate. The taxpayers who do not know each of the tax rates, may be confused filing the tax return. (Susan, International Tax Glossary, IBFD Publication, 3<sup>rd</sup> ed.1996)

#### iv. Tax exemption

A tax exemption is necessary for all taxpayers irrespective of business. It makes the tax benefit all businesses. Limited exemption designed as tax incentives may be granted to certain categories of individuals or companies. The ministry or departments of government have been trying to provide tax exemption for reducing the tax burden of taxpayers as shown in the follow diagrams:-





#### **v. Tax reduction**

In many countries the ordinary rates of tax charged under various tax laws may be reduced in particular situations. Tax reduction is granted in accordance with the double tax agreements between Thailand and foreign countries. For example, under tax treaties, reduced withholding tax rates often apply to dividends, interest and royalties. If someone asks “ why is tax reduction concerned with the corporate income return?” Tax reduction will be beneficial in reducing tax amount. If the customers consume the services or rental or other services from foreign countries or in Thailand have to receive a deduction from each payment, it can be used for reducing the corporate income tax return of each year. That is, the taxpayers should be aware of and keep understanding tax reduction. (Dr. Suvarn, New Thai Taxation, Nititham Publishing House, 1993)

#### **vi. Tax refund**

When taxpayers receive reduction from their customers or have prepaid or overpaid their taxes and duties, they are entitled to claim a refund from the Revenue Department within a specific period. Thai government grants to return within a period of three years from the last day of tax filing for the applicable accounting year. (Dr. Suvarn, New Thai Taxation, Nititham Publishing House, 1993)

#### **vii. Tax evasion**

This is a term used to describe illegal arrangements where liability to tax is hidden or ignored i.e. the taxpayer pays less tax than he is legally obliged to pay. Tax evasion can be carried out by the omission of taxable income or transactions from tax declarations, over reporting of deductible expenses, failure to file a return, sham transactions or reduction of the amount properly due by fraudulent misstatement or misrepresentation.

(Susan, International Tax glossary, 3<sup>rd</sup> ed. 1996)

## **vii. Tax avoidance**

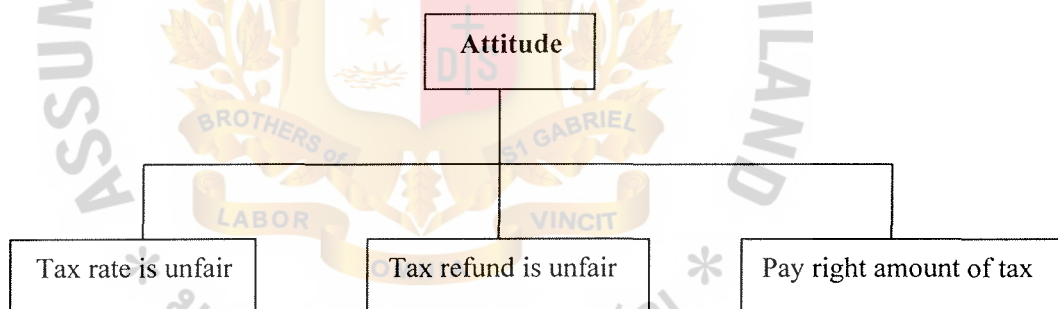
Tax avoidance is used to achieve by artificial arrangements of personal or business affairs to take tax advantage of loopholes, ambiguities, anomalies or other deficiencies of tax law. (Susan M. Lyons, International Tax glossary, 3<sup>rd</sup> edition, 1996)

## **viii. Tax saving**

There are many methods of arrangement of a person's business and/or private affairs in order to minimize tax liability, one method is tax planning. (Susan M. Lyons, International Tax glossary, 3<sup>rd</sup> edition, 1996)

### **3.2.2 Attitude**

**Diagram 3.3 Taxpayers attitude**



The attitude of taxpayers will be different depending on their opinions. In this thesis, the researcher is interested in finding out three categories of taxpayers' attitude as discussed below.

#### **i. Tax rate is unfair**

Most taxpayers think that the corporate income tax rate in Thailand is so high. When they think that it is unfair, they do not want to pay tax, it will effect to their

behaviors. Some taxpayers want to avoid tax, they think that it can help them to pay less tax. Some taxpayers select to use the method of tax evasion because they do not pay tax.

**ii. Tax refund is unfair**

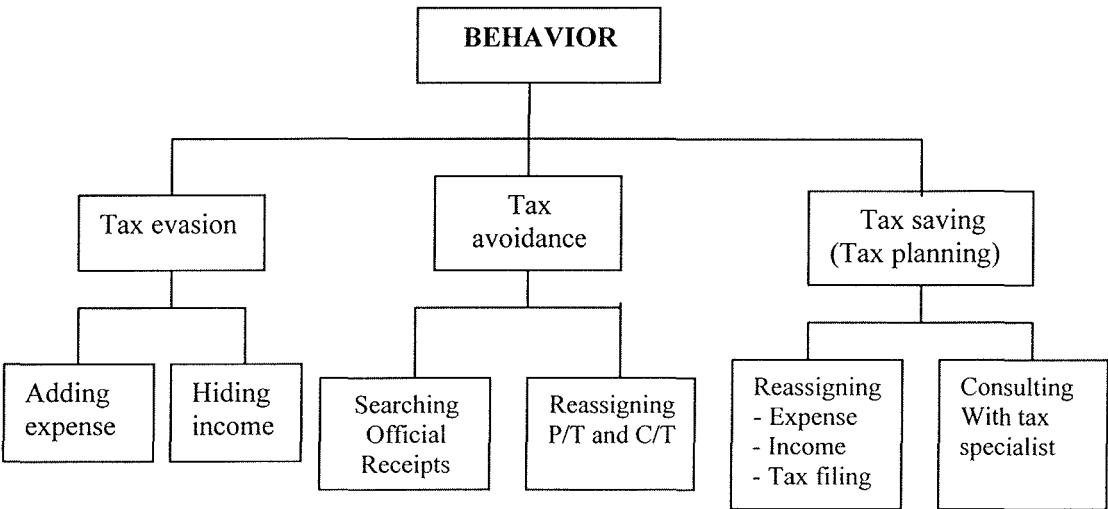
Most taxpayers think that the government should extend the period of tax refund. They think that three years would not be enough and the government’s procedure is very slow. Some taxpayer think that the government does not want to return tax to taxpayers, they will delay the return. When tax life is finishing, they may not return tax to taxpayers and taxpayers cannot claim it back. Therefore taxpayers may be unwilling to pay tax and avoid tax or evade tax.

**iii. Trying to pay right tax**

Most taxpayers think that they should pay the right amount of tax, it is a way of tax saving because the taxpayers will not pay more tax and penalty or surcharge in the future. Therefore they must provide the way to save tax. There are many methods of tax saving which taxpayers behave now. Most taxpayers save tax by planning, starting on payments, receiving, bookkeeping and tax filing. They will try to avoid all mistakes because any mistakes will make trouble and increase taxpaying.

**3.2.3 Behavior**

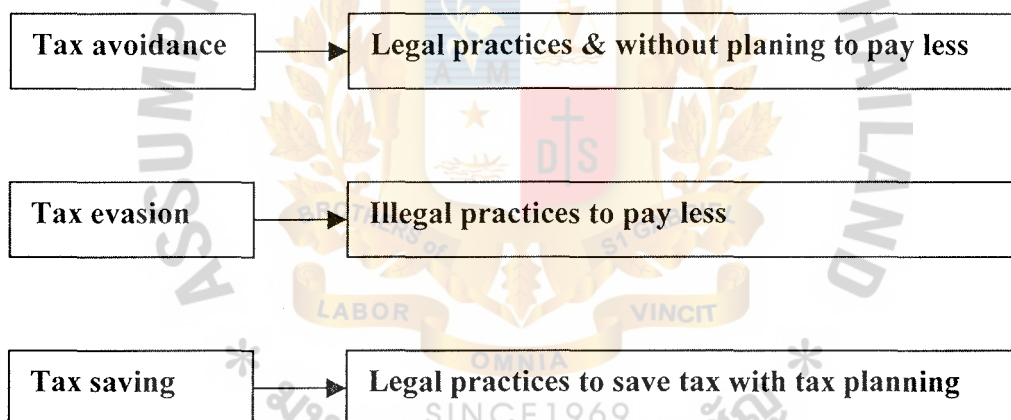
**Diagram 3.4 Taxpayers’ behavior**





Taxpayers' understanding of the tax system is examined. Some taxpayers have no intention to evade or avoid taxpaying but he/she has misunderstood the meaning of the Revenue code or received the wrong information. If the taxpayers need to pay less tax, they might think that the right way is to file a little amount of tax by avoiding to inform fact about the income. Some companies tried to provide more expenses for its profit and predicting that the taxpayer will be willing and understand the right way of tax saving which is not tax avoidance or tax evasion. Meanwhile, technical analysis provides more information with which some of the taxpayers will not be clear in his/her knowledge taxation law.

**Diagram 3.5 Difference between avoidance, evasion and saving**



Many taxpayers do not intend to avoid or evade tax by their filing method. They only tried to provide the highest tax benefit.

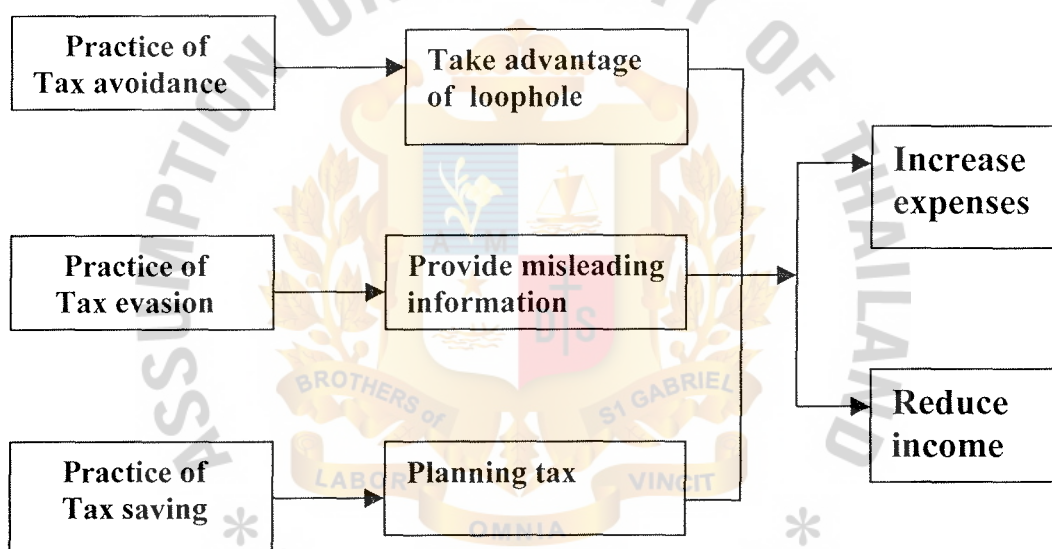
(1). **Tax avoidance**, for tax purpose, avoidance is terms used to describe the legal arrangement of a taxpayer's affairs so as to reduce his/her tax liability.

(2). **Tax evasion** is a term used to describe illegal arrangement where liability to tax is hidden or ignored, i.e. the taxpayer pays less tax than they are legally obligated to pay.

(3). **Tax saving** is a method of paying less tax by following legal procedures.

The best way to reduce tax is not to avoid tax but to study possible tax exemptions. To make sure that all companies expenses are under the Revenue Code such as all receipts of expenses have specified the company's name and right address or they could be the company's expenses by without individual employee's expenses. Taxpayers should make sure their bookkeeping allows them tax saving, whether the company is under BOI exemption for tax holiday, to ensure that they have already clarified between Income under BOI and none BOI and others.

**Diagram 3.6 Normal practices of tax avoidance, evasion and saving**



**(a) Practice of tax avoidance**

For tax purpose, avoidance is a term used to describe the legal arrangement of a taxpayer's affairs so as to reduce his tax liability. Tax laws may have loopholes that allow opportunity for minimizing a taxpayer's tax burden and it can benefit taxpayer to decrease tax by

- increasing expenses. The Revenue Code is not always clear in the meaning of tax law such as if a receipt does not specify the payer's name but specifying the supplier's name, it can be used for business expenses.

- Reduced income as a result of Gain (Loss) on exchange rate between realized and unrealized exchange rates, cause some businesses use to the same account code and not separate such reduced income This results in loss and rather than a reduced net profit.

Most taxpayers attach the official receipts as proof of payments. However, it is doubtful whether all these attached official receipts are business related.

### **(b) Practice of tax evasion**

Tax evasion is the reduction of tax by illegal means.

- To hide income, this way is easy to behave by reducing income or
- To claim over expenses.

Both methods are not difficult to practice, the taxpayers only fill any figures that they need and its financial statement would be illegal.

Most taxpayers prefer to increase expense by providing many expenses. They may think that it is easier than to hide income. Some taxpayers select to use the method of hiding income because they want to avoid many taxes i.e. value added tax, excise tax and corporate income tax. If they use the method of increasing expenses, they may save only the corporate income tax.

### **(c) Practice of tax saving**

Tax saving is a plan to arrange one's affairs to take advantage of the clear to minimize the taxpaying. The legal way to save tax is to find out:-

- Under estimated expenses. It means that the taxpayer should make sure all recording of expenses have no missing transaction and covered the business situation.
- Over estimated revenue, it means that the taxpayer should revise all income recording recognized in the right period.

Most taxpayers will make sure that they will not be mistaken under estimated expenses by reassigning account code to expense items. Most taxpayers think that good tax planning can help them to save tax. Many taxpayers consult with tax specialist to provide tax saving.

### **3.3 Preliminary hypotheses**

**H<sub>01</sub>: Most Thai business people understand the basic issues of the corporate income tax in Thailand.**

**H<sub>02</sub>: Most Thai business people agree to pay the right amount of taxes. They are not happy with the issues of tax rate and tax refund.**

**H<sub>03</sub>: Most Thai business people pay less tax. There is a strategy that includes tax avoidance, tax evasion and tax saving.**

These hypotheses try to test the knowledge of taxpayers to see whether their behaviors come from the misunderstanding of tax law or their attitude to find any way to pay less tax and some taxpayers might behave illegally because they thought that the corporate income tax rates and tax refunds are unfair.

### **3.4 Expected outcome**

The result of this study will tell whether most Thai business people understand or not understand Thai corporate income tax after getting the result of the thesis and what their attitudes to Thai taxation law are and what are strategies to avoid, evade and reduce tax.

If the result is positive such as most Thai business people more than 50 percent who are selected, can reply to the question of Thai tax law, it means that they know the Thai tax law but their attitude is that the corporate income tax rate and tax refund are unfair. Hence they will adopt strategies to avoid tax or evade tax. This would mean that the government should improve the tax system.



## Chapter 4

### Research methodology

This chapter consists of four sections. The first section is the data source, the second section is the data collection, the third section is the data measurement and the last is the data analysis..

#### 4.1 Data sources

**TABLE 2**

There are 20 participants, which are selected for this study.

| No. | Business Owner | Type of Business                             |
|-----|----------------|--|
| 1.  | Australian     | Cleaning services in the automobile industry |
| 2.  | Austrian       | Logistic services in the automobile industry |
| 3.  | Thai           | Gasoline station                             |
| 4.  | USA            | Producing in Master batch plastic            |
| 5.  | USA            | Cars assembling                              |
| 6.  | Japanese       | Cars assembling                              |
| 7.  | USA            | Cars assembling                              |
| 8.  | Australian     | Car spare parts assembling                   |
| 9.  | Japanese       | Japanese Restaurant                          |
| 10. | Italian        | Italian Restaurant                           |
| 11. | USA            | Snack manufacturing                          |
| 12. | English        | Car glass manufacturing                      |
| 13. | Belgian        | Logistic services                            |
| 14. | Thai           | Vegetable wholesaler                         |
| 15. | Thai           | Air condition assembling                     |
| 16. | Thai           | Agriculture wholesaler                       |
| 17. | Thai           | Air condition wholesaler                     |
| 18. | USA            | Car spare parts assembling                   |
| 19. | Singapore      | Calipers manufacturing                       |
| 20. | Japanese       | Car doors manufacturing                      |

The above participants are used in this study **because** the researcher is interested only in the corporate business in Thailand and prefer to test foreigners and Thais cognition, attitude and behavior. Therefore this research will select both foreigner and Thai corporate businesses. This research will be conducted as discussed.

#### **4.2 Data collection**

This research is conducted by using in depth interview for data collection. This research uses a note taking and transcript for collecting data. The researcher collects data by using note taking to keep record of short notes and uses the transcript for explaining more details. The procedure of the research is as follows:

- When will the research start?
  - How to do the research
  - Where is the place to use for researching?
  - How long is the research?
1. The researcher will conduct this research by making an appointment with the participants and will make the in depth interview for five days a week or five office days.
  2. The in depth interview will be made once a day. The researcher will interview a participant in the morning.
  3. The researcher will interview the participants at their offices.
  4. The in depth interview will take 20 days, around 2 hours per each interviewing period and starting at 10.00 a.m. and finishing of around 12.00 a.m.

**TABLE 3**  
**Time schedule**

| <b>No.</b> | <b>Date</b>   | <b>Business Owner</b> | <b>Locations</b> | <b>Time spent</b> |
|------------|---------------|-----------------------|------------------|-------------------|
| 1          | June 4, 2001  | Australian            | Rayong           | 10.00 – 12.00     |
| 2          | June 5, 2001  | Austrian              | Rayong           | 10.00 – 12.00     |
| 3          | June 6, 2001  | Thai                  | Rayong           | 10.00 – 12.00     |
| 4          | June 7, 2001  | USA                   | Rayong           | 10.00 – 12.00     |
| 5          | June 8, 2001  | USA                   | Rayong           | 10.00 – 12.00     |
| 6          | June 11, 2001 | Japanese              | Rayong           | 10.00 – 12.00     |
| 7          | June 12, 2001 | USA                   | Rayong           | 10.00 – 12.00     |
| 8          | June 13, 2001 | Australian            | Rayong           | 10.00 – 12.00     |
| 9          | June 14, 2001 | Japanese              | Rayong           | 10.00 – 12.00     |
| 10         | June 15, 2001 | Italian               | Rayong           | 10.00 – 12.00     |
| 11         | June 18, 2001 | USA                   | Rayong           | 10.00 – 12.00     |
| 12         | June 19, 2001 | English               | Rayong           | 10.00 – 12.00     |
| 13         | June 20, 2001 | Belgian               | Rayong           | 10.00 – 12.00     |
| 14         | June 21, 2001 | Thai                  | Samutprakarn     | 10.00 – 12.00     |
| 15         | June 22, 2001 | Thai                  | Bangkok          | 10.00 – 12.00     |
| 16         | June 25, 2001 | Thai                  | Bangkok          | 10.00 – 12.00     |
| 17         | June 26, 2001 | Thai                  | Bangkok          | 10.00 – 12.00     |
| 18         | June 27, 2001 | USA                   | Rayong           | 10.00 – 12.00     |
| 19         | June 28, 2001 | Singapore             | Chonburi         | 10.00 – 12.00     |
| 20         | June 29, 2001 | Japanese              | Chonburi         | 10.00 – 12.00     |

### 4.3 Data measurement

This qualitative research is interested in using interviews to make sense of people's actions in naturalistic setting. The language used by respondents is a powerful means to accomplish this goal. Basically, the interview is a face-to-face or indirect interaction between investigator and one or more participants in which the investigator asks the respondents questions in order to obtain information.

The researcher is interested in understanding a broad range of setting or people. This research can be extracted from interviews with analytical categories as follows:

**TABLE 4**  
**Source of hypotheses**

| Hypotheses  | Framework | Questions  |
|---|-----------|------------|
| H <sub>01</sub> : Most Thai business people understand the basic issues of the corporate income tax.  | Cognition | 1,2        |
| H <sub>02</sub> : Most Thai business people agree to pay the right amount of tax, they are not happy about the issues of tax rate and tax refund. | Attitude  | 2,3,5,6    |
| H <sub>03</sub> : Most Thai business people pay less tax. There is a strategy which includes tax avoidance, tax evasion and tax saving.           | Behavior  | 4,7,8,9,10 |



**TABLE 5**  
**Question lists table:**

| No. | Questions   | Note                             |
|-----|---|----------------------------------|
| 1.  | I understand that you may know some of the corporate income tax, please tell me about the corporate income tax in Thailand such as tax burden, tax base, tax rate, tax exemption, tax reduction or tax refund.  | H <sub>01</sub>                  |
| 2.  | What is your opinion on the current tax system and corporate income tax rate in Thailand?.  | H <sub>01</sub> ,H <sub>02</sub> |
| 3.  | Which way do you think is the right way to pay tax?   | H <sub>02</sub>                  |
| 4.  | What method do you think can reduce tax?  | H <sub>03</sub>                  |
| 5.  | What kind of businesses in Thailand should get reduction and exemption of corporate income tax?   | H <sub>02</sub>                  |
| 6.  | If you can claim tax refund from the government, how many years of tax refund would be fair?  | H <sub>02</sub>                  |
| 7.  | If the Thai government has no change for corporate income tax rate and do not find out ways for more tax reduction and exemption for any business, how do you manage your business in this situation.           | H <sub>03</sub>                  |
| 8.  | What is the good method for tax reduction?  | H <sub>03</sub>                  |
| 9.  | What would you do when you found that you were misled to file the corporate income?   | H <sub>03</sub>                  |
| 10. | What would you do to save money when you are this situation? Your company is a service business and has already provided the service to customer, which you considered on a budget, the company has to pay tax. | H <sub>03</sub>                  |

#### 4.4 Data analysis

This thesis is designed to use the qualitative research to analyze the data. The stages of the process of qualitative analysis are given as follows:

1. Record and prepare the transcripts of interview of 20 samples,
2. Categorization
  - 2.1 Draw the concept from the transcripts,
  - 2.2 Organizing the concept into a meaningful framework,
3. Unitization by connecting the concept into the framework with the transcripts,
4. Develop and test hypotheses based on its patterns or relationships.



## Chapter 5

### Data Analysis

This chapter summaries the outcomes of the hypotheses testing and also discusses the rationales behind the findings. It is divided into two sections, the first section is the profile of the samples, and the second section is the major finding.

#### 5.1 Profile of the samples

There are 20 samples, which are selected for this study and given as shown in table 6.

**TABLE 6**  
**Sources of samples**

| No | Business owner | Type of Business           | Established year | Employees | Type of Customer   |
|----|----------------|----------------------------|------------------|-----------|--------------------|
| 1. | Australian     | Cleaning Services          | 1999             | 260       | Automobile company |
| 2. | Austrian       | Logistic Services          | 1999             | 45        | Automobile company |
| 3. | Thai           | Gasoline Station           | 1986             | 10        | Government         |
| 4. | USA            | Plastic Producing          | 1999             | 50        | Food industry      |
| 5. | USA            | Cars Assembling            | 1996             | 1,500     | Thai customers     |
| 6. | Japanese       | Cars Assembling            | 1996             | 1,000     | Thai customers     |
| 7. | USA            | Cars Assembling            | 2000             | 1,200     | Oversea customers  |
| 8. | Australian     | Car spare parts assembling | 2001             | 10        | Automobile company |

| No  | Business owner | Type of Business           | Established year | Employees | Type of Customer   |
|-----|----------------|----------------------------|------------------|-----------|--------------------|
| 9.  | Japanese       | Restaurant                 | 2001             | 10        | General customers  |
| 10. | Italian        | Restaurant                 | 1998             | 20        | General customers  |
| 11. | USA            | Snack Manufacturing        | 1999             | 200       | Thai and overseas  |
| 12. | English        | Car glass Manufacturing    | 1998             | 250       | Automobile company |
| 13. | Belgian        | Logistic Services          | 2001             | 15        | Automobile company |
| 14. | Thai           | Vegetable Wholesaler       | 2000             | 4         | Department stores  |
| 15. | Thai           | Air condition assembling   | 1996             | 25        | Thai customers     |
| 16. | Thai           | Agriculture Wholesaler     | 2000             | 5         | Oversea customer   |
| 17. | Thai           | Air condition Wholesaler   | 1990             | 20        | General customer   |
| 18. | USA            | Car spare parts assembling | 1998             | 80        | Automobile company |
| 19. | Singapore      | Calipers Manufacturing     | 1999             | 30        | Automobile company |
| 20. | Japanese       | Car doors Manufacturing    | 1997             | 100       | Automobile company |



## **5.2 Major Finding**

This section discusses and interprets the outcome of the research and hypothesis testing according to the following objectives,

- 1). To research taxpayer awareness in terms of how much tax to pay and when to pay and how to pay taxes.
- 2). To research the attitude of tax compliance.
- 3). To research taxpayers' behavior adopted regarding tax compliance.

The findings are given as follows: -

### **5.2.1 Taxpayers awareness**

**TABLE 7**

**Sources of taxpayers awareness**

| <b>Finding</b>  | <b>Sample</b> | <b>Line</b> | <b>Remark</b> |
|---|---------------|-------------|---------------|
| - Most Thai business people know about the rate of 30% of corporate income tax in Thailand. | 1             | 15          | AWA/TRT       |
|   | 2             | 18          |               |
|   | 3             | 4, 6        |               |
|   | 3             | 21          |               |
|   | 4             | 6           |               |
|   | 5             | 3           |               |
|   | 6             | 3           |               |
|   | 7             | 2           |               |
|   | 9             | 2           |               |
|   | 12            | 4           |               |
|   | 13            | 3           |               |
|   | 14            | 3           |               |
|   | 15            | 2           |               |
|   | 16            | 3           |               |
|   | 17            | 4           |               |
|   | 18            | 1,22        |               |

|  |    |         |         |
|--|----|---------|---------|
|  | 19 | 3       |         |
| - Most Thai business people know about the base of corporate income tax. | 1  | 8       | AWA/TBS |
|  | 3  | 3       |         |
|  | 5  | 4       |         |
|  | 6  | 4       |         |
|  | 7  | 3       |         |
|  | 9  | 9       |         |
|  | 11 | 6       |         |
|  | 12 | 2       |         |
|  | 13 | 4       |         |
|  | 15 | 3,15,50 |         |
|  | 16 | 2       |         |
|  | 17 | 5       |         |
|  | 18 | 3       |         |
|  | 19 | 2       |         |
|  | 20 | 4       |         |
| - Most Thai business people know about tax burden.                       | 1  | 5       | AWA/TBD |
|  | 2  | 5       |         |
|  | 3  | 1       |         |
|  | 5  | 1       |         |
|  | 6  | 2       |         |
|  | 7  | 4       |         |
|  | 11 | 4       |         |
|  | 12 | 1       |         |
|  | 14 | 1       |         |
|  | 15 | 1       |         |
|  | 17 | 1       |         |
|  | 18 | 1       |         |
|  | 19 | 1       |         |
|  | 20 | 1       |         |
| - Most Thai business people know about tax                               | 3  | 5       | AWA/TRD |

|  |    |     |         |
|--|----|-----|---------|
| reduction.   | 4  | 7   |         |
|  | 5  | 32  |         |
|  | 12 | 5   |         |
|  | 14 | 4   |         |
|  | 16 | 5   |         |
|  | 17 | 4   |         |
|  | 18 | 4   |         |
|  | 19 | 6   |         |
|  | 20 | 10  |         |
| - Most Thai business people know about tax exemption.            | 1  | 12  | AWA/TET |
|  | 2  | 12  |         |
|  | 12 | 6   |         |
|  | 15 | 39  |         |
|  | 16 | 4   |         |
|  | 18 | 3   |         |
|  | 19 | 4   |         |
|  | 20 | 8   |         |
|  | 4  | 2   |         |
| - Most Thai business people consult the tax specialist.          | 1  | 11  | AWA/OTS |
|  | 3  | 10  |         |
|  | 5  | 15  |         |
|  | 8  | 4   |         |
|  | 15 | 57  |         |
|  | 16 | 16  |         |
| - Some Thai business people use the outside accounting services. | 3  | 62  | AWA/OSA |
|  | 8  | 3   |         |
|  | 10 | 3,8 |         |
|  | 13 | 6   |         |
|  | 15 | 58  |         |
| - A few Thai business people employ the in house tax specialist. | 5  | 13  | AWA/ITP |
|  | 6  | 10  |         |

|   |    |        |         |
|---|----|--------|---------|
| - Some Thai business people know about tax refund.            | 4  | 46     | AWA/TRF |
|   | 12 | 42     |         |
|   | 14 | 41     |         |
|   | 18 | 5      |         |
| - Most Thai business people know about type of tax            | 1  | 83     | AWA/TOT |
|   | 2  | 71, 96 |         |
|   | 3  | 9      |         |
|   | 12 | 9      |         |
|   | 15 | 23     |         |
|   | 16 | 5      |         |
|   | 17 | 3,17   |         |
|   | 18 | 6      |         |
| - Some Thai business people know about non-allowable expenses | 19 | 5,10   | AWA/ABE |
|   | 1  | 14     |         |
|   | 7  | 45     |         |
|   | 9  | 6      |         |
| - Most Thai business people know about tax evasion            | 12 | 30     | AWA/EVA |
|   | 1  | 40     |         |
|   | 2  | 53     |         |
|   | 9  | 36     |         |
|   | 10 | 40     |         |
|   | 12 | 32,68  |         |
|   | 14 | 53     |         |
|   | 15 | 29,72  |         |
|   | 17 | 25     |         |
|   | 19 | 81     |         |
|   | 20 | 65     |         |
| - Some Thai business people know about tax avoidance.         | 1  | 69,111 | AWA/AVD |
|   | 2  | 48     |         |
|   | 15 | 24     |         |
| - Most Thai business people know about tax                    | 3  | 55     | AWA/TSV |



|         |    |      |  |
|---------|----|------|--|
| saving. | 3  | 77   |  |
|         | 5  | 50   |  |
|         | 6  | 9,32 |  |
|         | 7  | 48   |  |
|         | 11 | 39   |  |
|         | 13 | 32   |  |
|         | 16 | 29   |  |
|         | 18 | 54   |  |
|         | 19 | 76   |  |
|         | 20 | 56   |  |

### 5.2.2 Attitude of tax compliance

**TABLE 8**

| Finding  | Sample | Line       | Remark      |
|--|--------|------------|-------------|
| - Most Thai business people choose to pay the right amount of tax. | 1      | 95         | ATT/PRT/POS |
|  | 3      | 36, 54, 83 |             |
|  | 4      | 16,42      |             |
|  | 6      | 19,56,68   |             |
|  | 7      | 32         |             |
|  | 10     | 35         |             |
|  | 11     | 23,33      |             |
|  | 12     | 17         |             |
|  | 13     | 14,44      |             |
|  | 14     | 22,44      |             |
|  | 15     | 49         |             |
|  | 16     | 13,27      |             |
|  | 18     | 76         |             |
|  | 19     | 32,39      |             |
|  | 20     | 40,53      |             |
| - Some Thai business people agree to pay less tax.                 | 2      | 34, 76     | ATT/PRT/NEG |
|  | 5      | 10         |             |

|   |    |        |             |
|---|----|--------|-------------|
|   | 8  | 15     |             |
|   | 9  | 28     |             |
|   | 12 | 61     |             |
|   | 17 | 8,32   |             |
| - Some Thai business people think that tax exemption in Thailand is fair.       | 4  | 29     | ATT/TET/POS |
|   | 6  | 44     |             |
|   | 7  | 23     |             |
|   | 11 | 24     |             |
|   | 12 | 34     |             |
|   | 13 | 34     |             |
| - Some Thai business people think that tax exemption in Thailand is unfair.     | 8  | 23     | ATT/TET/NEG |
|   | 9  | 23     |             |
|   | 10 | 30     |             |
|   | 14 | 39     |             |
|   | 15 | 36     |             |
|   | 16 | 20     |             |
|   | 18 | 45     |             |
|   | 20 | 45     |             |
| - A few Thai business people think that tax reduction in Thailand is fair.      | 4  | 30     | ATT/TRD/POS |
|   | 6  | 45     |             |
|   | 11 | 24     |             |
| - A few Thai business people think that tax reduction in Thailand is unfair.    | 10 | 31     | ATT/TRD/NEG |
|   | 16 | 22     |             |
|   | 20 | 44     |             |
| - Some Thai business people think that corporate income tax rate is fair now.   | 2  | 31, 65 | ATT/TRT/POS |
|   | 3  | 18     |             |
|   | 7  | 7      |             |
|   | 15 | 7      |             |
|   | 20 | 20     |             |
| - Most Thai business people think that corporate income tax rate is unfair now. | 1  | 87     | ATT/TRT/NEG |
|   | 6  | 15     |             |

|  |    |       |             |
|--|----|-------|-------------|
|  | 12 | 14    |             |
|  | 14 | 15,38 |             |
|  | 16 | 9,19  |             |
|  | 18 | 21    |             |
| - Some Thai business people think that tax refund is fair now.   | 3  | 63    | ATT/TRF/POS |
|  | 4  | 35    |             |
|  | 12 | 41    |             |
|  | 14 | 40    |             |
| - Most Thai business people think that tax refund is unfair now.   | 1  | 125   | ATT/TRF/NEG |
|  | 4  | 30    |             |
|  | 11 | 26    |             |
|  | 13 | 41    |             |
|  | 18 | 47    |             |
|  | 19 | 63    |             |
|  | 20 | 46    |             |
| - A few Thai business people think that tax reduction is fair now.   | 6  | 53    | ATT/TRD/POS |
|  | 13 | 35    |             |
| - A few Thai business people think that tax reduction is unfair.   | 2  | 25,30 | ATT/TRD/NEG |
|  | 18 | 44    |             |
| - Most Thai business people think that tax system is fair.   | 2  | 33    | ATT/TST/POS |
|  | 3  | 92    |             |
|  | 6  | 81    |             |
|  | 7  | 14    |             |
|  | 12 | 33    |             |
|  | 13 | 33    |             |
| - A few Thai business people think that tax system is unfair.  | 4  | 22,54 | ATT/TST/NEG |
|  | 12 | 13    |             |
| - Most Thai business people think that when they found that they made mistake in filling tax form, which was submitted, they will amend and resubmit it. | 1  | 59    | ATT/RET/POS |
|  | 5  | 77    |             |
|  | 10 | 42    |             |
|  | 11 | 46    |             |

|  |    |          |             |
|--|----|----------|-------------|
|  | 13 | 54       |             |
|  | 16 | 30       |             |
|  | 19 | 78       |             |
| - Most Thai business people think that when they found that they have made mistake filling in tax form, which was submitted, they will not amend it. | 2  | 5        | ATT/RET/NEG |
|  | 3  | 35, 69   |             |
|  | 5  | 64       |             |
|  | 7  | 54       |             |
|  | 8  | 48       |             |
|  | 15 | 80       |             |
|  | 18 | 58       |             |
|  | 10 | 50       |             |
| - A few Thai business people think that the government's procedure is quite good in terms of tax return.   | 5  | 43       | ATT/GVP/POS |
| - Some Thai business people think that the government's procedure is not good in terms of tax return.  | 1  | 38       | ATT/GVP/NEG |
|  | 6  | 106      |             |
|  | 11 | 28       |             |
|  | 12 | 62       |             |
| - Some Thai business people think that tax evasion is the way to pay less tax.   | 14 | 48,52    | ATT/EVA/POS |
|  | 15 | 17,28,81 |             |
|  | 17 | 9        |             |
|  | 18 | 60       |             |
| - A few Thai business people think that tax avoidance is the way to pay less tax.  | 15 | 16,25    | ATT/AVD/POS |
| - Some Thai business people think that legal tax saving is tax planning.   | 15 | 55       | ATT/PLN/POS |
|  | 18 | 56       |             |
|  | 19 | 74       |             |



## 5.2.3 Taxpayers' behavior adopted regarding tax compliance

**TABLE 9**

| Finding  | Sample | Line     | Remark      |
|--|--------|----------|-------------|
| - Most Thai business people evade tax by providing the additional expenses, which are not related to business for reducing profit. | 1      | 39       | BEH/EVA/AEX |
|  | 2      | 54,59,93 |             |
|  | 9      | 35       |             |
|  | 10     | 22,47    |             |
|  | 14     | 60       |             |
| - A few Thai business people evade tax by hiding income.   | 15     | 14,34    | BEH/EVA/HID |
|  | 9      | 34       |             |
|  | 12     | 66       |             |
| - A few Thai business people evade tax by over crediting tax refund.   | 15     | 30       | BEH/EVA/OCR |
|  | 17     | 15,19,24 |             |
| - Most Thai business people avoid tax by searching the official receipts to attach as payments without receipts                    | 9      | 48       | BEH/AVD/SRC |
|  | 1      | 68, 110  |             |
|  | 2      | 47,77,82 |             |
|  | 10     | 24,41    |             |
|  | 14     | 59       |             |
| - A few Thai business people avoid tax by reassigning between personal income tax and corporate income tax.                        | 15     | 34       | BEH/AVD/CTT |
|  | 1      | 46       |             |
| - A few Thai business people evade tax by submitting wrong tax form.   | 15     | 27       | BEH/EVA/SMT |
|  | 1      | 141      |             |
| - A few Thai business people evade tax by over claiming tax exemption.   | 20     | 64       | BEH/EVA/OCE |
|  |        |          |             |
| - Most Thai business people save tax by reassigning account code to expense items.   | 5      | 21       | BEH/TSV/VRE |
|  | 6      | 22,35,63 |             |
|  | 7      | 41       |             |
|  | 11     | 36       |             |
|  | 12     | 24,58    |             |

|  |    |          |             |
|--|----|----------|-------------|
|  | 13 | 31       |             |
|  | 14 | 30       |             |
|  | 18 | 56       |             |
|  | 19 | 33       |             |
|  | 20 | 55       |             |
| - Some Thai business people save tax by reassigning account code to income items.      | 1  | 154      | BEH/TSV/VRI |
|  | 6  | 42       |             |
|  | 11 | 38       |             |
|  | 18 | 56       |             |
|  | 19 | 34       |             |
| - Some Thai business people save tax by avoiding non-allowable expenses.               | 1  | 119      | BEH/TSV/AAE |
|  | 3  | 72       |             |
|  | 4  | 48       |             |
|  | 7  | 47       |             |
| - A few Thai business people save tax by avoiding mistakes when filling the tax forms. | 6  | 31       | BEH/TSV/VRT |
| - Most Thai business people save tax by consulting the tax specialist.                 | 1  | 100,117  | BEH/TSV/COT |
|  |    | 155      |             |
|  | 3  | 40,70    |             |
|  | 4  | 66       |             |
|  | 5  | 20       |             |
|  | 7  | 14       |             |
|  | 8  | 45,51,63 |             |
|  | 10 | 10       |             |
|  | 13 | 19,48    |             |
|  | 16 | 17,34    |             |
|  | 19 | 41       |             |
| - Some Thai business people save tax by searching tax refund.                          | 1  | 146      | BEH/TSV/TRD |
|  | 3  | 88       |             |
|  | 4  | 50       |             |
|  | 7  | 39       |             |

|   |    |       |             |
|---|----|-------|-------------|
| - A few Thai business people save tax by searching tax exemption. | 19 | 82    | BEH/TSV/TET |
|   | 3  | 87    |             |
|   | 19 | 83    |             |
| - Most Thai business people save tax by tax planning.             | 3  | 75    | BEH/TSV/TPL |
|   | 4  | 45,68 |             |
|   | 6  | 8,58  |             |
|   | 11 | 20,36 |             |
|   | 12 | 24,53 |             |
|   | 13 | 59    |             |
|   | 15 | 54    |             |
|   | 16 | 28    |             |
|   | 19 | 75    |             |

### **Conclusion of finding**

The above results of the research can be divided as follows:-

1. Most Thai business people know more about taxation in Thailand especially, tax rate, tax burden, how to pay less tax by tax evasion and tax reduction and they prefer to save tax by tax planning.
2. The attitude of taxpayers,
  - 2.1 Most Thai business people agree to pay the right amount of tax.
  - 2.2 Most Thai business people think that the rate of corporate income tax in Thailand is so high and tax refund is unfair now.
3. Taxpayers' behaviors are given as follows:
  - 3.1 Most Thai business people evade tax by providing the additional expenses, which are not related to business for reducing profits.
  - 3.2 Most Thai business people avoid tax by searching the official receipts to attach as payments without receipts.
  - 3.3 Most Thai business people reduce tax by reassigning account code to expense items.
  - 3.4 Most Thai business people reduce tax by consulting the tax specialist.

## Chapter 6

### Conclusions and Recommendations

This chapter consists of 2 sections, conclusions and recommendations. The conclusions have been drawn from the summary of the finding. The recommendations are separated in two parts, implication and suggestions.

#### 6.1 Summary of findings

Thailand is a country which has faced problems of tax avoidance and tax evasion. The corporate income tax is a type of Thai tax, which could not be collected to form part of the government's budget. There are many factors which affect tax collection i.e. tax installment policy, company closure, exchange rate system from fixed system to managed float exchange rate in the year 1997. Many companies have faced these problems and some companies could not continue to establish business i.e. real estate or finance businesses have been closed down and some companies which still process business have to find out anyway to save their money. The Revenue Department has tried to develop a tax collection system to help taxpayers with their tax submission.

The results of the hypotheses tested can be drawn as follows:

Taxpayers who are saving tax legally are the taxpayers who know more about the corporate income tax. In addition, if they can evade tax, they will. They can have many practices because they know how to pay tax, when to pay tax, what the corporate income tax is and who has to pay tax. Hypotheses  $H_{01}$ ,  $H_{02}$  and  $H_{03}$  are used for testing taxpayers' cognition and behavior. The results of these hypotheses indicate that taxpayers who know taxation well, will have both avoided tax and saved tax legally. This depends on the situations. Both taxpayers who know more about the corporate income tax, and those who do not know about tax will evade tax. Most people will avoid or evade tax because they are confident that they know the loophole of tax laws and it is not quite easy to be found out by the Revenue Department Officer. Moreover, it takes a long time for tax evaders to be found out. On the contrary, the taxpayers who do not know the corporate income tax, might select outsourcing to deal with their tax issues. It would be the best



way to file tax. However, tax advisors may either be right or wrong. Some consultants thought that they are tax specialists in Thailand or know the important governors who can help to face tax problem when their clients are facing tax audited by the Revenue Department Office. It will be a case which will be studied in the future so that how to eliminate them will be known.

Most taxpayers disagreed with the current Thai tax and the rate of corporate income tax. They think that the rate of corporate income tax is too high. Some taxpayers complained that they have to pay many types of taxes not only the corporate income tax which is only a type of direct tax. They have to bear more tax burdens now, both the indirect and direct tax i.e. value added tax, and excise tax. Some entrepreneurs have paid the corporate income tax when they received profit sharing of dividend. They have to pay the personal income tax. They think that it is double taxpaying. If the question "Are taxpayers aware of saving tax legally?" is asked, the results of this question must be separated into 2 situations: do not want to evade tax, when taxpayers think that it is fair; and want to evade tax, when they think that it is unfair.

In taxpayers' minds, they do not wish to avoid tax or evade tax but they think that they do not receive benefits from the government. Some businesses do not want to avoid tax but it happens from misunderstanding. When they realize that they have filed the wrong tax, they wish to rectify it. However, there is no decrease of penalty nor surcharge for such rectification. This leads taxpayers to tax avoidance. On the other hand, some taxpayers prefer to avoid tax and try to find out anyway to avoid tax. Some taxpayers know the method of how to avoid paying penalty and surcharge. They think that the best way is to keep quiet. Some businesses can make much income in Thailand but the government offered more tax exemption to them and it results in no taxpaying or no income to our country. The government tries to push and encourage small business enterprises to pay tax. This selective practice is unfair.

If there is no taxpaying, there would be no money to develop our country. Therefore the government should be aware of collecting, issuing and managing the Thai tax. Tax paying should be compulsory and fair for all businesses.

Taxpayers are dissatisfied with the complicated tax system. Some taxpayers know more about the corporate income tax and know what the legal way to save the corporate income tax is but they select the method of tax evasion or tax avoidance because they think that they do not get any return from the government. Taxpayers, who pay a lot of tax feel that they must pay forever. Taxpayers, who have never paid tax or have been given tax exemptions, tax reduction and other promotion from the tax laws, would never pay tax. This indicates that the Thai tax laws can be interpreted differently by taxpayers.

## **6.2 Implications**

Thailand has changed to a new government team. This team has tried to adapt and change many laws which will be suitable to the Thai economy i.e. tax reduction or withheld tax as follows:

1. Ministerial Regulation (M.R.) No. 229 B.E. 2544 - Income tax, dated June 25<sup>th</sup>, 2001.
2. Department Regulation (D.R.) No. 101/2544 - Income tax withholding, dated June 27<sup>th</sup>, 2001

Both regulations will be effective on July 16<sup>th</sup>, 2001. The government is trying to collect tax at the beginning of the procedure. It is better to collect the corporate income tax. It means that the government tries to eradicate the problem of tax avoidance and tax evasion because they cannot know how much tax they can collect from the taxpayers.

The Tax laws have just been announced and effective on July 16<sup>th</sup>, 2001. Some businesses disagreed with these tax laws. Suddenly, 6 Associations of Transportation who are dealing with 90 percent of both importing and exporting in Thailand have stopped their services and said that 3 percent of withholding tax is too high. Dissatisfaction causes these laws to be postponed and will be effective in the year 2002. The transportation businesses offer 2 choices to the Ministry of Finance as follows:

1. To reduce the rate of withholding tax from 3 % down to 1% and
2. To submit the withheld tax by themselves.

The withheld taxes are their tax burden. They have had both few profits or losses.

(Bangkokbiznews, " Tax Collection for fairness" July 18<sup>th</sup>, 2001, page 17 and 30,)

The above information created more uncertainty to many persons as to how these businesses have been able to establish their businesses up to now. The purpose of the Thai Revenue Department is to make the effective tax collection and expand the tax base to cover all businesses. Some businesses do not understand the Thai tax system. Some business owners have never paid tax, probably because they have had losses or for some other reasons.

### **6.3 Suggestions**

The suggestions will be separately for the government sector, business sector and academia sector as follows:

#### **6.3.1 For the government**

**TABLE 10**  
**Sources of Thai federal tax revenues**

<sup>3</sup>Data of tax collection for the period of October 2000 to March 2001

| Type of Taxes        | Collection | To compare<br>Previous<br>year<br>Million baht | To compare<br>Previous<br>year<br>% | To compare<br>Estimation<br>Million baht | To compare<br>Estimation<br>Million<br>baht |
|----------------------|------------|--|-------------------------------------|--|---|
| Personal income tax  | 54,513     | 5,133  | 10.40                               | 3,853                                    | 7.61  |
| Corporate income tax | 37,857     | -10,848  | -22.70                              | 2,015                                    | 5.62  |
| Petroleum tax        | 2,327      | 748  | 47.35                               | 562                                      | 31.37                                       |
| Value added tax      | 106,375    | 11,849   | 12.53                               | -2,797                                   | -2.56                                       |
| Specific tax         | 6,307      | -3,070   | -32.74                              | -732                                     | -10.40                                      |
| Others               | 1,781      | -136   | -7.11                               | -388                                     | -17.88                                      |
| Total                | 209,160    | 3,675  | 1.79                                | 2,514                                    | 1.22  |

<sup>3</sup> Revenue Department Message Magazine, year 48, no. 5, Mat 2001, Page 9 -15, "The Analysis of Revenue Department Income for 6 months of the estimation in year 2001

In the first 6 months of 2001's estimation for the Thai government, the Revenue department collected baht 209,160,000,000 which is higher than in the previous year which was around baht 3,675,000,000 or 1.79% and higher than the government's estimation of baht 2,514,000,000 or 1.22%, especially for personal income tax and petroleum tax. When the corporate income tax is compared with other taxes, it is lower than that of the previous year of baht 10,848,000,000 or 22.70%. The Revenue Department said that this is due to tax installment of the year 2000. They tried to explain that they could collect higher corporate income tax return than they were able to the previous year.

The test results reveal that most business people are unlikely to pay full taxes. Even if the Revenue Department said that their corporate income tax collections are better than previously, it is not a sign that they will be able to collect better tax in the future because their analysis is opposite to the trend of tax collection.

The Thai government has tried to find out many methods to eradicate the problem of tax avoidance and tax evasion. There are many causes which are given as follows;

1. There are many taxpayers who do not know about the corporate income tax or some types of tax which concern them. The Revenue Department Officer tries to create a seminar upcountry to help the taxpayers who may find it inconvenient to travel to Bangkok. Some taxpayers have paid much money on seminar charges to the private sectors and to tax news on the Internet.
2. Some taxpayers said that tax procedures are complicated. The Revenue Department has tried to reduce tax procedure i.e. taxpayers who have no time to go to the Revenue Department or the Revenue Department is too far to travel to. They can submit VAT or value added tax by e-mail or intranet. This solution can help the taxpayers to save time and money.
3. Most business people said that tax burden is troublesome. The government understood and tried to help the small and medium enterprises by providing tax exemption for "H & Q Venture Capital". That is investors who invest at least baht 200,000,000 and need to invest in SME within 7 years when they sell their share will get tax exemption from the profits or capital gain tax. The solutions, which are provided by the government will be fair for the



relevant business but it is unfair for the others. It is not easy to provide either tax exemption or no tax collection to all businesses in Thailand.

### **6.3.2 For the business purpose**

All companies and partnerships registered in Thailand are subjected to the Corporate Income Tax. The corporate income tax applies to other entities as well, including most notably "joint venture", which include virtually any profit seeking joint enterprise comprised of individuals and/or other companies or partnerships. Subject to possible exceptions under tax treaties, the corporate income tax also applies to foreign companies and other entities either doing business in Thailand or receiving income, which is paid from or within Thailand.

The basic corporate income tax is imposed at a flat rate of 30% or a net profit that is calculated by deducting from the gross income assessable in Thailand, those expenses allowed under the Revenue code and supplemental regulations. The rules for what expenses are allowable deductions can be complicated, and there are specific limitations on the deductibility of many types of expenses. Still, in general terms, necessary and ordinary expenses incurred in pursuing profit are deducted in computing net profit.

A company subjected to the Thai corporate income tax normally can choose any twelve months period as its fiscal and tax year. Though a large majority of companies doing business in Thailand choose the calendar fiscal year, most companies must use the accrual basis of accounting for purposes of the corporate income tax, although certain types of companies notably those engaged in a service industry may elect cash basis accounting.

The basic corporate income tax is imposed at net profit. When net profit is high, corporate income tax will be high. Therefore, the way to reduce tax is to control profit. There are two functions, which relate to the Thai corporate income tax, income and expenses. The way to reduce tax is to concentrate on " Section 65 bis and Section 65 ter under the Revenue Code".

### **How to save tax:**

1. To use maximum depreciation rate. Depreciation rates which are used for accounting purposes must also be used for tax purposes, i.e. 5 % for building and 20 % for most other fixed assets. ( Section 65 bis (2) )
2. To revalue the other foreign currency, unrealized losses are deductible from profit. (Section 65 bis (5) )
3. To use the right value of inventories, inventories must be valued at the lower cost and market value. ( Section 65 bis (6) )
4. To make sure that companies do not over write-off bad debts, bad debts of over baht 100,000 can only be written off after all possible actions have been taken to prove that they are irrecoverable. ( Section 65 (9) )
5. Not to take the output value added tax (sale tax) including income. ( Section 65 bis (14))
6. To be aware that the company does not over provide any reserves or provision i.e. provisions for doubtful debts, inventory obsolescence and future liabilities, contributions to employees' provident fund (except an approved fund set up in accordance with regulations of the Ministry of Finance). ( Section 65 ter (1) )
7. To include all private expenses and entertainment of employees' income and declare the personal income tax. ( Section 65 ter (2) and (3) )
8. To verify all tax invoices to be completed and corrected under the Revenue Code.
9. To make sure that all expenses shall be incurred to the accounting period. ( Section 65 ter (9) )
10. To verify that all expenses or disbursement are identified by its recipients. ( Section 65 ter (18) )

If the taxpayers are not aware of the above, all expenses shall be included as revenue in the Accounting period.

11. Not to forget that the net loss of a company may be carried forward to offset against future profits for a period of five years. Losses may not be carried back. (Section 65)
12. Not to forget tax refund which can be credited to the corporate income tax return of each accounting period and tax refunds must be requested within 3 years of the date of filing the tax return that resulted in the overpayment. (Section 69 bis)

### 6.3.3 For the academia

This study focuses on the study of tax saving behavior of corporate income tax in Thailand. This is one of the components of taxpayers' behaviors. Many taxpayers or business owners do not know about the corporate income tax and think that it is unnecessary to know. They can employ an accountant or tax specialist and need to know only how much tax to pay or how to save money. The research has identified that some small and medium enterprises or family businesses will select to avoid or evade tax.

The study estimates that the impact of distortion of taxpayers' behaviors may come from the fairness of Thai current tax system. It will take a long time for all tax laws to be satisfactory to all taxpayers' need.

Improvement of taxpayers' behavior is a limitation. Their behaviors and attitude are different. They think that they must pay the right amount of tax but they avoid or evade tax. Cautious are evident in their replies to the interview questions.

Variables included in this study are all qualitative. In fact, the qualitative variables i.e. cognition or attitude will probably affect taxpayers' behavior. Thus these variables can be included in further research.

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## Appendices

## Appendix A: Categorization

Sample no.1

| Name               | Transcript  | No       |
|--------------------|---|----------|
| AWA/TBD<br>AWA/TBS | <i>Interviewee:</i> Yes, I know a few of corporate income tax in Thailand, I am necessary to know it. I have to use the corporate income tax for making the plan and managing for all functions in this business. I am the branch manager in Thailand. I should know for the relevant laws. In my opinion, <i>I think that the company in Thailand has to pay the corporate income tax, the corporate income tax has come from the company income or profit in previous year.</i> I do not more know about the corporate income tax rate and the others.  | 5<br>10  |
| AWA/OSA<br>AWA/OTS | <i>I use an outsourcing to help me for managing accounting and taxation.</i>  |          |
| AWA/TST<br>AWA/TRT | <i>Interviewee:</i> I knew that <i>the Thai government has separated into two functions of income tax in Thailand. That is the corporate income tax rate has only one rate and the personal income tax is specific the progressive rates. I think that both of the corporate income tax and personal income tax should be the progressive rate.</i> But I do not know how much of the corporate income tax rate and personal income tax rate, I know only I have paid big amount of the personal income tax every month and too high of the corporate income tax rate in Thailand. <i>If the Thai government needs tax from the businesses, they should decrease all tax rates.</i> | 15<br>20 |
| ATT/TIS/POS        | <i>Interviewee:</i> <i>I think that all businesses should pay in the right amount of tax.</i> It means that anytime, when I prepared the tax return and knew that how much tax, <i>I prefer to pay tax without any decision but I can't behave the same my idea or attitude.</i> It means that when the bookkeeper told us how much   | 25       |



|                        |  |                      |
|------------------------|--|----------------------|
| BEH/EVA/COT            | taxpaying. <i>First of all, I would ask the accountant that do you make sure have no any mistaken and the financial director agree and next, I would ask them there is any way to pay less tax and without tax audit. If they said “ we have the way to pay less tax”, I would like to use that way.</i>   | 30                   |
| BEH/EVA/AEX<br>AWA/EVA | <i>Interviewee:</i> I think that <i>we should find out all of expenses for decreasing the company profits.</i> Normally, we have paid many expenses. Many persons said that our business could make big profit but nobody know that we have paid many expenses. We have received a few profits or some project takes loss. There are many methods, which are used for reducing tax such as follows:  | 40                   |
| BEH/AVD/CTT            | <i>I want to help the temporary employees to avoid the personal income tax and social security.</i> We paid daily wage baht 200 up to baht 500, some temporary employee has to be deducted the personal income tax and all temporary have to be deducted social security at least baht 60. They wanted to receive full daily wage. If we deducted tax or social security, they would not work with us. If we did not deduct tax and social security, we have to pay them by ourselves and we can't pay all times. We have the temporary employees around 100 persons each month, they only work with a day or two days. In term of personal income tax, we have no paid much money but we thought that it should be our payment. In term of social security, we have to pay double because social security has been by employees at least baht 60 or 3 % of income not exceeding baht 15,000 per month. It means that we have to pay at least baht 12,000. But tax and social security procedure makes trouble to us. Therefore we decide to search the easy way to cut off many problem by discussing with some person who is willing to receive a little fee to receive all daily wage | 45<br>50<br>55<br>60 |

|                                |  |                     |
|--------------------------------|--|---------------------|
| <p>BEH/AVD/SRC<br/>AWA/AVD</p> | <p>payments and contributing to all temporary employees. We will pay by adding on our wage, may be 5% of daily wage and deduct 3% of withholding tax from an agency.</p> <p><i>We have found that many suppliers or subcontractors do not want to withhold tax, we solve this problem by searching the other receipts when we buy some goods to attach the payment which we paid to subcontractor who do not want to withhold tax. Not only above problems but also we still find the problem of payments without receipts, we use the same way as above to solve the problem.</i></p>   | <p>65</p>           |
| <p>ATT/GVP/NEG</p>             | <p><i>Interviewee:</i> I think that if the Thai government would like to ask for outside investor to invest in Thailand, they should be fair to offer tax reduction and exemption for all companies in Thailand not only some industry. <i>If the government is interesting only some specific business without making consideration, probably the investors do not prefer to invest in Thailand. They though that not only some businesses have paid tax but also all businesses have to pay tax to Thai government.</i></p>  | <p>70</p> <p>75</p> |
| <p>ATT/TIS/POS</p>             | <p><i>Interviewee:</i> I think that tax refund is tax which is deducted by the customer and can use for reducing the corporate income tax at the end of the year. The Thai government should extend the period of tax refundable upon 5 or 7 years. I think that only 3 years do not enough to process. It will be fair. I think that many taxpayers may agree with me. When they over paid to the government, they need to quick return from the government. If taxpayers pay less, the government will charge penalty and surcharge. <i>It is unfair for the government's procedure.</i> When we pay tax, we have paid right amount and when we found that we paid wrong, we cannot get returning, it is unfair.</p> | <p>80</p> <p>85</p> |
| <p>AWA/TRF</p>                 | <p><i>Interviewee:</i> I think that tax refund is tax which is deducted by the customer and can use for reducing the corporate income tax at the end of the year. The Thai government should extend the period of tax refundable upon 5 or 7 years. I think that only 3 years do not enough to process. It will be fair. I think that many taxpayers may agree with me. When they over paid to the government, they need to quick return from the government. If taxpayers pay less, the government will charge penalty and surcharge. <i>It is unfair for the government's procedure.</i> When we pay tax, we have paid right amount and when we found that we paid wrong, we cannot get returning, it is unfair.</p> | <p>85</p> <p>90</p> |
| <p>ATT/TRF/NEG</p>             | <p><i>Interviewee:</i> I think that tax refund is tax which is deducted by the customer and can use for reducing the corporate income tax at the end of the year. The Thai government should extend the period of tax refundable upon 5 or 7 years. I think that only 3 years do not enough to process. It will be fair. I think that many taxpayers may agree with me. When they over paid to the government, they need to quick return from the government. If taxpayers pay less, the government will charge penalty and surcharge. <i>It is unfair for the government's procedure.</i> When we pay tax, we have paid right amount and when we found that we paid wrong, we cannot get returning, it is unfair.</p> | <p>90</p>           |

|                            |  |     |
|----------------------------|--|-----|
| ATT/PRT/POS                | <i>Interviewee:</i> In my opinion, <i>taxpayer should pay in the right amount of tax without any decisions.</i> I will reply you as the same as above, I think that to pay right tax is the right way but I can't behave the same way. It means that when the bookkeeper told us how much taxpaying. <i>If I have no way to choose, I am willing to pay. Every way depends on my consultant to help us.</i>  | 95  |
| BEH/TSV/COT<br>BEH/EVA/CTT | <i>Interviewee:</i> In my experience, the company has faced the assessment by the Revenue Department and they said that we have to pay much penalty and surcharge. This situation happened from unqualified accountant, which we employed in last year. <i>I think that the good method of tax saving should come from tax planning and the qualified consultant.</i> I can't follow on my attitude but we try. It is our practice now, before I will deliver documents to the accounting office, <i>we have to check first which payments have no receipts, our staffs would try to search its receipts.</i> The accountants disagree in our practice, they said that we can do all things which we want to do but we have to do before deliver all documents to them. They do not want us to avoid tax, they try to motivate us to process accounting and tax on Thai tax laws but we can't follow on all rules of the government. If we do, we have to pay a lot of tax. <i>The best way to save tax now, we will plan by discussing with our consultant before we will pay tax such as we will request our consultant to review the withholding tax return and value added tax each month before we will submit and pay tax to the Revenue Department.</i> | 100 |
| ATT/PLN/POS                |  | 105 |
| BEH/AVD/SRC<br>AWA/AVD     |  | 110 |
| BEH/TSV/COT                |  | 115 |
| BEH/TSV/VRT                |  | 120 |
| ATT/RET/NEG                | <i>Interviewee:</i> I think that we pay full or partial amount of tax, it does not make sense or promise that the Revenue Department will not assess or stop our tax audit. <i>If we know that we are misleading to file tax, we should rectify some</i>   | 125 |

|             |   |     |
|-------------|---|-----|
|             | <p><i>part and submit it.</i> You may ask me that why I do not want to rectify and pay full tax. Before I will tell you, I must inform you first, what is contribution from the government? We are deducted tax and social security every month but when we go to hospital, we have to pay more. I am the foreigner, we have paid difference medical care fees from Thai people. I make argument to the doctors or hospital staffs that I paid the social security fund as the same rate with Thai employee, why have we paid more? They keep quite. It is the cause why I am unwilling to pay tax. <i>I prefer to rectify some part and wait until they find our misleading then pay penalty and surcharge. I know that it is the way of tax evasion.</i></p>  | 130 |
| BEH/EVA/SMT | <p><i>Interviewee:</i> I do not know more about accounting and tax in Thailand. I knew only big profit, will pay big tax. If I need to save tax, I must search anyway to decrease profit. In basically, <i>I will search tax refund, tax exemption or tax reduction.</i> Tax procedure which we process now, I told you that we have no a bookkeeper in our office. We have only the office staffs who had no graduated in accounting, they can help me only collecting all vouchers then deliver to the bookkeepers after that they will review and prepare the financial statements and tax planning which use for report to the Director of Accounting in Australia. <i>When he found something wrong such as many added back expenses, he would discuss with our consultant how to avoid this case. He knew that we have a lot of added back expenses will affect to profit increase. Normally, the consultants will advice us to avoid to pay without non-receipt.</i></p> | 140 |
| BEH/TSV/TRF |   | 145 |
| BEH/TSV/AAE |   | 150 |
| BEH/TSV/COT |   | 155 |



**Sample no.2:**

| Name        | Transcript   | No |
|-------------|--|----|
| AWA/TBD     | <p><b>Interviewee:</b> I know only the company has to pay tax every year and do not know more about the corporate income tax. Tax is difficult to study, it is very complicated and tax procedure of each country is different. <i>I know a few of tax that is tax burden. I know that we have paid a lot of tax and we will pay tax twice a year.</i> Many persons though that the gasoline station can make a lot of money, you must think that we have to pay many staffs who would support gasoline to customers and the other services must be free because there are many competitors. Now, we try to utilize our source or all members in the family who would work all jobs in our gas station. <i>My duty is to manage financial, accounting and tax. I will file all tax return forms and submit to the Revenue Department.</i> I am not expert in tax laws. <i>I would consult with the Revenue Department Officers, when I have a tax problem.</i> There are many tax return forms, which I have to submit i.e. the withholding tax return, value-added tax, personal income tax and corporate income tax. <i>In term of the corporate income tax, I know that its rate is 30% .I have to submit on or before May 31 of every year and our accounting period is the ended of December.</i></p> | 5  |
| AWA/OUS     |  | 10 |
| AWA/RDO     |  | 15 |
| AWA/TRT     |  | 20 |
| ATT/TST/NEG | <p><b>I filled in the form P.Ng.D.50 and I have to file the mid-year tax return on or before August 31 of every year by basing on profit of that year.</b></p> <p><b>Interviewee:</b> <i>I know only Thai tax system is not good,</i> taxpayers pay tax but we do not get the good benefit from the government, there are more corruption in Thailand. We paid tax every year, especially, the corporate income tax would be</p>   | 25 |

|                        |   |                |
|------------------------|---|----------------|
| ATT/TST/NEG            | paid twice. <i>We are only small trading business in Thailand, I think that the government should consider again both the current tax system and the rate of corporate income tax rate.</i>   | 30             |
| ATT/TRT/NEG            | The best way, they should separate among big business and small business by basing on its capital, it will be fair.   |                |
| ATT/PRT/NEG            | <i>Interviewee: I think the right way is to pay less tax because I do not know why I have to pay much tax because I do not get return from the government.</i> You may be doubtful, why I   | 35             |
| ATT/GVC/NEG            | said that because I think that the government does not utilize our tax to public. They only think that how to provide our money and utilize to their life. We often have a problem, when we found that we paid a lot of tax from big profit. I consulted with the Revenue Department Officer in case of our expenses without receipts, we need to include these expenses into profit on tax. They said “No”, I said again “we already paid”, they said that we must separate between the actual profits (loss) and profit tax. It is different. All expenses were paid without receipts, have to add it back into profit. It means that our profit will increase. <i>They introduced that if we need to reduce our profit, we must find out all official receipts, which can be proved that who paid and who received.</i> After I got this information, <i>I think that the best way to reduce tax is we have to find out the official receipts for reducing our profit.</i> I do not quite understand this information. When I used this method, I can pay less tax. <i>You may continue to ask me whether those expenses were belonging to our business. I will not reply you.</i> | 40<br>45<br>50 |
| BEH/AVD/SRC<br>AWA/AVD |   |                |
| AWA/EVA<br>BEH/EVA/AEX | <i>Interviewee: When the auditor audited our account, they always said that all receipts should be the official receipts. It should be performed the suppliers’ name. If I need to reduce tax, I have to find out many expenses and can prove the</i>   | 55             |

|             |  |    |
|-------------|--|----|
| BEH/EVA/AEX | <p><i>recipient</i>. I already informed you for our method to reduce tax as above.</p> <p><i>Interviewee:</i> I can not tell you that what kind of businesses in Thailand should get tax reduction and exemption of corporate income tax because I do not understand tax reduction or tax exemption. <i>If the Thai government would like to help the Thai taxpayers, should decrease the corporate income tax rate and personal income tax.</i></p>   | 60 |
| ATT/TRT/NEG | <p><i>Interviewee:</i> I can say that I do not understand what is tax refund. <i>I know only the Thai government should return all taxes urgently to taxpayers.</i> If I do not make mistaken. <i>Tax refund is tax, which the government has to return to taxpayers,</i> the government needs to get quickly tax from taxpayers. Therefore they should return quickly when they were misleading to pay tax, it would be fair.</p>                     | 65 |
| ATT/GVP/NEG | <p><i>Interviewee:</i> I think that whether to change the corporate income tax, <i>the best way is to pay less tax. I knew that the method to save tax is to find out the official receipts, I used this method to reduce tax.</i> When I used this strategy, it was appropriately to our business.</p>  | 70 |
| AWA/TRF     | <p><i>Interviewee:</i> If I need to save tax, I have to reduce profit. We must try to provide anyway to decrease profit. <i>I must to find out many official receipts and accepted by the auditor and the Revenue Department Officer.</i></p>  | 75 |
| ATT/PRT/NEG | <p><i>Interviewee:</i> I have no knowledge about the corporate income tax. If I found that I was misled to file the corporate income tax, <i>I will ignore or keep quite for doing anyway because I don't know how to do.</i> I never found this case. If I face this situation, I don't do any things. I do not know why I have to pay more money to the Revenue Department. If they found it and ask me to pay penalty and surcharge, I will pay</p> | 80 |
| BEH/AVD/SRC |  |    |
| BEH/AVD/SRC |  |    |
| ATT/RET/NEG |  | 85 |





|             |   |    |
|-------------|---|----|
|             | firm in the world.  |    |
| ATT/TRT/NEG | <i>Interviewee: I think that if the Thai government will implement the current tax system and corporate income tax in Thailand, they should decrease the corporate income tax rate of 30% to 25%. Because it is too high or change by using as the same in progressive rate for the corporate income tax and the personal income tax.</i>   | 20 |
| AWA/TRT     |   |    |
| ATT/PGR/POS | My business just formed the business in last year. We have paid a lot tax every month, especially, value-added tax. We paid more than baht 200,000 and we paid the corporate income tax in this year around baht 150,000. I understood that the business just formed the business, would have more pre-operating expenses and would affect to company's performance. The company would take loss but business got profit in last year.  | 25 |
|             | <b>Our business plan, we need to increase our income, will affect to profit increasing. If the Revenue Department decreases the rate of corporate income tax, it will help to save a lot and will be fair to many investors.</b>  | 30 |
| ATT/PRT/POS | <i>Interviewee: In my opinion, I think if we need to save money now and future without any problems with the Revenue Department, we should pay right tax.</i> It means that how much tax, we are willing to pay. I consult all tax cases with our consultant and do not want to avoid or evade tax and the owners will think as the same with me. <b>Therefore the right way to pay tax is to discuss with a tax specialist first or they should prepare all tax returns. It is our practice.</b> | 35 |
| BEH/TSV/COT | <i>Interviewee: I knew that the corporate income tax would come from profit. If we can find many expenses, it will decrease profit. In my opinion, we should try to search many expenses, will be the good way to save money or save tax and the receipts of expenses should place in right address and name of company. I do not mean that I will find out the</i>   | 40 |
|             | <i>other receipts for increasing turnover. I mean that when we</i>  | 45 |

|             |   |    |
|-------------|---|----|
| BEH/TSV/VRE | <i>other receipts for increasing expense. I mean that when we pay any payments, must ask for the official receipt from a supplier. The consultant told that all payments should be attached the receipts, non-receipt is make to increase more profit. When we pay the corrected tax now, we will not pay penalty in the future. That is we can save the company's money and tax.</i>             | 50 |
| ATT/PRT/POS |   |    |
| AWA/TSV     | <i>Interviewee:</i> If the government want to help and motivate many investors to invest in Thailand, they should make consideration that all businesses in Thailand are important. The government should provide any promotion such as tax exemption or tax reduction as the same decision to all businesses   | 55 |
| AWA/TRF     |   | 60 |
| ATT/TRF/NEG | <i>Interviewee:</i> In my idea, I think that the government should extend the period of tax refund, will be more than 3 years. Tax procedure of Thai government will spend long time and I think that 3 years for tax refund, may not be enough to return tax.  | 65 |
| ATT/GVP/NEG | <i>Interviewee:</i> I think that we have paid a lot of tax. If the government do not improve tax system, many businesses may try to provide anyway to pay less tax. We have discussed with the consultant to take care off all tax cases by avoiding to file wrong tax. If we are not misleading to pay tax, we will not pay penalty and surcharge. That is the way to save money now and future. | 70 |
| BEH/TSV/COT |   |    |
| BEH/TSV/VRT | <i>Interviewee:</i> I will plan everything before I do. If I need to save my money, I must make a tax planning before I pay tax. I already make the business plan and tax planning for 2001 before we will pay the mid-year tax return by discussing with our consultant.   | 75 |
| BEH/TSV/TPL |   |    |
| AWA/TSV     | <i>Interviewee:</i> I do not want to face any problems in the   |    |

|             |  |    |
|-------------|--|----|
| ATT/RET/POS | future. When I found that I make mistaken to submit tax, <i>I would rectify and re-submit. Even if I have to pay a lot of tax and penalty, I would pay. I think that it can save my money in the future. If I wait the Revenue Department Officers found it, It may make big payments.</i>   | 80 |
| ATT/PRT/POS |  |    |
| BEH/TSV/TET | <i>Interviewee:</i> I know a little of the corporate income tax. I think that before I will provide any methods to save tax illegally, <i>we should provide all tax exemption or tax reduction to deduct tax. I do not know more about the tax procedure.</i> Our business has paid a lot of taxes to the government and tax withheld from our customers. I think that we will not pay a lot of tax for our tax planning in this year. | 85 |
| BEH/TSV/TRD |  | 90 |

**Sample no.4:**

| Name    | Transcript   | No |
|---------|--|----|
| AWA/OTS | <i>Interviewee:</i> I just came to work in Thailand only 2 years. I can not reply you all Thai tax, I know only some tax. <i>This company has consulted the corporate income tax, Thai GAAP or other Thai taxation laws with the professional company.</i> However I can say that I know only basic for Thai tax both the corporate income tax and personal income tax. <i>I knew that the corporate income tax rate in Thailand is 30 % now by basing on company's profit. I know that my company has gotten tax exemption by the Thai government because we formed our business under BOI.</i> | 5  |
| AWA/TRT |  |    |
| AWA/TET | <i>Interviewee:</i> I have no idea because I think it is O.K. now and if they will adjust by basing on the current situation, it will be great.  | 10 |

|                            |   |                |
|----------------------------|---|----------------|
| ATT/PRT/POS                | <p><b>Interviewee:</b> In my opinion, I need to manage every thing by following on the government rule. The company does not want to have the problem with the government. The consultants will help us a lot. <i>We prefer to pay the right tax or pay regular.</i> This is the first time which we submitted the corporate income tax return. <i>The consultants prepared it in the first year because we have no the accounting department,</i> we just formed this department in the beginning of this year. The consultant assisted us to set up the accounting department. We asked for our consultant to make the internal auditing in the purpose of internal controlling and tax reviewing. We will rectify by following on their advisory. We prepared the corporate income tax by discussing with a tax specialist to review before we will submit tax. That is our behavior to file tax and we think that it can help me to save tax, save money without penalty and surcharge.</p> | 15<br>20<br>25 |
| ATT/TET/POS<br>ATT/TRD/POS | <p><b>Interviewee:</b> In my opinion, <i>I think that the company under BOI laws should get the tax reduction or tax exemption because most income is coming from exporting.</i> It can be encourage for investing from the oversea investors, who are interested to establish the business in Thailand.</p>  | 30             |
| ATT/TRF/NEG                | <p><b>Interviewee:</b> If I do not misunderstand, I think that the government should return tax as soon as possible. <i>They should extend the period of tax refund.</i> Normally, I will close my yearly accounting once a year and will know that it can reduce from the corporate income tax, when we take profit on tax. When we take loss, we must request by request direct to the government. If the Thai government decrease time of tax refund, the businesses would loss its money.</p>   | 35<br>40       |
| ATT/PRT/POS                | <p><b>Interviewee:</b> Whether tax system changes or not change. <i>If we are making the business in Thailand, we have a duty to</i></p>  |                |



|                        |   |    |
|------------------------|---|----|
|                        | <i>pay tax in right amount.</i>   |    |
| BEH/TSV/TPL<br>AWA/TSV | <i>Interviewee: If we need to save money before we will pay any payments, we should make consideration or planning first. We should clarify of the corporate income tax return</i>  | 45 |
| BEH/TSV/VRT            | <i>before we will submit or plan ourselves in the beginning of the year. I think my answer would be as the same as above. I</i>   |    |
| BEH/TSV/TRD            | <i>think that tax planing is the plan is provided for tax credit or tax reduction because it can reduce the corporate income tax.</i>   | 50 |
|                        | <i>Interviewee: When I found the problem of wrong tax submission, I will inform my accounting department or consultant to verify it again and rectify it then submits tax with penalty. I do not want to pay penalty and surcharge in the future, when the Revenue Department finds it. I think that at that time, penalty and surcharge will be a lot. Therefore the</i> | 55 |
| ATT/RET/POS            | <i>best way is to rectify the wrong tax submission immediately, it can save our money, will not high penalty and surcharge in the future.</i>   | 60 |
|                        | <i>Interviewee: Our company is a manufactory not services business. If I would work in the services business, I would not provide any way to avoid tax. I prefer to discuss with my accountant for all tax planing, I want to protect our business, I</i>   | 65 |
| BEH/TSV/COT            | <i>will discuss with the consultant in legally way. I will plan tax by discussing with the consultant in legally way and will not</i>   |    |
| BEH/TSV/TPL            | <i>provide any way to avoid or evade tax such as check our bookkeeping or documents controlling which should be meet to the Revenue Code.</i>   | 70 |

**Sample no. 5:**









|                            |  |    |
|----------------------------|--|----|
| BEH/TSV/VRE                | very carefully to take care of all taxes and accounting practice.<br><i>We use many steps of reviewing and procedure, all accounting documents have been sent to our office in Bangkok. Before the accountant will send the documents to Bangkok, they would review one time and the accountant in Bangkok will review one time, an internal auditor will review one time before the outside auditor will audit our accounting.</i> In term of the corporate income tax return, we use the professional firm to prepare the form by basing on the audited financial statements and submit us for verification. | 25 |
| BEH/TSV/VRT<br>AWA/TSV     | <i>You may be doubtfulness that what is our way to save, that is to be carefully to file tax before submit by without tax risk and penalty or any assessment from the Revenue Department.</i>  | 30 |
| BEH/TSV/VRE                | <i>Interviewee: I think that I will find out more expenses which are under company name and official receipts for reducing our profit or try to follow up all expenses which were paid to suppliers should be the official receipt. Our company has specified the rule that all expenses or reimbursement must be claimed under the official receipts.</i>   | 35 |
| BEH/TSV/AAE                | <i>The accountant explained that if we can attach the receipts, we would no added back expenses and do not make more profit, it is the way to reduce tax.</i>  | 40 |
| ATT/TET/POS<br>ATT/TRD/POS | <i>Interviewee: I think that the company is under Petroleum should get more tax exemption and tax reduction.</i> When they have gotten any tax exemption by the government, they would not increase the prices of gasoline and it will effect to Thai people can save money.   | 45 |
| ATT/GVP/NEG<br>ATT/TRF/NEG | <i>Interviewee: I think that our business has never found tax refund because our business is producing and trading not servicing, so I have no idea but I know that the Thai</i>   | 50 |

|             |  |    |
|-------------|--|----|
| ATT/PRT/POS | government is very quickly to check the tax return and charge penalty and surcharge. When they have to return tax, they are very slowly to return tax to people.   |    |
| BEH/TSV/TPL | Interviewee: Whether the government has changed or no change, we can't avoid paying tax. It means that we must follow on the government rule.  | 55 |
| BEH/TSV/VRE | Interviewee: If I need to save tax, we will discuss with the Financial Controller, she would make the tax planning and research what is the best way to do. I can say that we leave the matter of accounting and tax to our consultants both internal and external to prepare and review before submit and I think that it is the good method to save tax. It means that we should make sure our tax, it should be right on the law or without penalty and surcharge, it is the way to save tax. | 60 |
| ATT/PRT/POS | Interviewee: If I know that we submitted in wrong tax, I would discuss with our financial controller, why was it wrong and provide the solution. I prefer to correct it then submit in right tax with penalty and surcharge.   | 65 |
| ATT/PRT/POS | Interviewee: This company is a big business before we will run our line or producing, we must make a plan. If we faced this situation, we will not find any way to avoid or evade tax, we will practice on the laws  | 70 |

Sample no.7

| Name                                     | Transcript  | No |
|--|---|----|
| AWA/TRT<br>AWA/TBS<br>AWA/TBD<br>AWA/TPC | Interviewee: I think all registered businesses in Thailand have to pay the corporate income tax. Corporate income tax rate is 30%, taxpaying depends on the company profit. If the company got profit, must pay tax. If the company got loss, no taxpaying but the company has to submit the tax return |    |

|             |   |    |
|-------------|---|----|
| ATT/TRT/NEG | <p><i>no taxpaying but the company has to submit the tax return every year, I think that twice a year.</i></p> <p><b>Interviewee:</b> I think the <i>Thai government should decrease the income tax rate, may be 25%.</i></p>   | 5  |
| BEH/TSV/COA | <p><b>Interviewee:</b> I think that <i>I would like to find any way to decrease profit and that way should be legally. The legally way is to try any way which can reduce tax i.e. discuss with the accounting department to aware all company expenses which are corrected on the Revenue Code. We have employed the best lawyer and tax specialist and pay big salary to them.</i> They are the company's staff when the business can grow, they can grow with the company. I think that they must be carefully to reviewing and advising to us for filing all tax returns legally. Our company would practice all things by following on the laws.</p> | 10 |
| BEH/TSV/COT | <p><b>Interviewee:</b> I think that the answer would be the same as above question.</p>   | 15 |
| ATT/TST/POS | <p><b>Interviewee:</b> I think that <i>the company is under the Petroleum laws should get tax reduction and tax exemption,</i> when they pay a few taxes or nothing tax. They may decrease the price of gasoline. Our business is to assemble the cars, while the gasoline decrease prices, it may effect to demand of customers, and they may be interested to buy a car.</p>  | 20 |
| ATT/TET/POS | <p><b>Interviewee:</b> My business has no tax refund, I have no any ideas about how many year of tax refund should be fair. But the government should make much consideration to specific any tax rule before they will announce to public.</p>   | 25 |
| ATT/PRT/POS | <p><b>Interviewee:</b> In my opinion, <i>I think that I will pay right tax without any decisions.</i> It means that whether the government will change or no change the rate of corporate income tax, it will not effect to our company because we have to pay tax. If</p>  | 30 |
|             |   | 35 |

|             |  |    |
|-------------|--|----|
| BEH/TSV/TRD | the government would like to help all businesses in Thailand, they should decreases the rate of corporate income tax, it will be better than nothing does do anyway.   |    |
| BEH/TSV/VRE | Interviewee: I think that <i>the good method for tax saving is to control all tax reduction which will be credit on the tax return, it should be good filing and correct.</i> In the beginning of the year, our accounting and financial department will provide the tax planning then presented to team management for their plans-and inform that how much the estimated tax. <i>I know that in the wording of “ Added back expenses”, it is expense without receipt or value added tax which can not claim from back. If we want to save tax, we must avoid added back expenses. It can reduce tax.</i> | 40 |
| AWA/ABE     |  | 45 |
| BEH/TSV/AAE |  |    |
| AWA/TSV     | Interviewee: I will rectify it. <i>I need to re-submitting tax, penalty and surcharge or save money. But I think that we pay money today, will be better than to pay much money in the future, that is our way to save tax.</i>  | 50 |
| ATT/RET/POS | Interviewee: My business is trading. If I have to mange the services business, I disagree to find any way to avoid tax. <i>If we find the good way legally and can save tax, I will.</i>   |    |
| ATT/TST/POS |  |    |

Sample no.8

| Name                          | Transcript   | No |
|-------------------------------|--|----|
| AWA/OSA<br>AWA/OTS<br>AWA/TPC | Interviewee: I do not quite understand about the corporate income tax in Thailand because I just came to Thailand and <i>I have provided the professional firm or outsourcing to help me in term of tax and accounting. I know only the company has paid tax every year.</i><br><br>Interviewee: I have no any recommendations about the | 5  |





|                            |   |                |
|----------------------------|---|----------------|
| ATT/TIS/POS                | change the rate of corporate income tax, the company has to pay tax. The company will pay less or much tax, its depends on the company's trading not only the government's policy. <i>I think that the company should pay regular. It can help our business, will not find the problem of penalty and surcharge in the future. We can do by bookkeeping all payments and income in facts.</i>   | 40             |
| BEH/TSV/COT                | Interviewee: I do not know what is the good method for tax saving. <i>I assign this task to my accountant and trust her, how much tax that be informed by her, I am willing to pay and I think that she would not make it wrong.</i>  | 45             |
| ATT/RET/POS<br>BEH/TSV/COT | Interviewee: If I found that I was misleading to file the corporate income tax, I will rectify it and pay the additional tax and penalty. I will informed our consultant and discuss with them how to do and assign this problem to them for providing the solution. Our consultant always advises to behave every transaction on the laws. Therefore when they faced this situation, they would suggest rectifying it and paying penalty to the Revenue Department and I like this way. Why I prefer to choose this method because I want to make business in Thailand. I do not want to shutdown our business because I think we can make much money in Thailand. | 50<br>55<br>60 |
| BEH/TSV/COT                | Interviewee: If I worked in a service business, <i>I would not do any way to avoid tax and I think my consultant do not want to advise us to avoid or evade tax.</i>  |                |

### Sample no. 9

| Name                   | Transcript  | No |
|------------------------|---|----|
| AWA/TPC<br>AWA/TRT     | <p><b>Interviewee:</b> I know that <i>my restaurant has to file tax twice a year, mid-year and end of the year and company tax rate is 30% now.</i></p> <p><b>Interviewee:</b> Our company has paid a lot of taxes. If the</p>  |    |
| AWA/ABE                | <p>Thai government decreases the rate of corporate income tax, it can help our company to save money. <i>We have paid more taxes every year because we have a lot of added expenses.</i></p> <p>There are many payments, which could not request its receipts from the suppliers i.e. vegetable, fish or pork. We have paid a</p>                       | 5  |
| AWA/TBS<br>ATT/TIS/NEG | <p>lot of expenses without receipts. <i>We take loss. We file tax because we have profit tax, I think that it is unfair to our business.</i></p> <p><b>Interviewee:</b> In case of my restaurant or others will face the same situation, that is to pay a lot of expenses but have to pay tax a lot because we have much profit on tax. If we could</p> | 10 |
|                        | <p>avoid paying tax, we will. But we can't, we prefer to behave on the Revenue code.</p> <p><b>Interviewee:</b> In my experience, I know that our problems are unable to find out the official receipts because most raw materials are the products of agriculture. So we need to</p>   | 15 |
| ATT/TET/NEG            | <p>decrease profit on tax in legally, it means that we have to find out many expenses, which are accepted on the Revenue Code.</p> <p><b>Interviewee:</b> <i>I think that the negotiable business with us should get more tax exemption and tax reduction.</i></p>  | 20 |
| ATT/PRT/NEG            | <p><b>Interviewee:</b> I do not know this matter before.</p> <p><b>Interviewee:</b> <i>If the government does not implement the tax system i.e. decrease tax rate. I think that I will try to find out any way to pay less tax.</i> I know that it is our duty to pay tax. But I do not know what will we receive from the government,</p>              | 25 |





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|-------------|--|----------------|
| AWA/OSA     | <p><i>business gets a lot of tax exemption but some business has no tax exemption, especially, the big business.</i></p> <p><b>Interviewee:</b> I prefer to pay regular tax. <i>The accounting office always asks us “Do you prefer to pay or no pay tax?”</i></p>   |                |
| BEH/EVA/COT | <p><i>I replied the accounting office that I would like to save money, they said, “no problem, we can help you”. I know that our business can sell a lot. It means that we have profit and we have to pay tax and the same time, we have a lot of expenses. I do not understand between the business profit and profit on tax, why are they different? I do not know how do our accountant does to save tax. I know only when I look at the tax return form, I ask them how much tax, and they said “no tax”. I am very happy for this answer.</i></p> <p><b>Interviewee:</b> I do not know what method can be reduced tax, I know only we did not pay tax, when we take loss. <i>The accounting office suggests that when I pay all payments whether related to business or private, we should request the receipts from the suppliers, it can use for reduce profit and we can save tax from this method.</i> My staffs and I will collect all receipts in our hands and deliver to our accounting office for providing the financial statements. The accountant helps us a lot, when they find the receipts that can’t prove that it was paid by check or cash, they will classify it into cash payment or advance by the director.</p> | 10<br>15<br>20 |
| BEH/EVA/AEX |  |                |
| BEH/AVD/SRC |  | 25             |
| ATT/TET/NEG | <p><b>Interviewee:</b> <i>All companies should be gotten tax reduction and exemption from the Thai government. It will be fair.</i></p>  | 30             |
| ATT/TRD/NEG | <p><b>Interviewee:</b> I have never gotten any tax refund from the government, so I can’t reply you.</p>   |                |
| ATT/PRT/POS | <p><b>Interviewee:</b> In my opinion, <i>I think Thai people can not choose pay or without pay tax because our duty to pay tax. It means that what did they do in previous, they have to do the</i></p>  | 35             |

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|------------------------|--|----|
| AWA/EVA<br>BEH/AVD/SRC | <p><i>same way or pay regular.</i></p> <p><b>Interviewee:</b> In my opinion, <i>I think the good method for tax saving is to save money. We have to find out any way to save money, which we are practicing now. That is to search many receipts for bookkeeping.</i></p>                    | 40 |
| ATT/RET/NEG            | <p><b>Interviewee:</b> <i>I will wait until the Revenue Department make investigation or assessment and inform us then we will pay penalty and surcharge to them. If we are lucky, we will not pay any additional tax, penalty and surcharge.</i></p>  | 45 |
| BEH/EVA/AEX            | <p><b>Interviewee:</b> <i>If I need to save money, I have to find out any way to save money such as to search many receipts for company expenses. If we can search more expenses, it means that our profits will less.</i> But I have never faced this situation, I can't say how to do.</p> | 50 |

### Sample no.11

| Name                          | Transcript  | No |
|-------------------------------|---|----|
| AWA/TBD<br>AWA/TPC<br>AWA/TBS | <p><b>Interviewee:</b> I have been in Thailand more than 2 years and have to file my personal income tax and company tax, I must know some Thai tax because I have to use it for controlling the accounting and financial department. <i>I know that all incorporate businesses in Thailand have to file tax twice a year and profit is the base of the corporate income tax.</i> Our company has no tax in the beginning because we have many setting up expenses.</p> | 5  |
| ATT/TIS/POS                   | <p><b>Interviewee:</b> <i>I think that the current tax in Thailand seems ok now.</i> If the government prefers to help us should adjust tax system, it will appropriate to many businesses in Thailand.</p>   | 10 |
| AWA/OAT                       | <p><b>Interviewee:</b> <i>All accounting transactions are provided by</i></p>   |    |

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|--|---|----|
|  | <i>the accounting department and I think that all tax returns are prepared by following on the Revenue code.</i> I believe that it is corrected. In my opinion, I think that we need to save tax, we have to submit the correct tax return, it can help us to save tax and save money because we will not pay penalty and surcharge to The Revenue Department now and future.   | 15 |
| BEH/TSV/COA<br>BEH/TSV/TPL                           | <i>Interviewee: First of all I will discuss with my financial controller to provide the tax planning and research how to save tax legally.</i>  | 20 |
| ATT/TIS/POS<br>ATT/TET/POS<br>ATT/TRD/POS            | <i>Interviewee: In my opinion, I think that the company under BOI laws should get the tax reduction or tax exemption</i> because most income is coming from exporting and the businesses are under BOI laws.  | 25 |
| ATT/TRF/NEG<br>ATT/GVP/NEG                           | <i>Interviewee: If I do not misunderstand, I think that the government should return tax refund as soon as possible but they should extend the period to request tax refund.</i> Normally, we will know that how much of tax refund when we close the year ended accounting. If the Thai government decreases the period of tax refund, the businesses would loss its money.  | 30 |
| ATT/PRT/POS  | <i>Interviewee: Whether tax system changes or not change. if we are making the business in Thailand, we are responsible to pay right tax.</i>   | 35 |
| BEH/TSV/TPL<br>BEH/TSV/VRE<br>BEH/TSV/VRI<br>AWA/TSV | <i>Interviewee: If we need to save money before we will pay, we have to make the planning first. We should make sure all accounting transactions, vouchers, expenses and income.</i> They are correct and complete to file and bookkeeping. If it is right, it means that our corporate income tax will be right. We should clarify the corporate income tax return before we will submit it or prepare ourselves in the beginning of every the year. | 40 |

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| AWA/OAT<br>BEH/TSV/COA<br>ATT/RET/POS | <b>Interviewee:</b> In my practice, <i>I will inform my accounting department or consultant to verify it and rectify it then submits tax and penalty</i> because I do not want the Revenue Department will audit and find any mistaken and have to pay a lot of penalty and surcharge. That is the way to save money. | 45 |
|                                       | <b>Interviewee:</b> I cannot answer this question because this company is the producing business not services business. If I would work in the services business, I would not provide any way to avoid tax.   | 50 |

### Sample no.12

| Name   | Transcript  | No |
|--|---|----|
| AWA/TBD<br>AWA/TBS<br>AWA/TRT<br>AWA/TRD<br>AWA/TET<br>AWA/TPC<br>ATT/PGR/POS<br>AWA/TOT | <b>Interviewee:</b> I make business more than 20 years. <i>I know that all companies, partnerships, joint venture and etc. have to submit the corporate income tax. The base of corporate income tax is profit, tax rate is 30% now, the company under BOI laws will get tax exemption, tax reduction is prepaid of the corporate income tax and tax refund can requested it back within 3 years or approved by the Revenue Department.</i> | 5  |
| ATT/TST/NEG<br>ATT/TRT/NEG   | <b>Interviewee:</b> I think <i>the government should use both types of taxes in progressive rate for corporate income tax and personal income tax.</i> When the company has much profit, will pay high tax. It means that tax will up or fall into any level will be depending on its level. If the government does not adjust the tax system, <i>they should decrease the rate of corporate income tax to 25%.</i>                         | 10 |
| ATT/PRT/POS  | <b>Interviewee:</b> I think that when we need to make long-term business in Thailand, we should try to avoid making a problem with the Revenue Department. <i>We should try to pay</i>  | 15 |



|             |  |    |
|-------------|--|----|
|             | <p><i>tax regular without any decisions.</i> I am controlling the accounting and financial department and I have to follow on many rules i.e. our company rule, International accounting standard and Thai accounting standard. We have no time to avoid tax or plan to avoid tax.</p>   | 20 |
| BEH/TSV/TPL | <p><b>Interviewee:</b> I will say in term of business owner before I will do any thing. I have to plan first. <i>If I need to save tax, I must plan tax. When I make a forecast and cash flow for each quarter, we have to make tax planning. After that we estimate tax and acknowledge that how much tax for this year, we will continue plan how to reduce tax and others. It means that we have to control our payments. All payment vouchers have been attached with the official receipt because it is a way to reduce added back expenses and save tax.</i></p> | 25 |
| BEH/TSV/VRE |  |    |
| AWA/ABE     |  | 30 |
| BEH/EVA/AAE |  |    |
| AWA/EVA     |  |    |
| ATT/TST/POS | <p><b>Interviewee:</b> <i>I think that the business or company under Petroleum laws should get more tax exemption</i> because oil and gasoline are very important to all countries in the world.</p>   | 35 |
| ATT/TET/POS | <p>If we have no gasoline, we cannot make business. It means that when this business has no pay tax or pay a few taxes. Its cost will be low, it will effect to the prices of gasoline will be low. When the other companies consume gasoline in low price, it can help to save money for each other.</p>  | 40 |
| ATT/TRF/NEG | <p><b>Interviewee:</b> <i>I think the period for tax refund is not enough to process or deal with the Revenue Department.</i> The government should extend time for returning tax more than 3 years.</p>   |    |
| AWA/TRF     | <p><b>Interviewee:</b> In my opinion, I will try to pay less tax because I do not know why I have to pay high tax. I know that the government will take our money to develop our country but there is more corruption in Thailand and I think that they took</p>   | 45 |

|             |  |    |
|-------------|--|----|
|             | money out of system for supporting its life. But in my practice, I can't do. If I can, I will. I try to study any way, which can use for tax saving without assessment from the Revenue Department.  | 50 |
| BEH/TSV/TPL | <b>Interviewee:</b> I reply you in previous question that <i>I plan everything before I get done</i> . I mean that I will forecast for covering year, how much of costing, expenses and revenue  | 55 |
| BEH/TSV/COA | when I know profit (loss), <i>I will continue plan how to decrease tax by discussing with our accounting manager to make sure all expenses and income, they should be corrected to record and filing.</i>  |    |
| BEH/TSV/VRE | <b>Interviewee:</b> This answer is supported in previous questions.  | 60 |
| BEH/TSV/VRE | <i>I think that I will ignore to amend it because the company has to pay tax and penalty. I think that the procedure of Thai government is very slow, probably, we already close our business, and they will not find our wrong submission.</i> If we prefer to wait, it will be lucky when tax life finished, we will not find any assessment or penalty and surcharge. | 65 |
| ATT/PRT/NEG | <b>Interviewee:</b> If I face this situation, <i>I will discuss with an affiliated company to invoice on behalf of our company. I think that any way can help our company to save tax, it is the best way.</i>   | 70 |
| ATT/GVP/NEG |  |    |
| BEH/EVA/HID |  |    |
| AWA/EVA     |  |    |

### Sample no.13

| Name               | Transcript   | No |
|--------------------|--|----|
| AWA/TRT<br>AWA/TBS | <b>Interviewee:</b> Even if I work in Thailand more than 3 years, but I have no more about the corporate income tax in Thailand. <i>I know only the corporate income tax rate is 30% now by depending on the company's profit.</i> Our company |    |

|             |   |          |
|-------------|---|----------|
| AWA/OSA     | <p>does not record or bookkeeping by our accounting department, <i>we have used the accounting office in Bangkok.</i></p> <p>I think that they will advise all taxes, so I am not necessary to know more about the corporate income tax in Thailand. They are supporting all accounting and tax task and we have never found the problem with the Revenue Department.</p>   | 5<br>10  |
| ATT/PRT/POS | <p><b>Interviewee:</b> I have no recommendation, I know that the Thai tax system or procedure is very complex and difficult to understand.</p> <p><b>Interviewee:</b> In term of my management, <i>I need to pay tax in the right amount.</i> My friend and I are thinking that which way have been done without the problem with the Revenue Department, we will. In this case is a case, which we do. We have never discussed with our accounting office to provide any way to reduce tax illegally. <i>Everything that they advised us for processing in accounting and tax, we will follow on them.</i> If the tax submission would be wrong, it might come from their purpose.</p> | 15       |
| BEH/TSV/COT | <p><b>Interviewee:</b> It depends on the accountants because I know a little of tax. The way to reduce tax is to follow on our accounting office. We have never plan tax before we will pay tax. When we knew how much tax, we would pay it immediately without any decisions because our accountant prepared it. I would see all tax forms when it was due. I believe that they reviewed all tax return forms, they must be carefully and I will not pay penalty and surcharge. <i>I think that no additional tax, penalty and surcharge are the ways to save tax.</i></p>   | 20<br>25 |
| BEH/TSV/VRE |   | 30       |
| AWA/TSV     |   |          |
| ATT/TST/POS | <b>Interviewee:</b> <i>I think that the company under Petroleum</i>   |          |
| ATT/TET/POS | <i>Laws should get tax reduction and tax exemption</i> because  |          |
| ATT/TRD/POS | most customers are the automobile industry. When they can   | 35       |

|             |  |    |
|-------------|--|----|
| ATT/TRF     | save money, it means that its cost will be low, the prices of car will be low, and people would have more power to buy a car. They might not request us to reduce our charge.  |    |
| ATT/TRF/NEG | <b>Interviewee:</b> In term of tax refund, the Revenue Department or government should quick return to all people or businesses in Thailand. <i>They should not specific the period of tax refund. If they prefer to make the period, it should not be exceeding 10 years.</i>   | 40 |
| ATT/PRT/POS | <b>Interviewee:</b> <i>I tell you in the beginning that I prefer to pay right tax.</i> Even if the government does not provide any way to reduce or improve tax system, we will confirm to pay right tax, there is no way to choose.   | 45 |
| BEH/TSV/COT | <b>Interviewee:</b> <i>We should provide the tax specialist who can advise us the best way of tax saving.</i> We have never discussed with them because I am willing to pay tax and it is correct now. I can't tell you which way is the best way, it depends on our consultant. | 50 |
| ATT/RET/POS | <b>Interviewee:</b> If I found that the accountant was misled to file tax, first of all <i>I must ask them first what is a problem, which you are misled? And inform them to rectify with pay the additional tax, surcharge and penalty.</i>                                     | 55 |
| BEH/TSV/TPL | <b>Interviewee:</b> We prefer to go straight on the rule that is we will not provide any way to avoid tax. When we knew that we have to pay tax, we will pay. <i>We will plan first how to save our money not only thinking about how to save tax then avoid tax.</i>            | 60 |

#### Sample no.14

| Name | Transcript | No |
|------|------------|----|
|      |            |    |



|             |   |    |
|-------------|---|----|
| AWA/TBD     | <b>Interviewee:</b> <i>I think that the general company has to pay the corporate income tax in Thailand, the corporate income tax rate is 30%, tax reduction is the tax withheld which would deduct from service i.e. internet charge or mobile phone service fee.</i>  | 5  |
| AWA/TRT     |   |    |
| AWA/TRD     | My business does not employee the accountant because our business is only small type. There are 4 staffs in our company, we do every thing by ourselves. It means that we are marketer, accountant or messenger, it depends on who are available for that time. But there is a person who will take care of financial. We prepare all tax return forms by discussing with a friend, she is tax specialist and the Revenue Department Officer. We have never found any problems with the Revenue Department and think that we will continue use this method. | 10 |
| ATT/TRT/NEG | <b>Interviewee:</b> <i>I think that the rate of corporate income tax in Thailand is so high, it should be 15% and the government should collect the other taxes because there are many taxes in Thailand.</i>   | 15 |
| ATT/TIS/NEG | If they need to collect the corporate income tax more than the others, the foreigner investors may not be interested to invest in Thailand.   | 20 |
| ATT/PRT/POS | <b>Interviewee:</b> <i>I think that the right way of taxpaying is to pay right tax.</i> If we submit wrong tax, we have to pay tax a lot of tax, penalty and surcharge. We have loose time to rectify it when they investigate us. I mean that we should file and record all accounting transactions by basing on the real facts and verify the tax return before we will submit to the Revenue Department  | 25 |
| AWA/OAT     | <b>Interviewee:</b> <i>I will find the best accountant to manage our accounting department and file the corporate income tax. I believe that we submit right tax return form and no penalty and surcharge can help the company to save money, it is a</i>   | 30 |
| BEH/TSV/COA |   |    |
| BEH/TSV/VRE |   |    |

|             |   |    |
|-------------|---|----|
|             | <p><i>way to save tax.</i> Now, we think that our procedure do not file wrong tax. When we have any doubtful transactions which our accountant can 't solve, we will discuss with the tax specialist.</p>   | 35 |
| AWA/TRT     |   |    |
| ATT/TRT/NEG | <p><b>Interviewee:</b> Normally, all businesses in Thailand have to pay the corporate income tax. <i>If the government will help all businesses in Thailand, they should decrease tax rate or offer much of tax exemption.</i></p>  |    |
| ATT/TET/NEG |   |    |
| ATT/TRF/POS | <p><b>Interviewee:</b> <i>I think that the three years of tax. refund seems OK, would be enough.</i></p>  | 40 |
| AWA/TRF     |   |    |
| ATT/PRT/POS | <p><b>Interviewee:</b> I think whether the Thai government has no change or change the corporate income tax rate, <i>we can't find out any way to distort or ignore to pay the corporate income tax in Thailand, we have to pay regular.</i></p>  | 45 |
| ATT/EVA/POS | <p><b>Interviewee:</b> Which answer that I should reply you. If you prefer to get the real answer from my mind, I am unwilling to pay a lot of tax. <i>If I would like to save tax, I would hide income and increase expenses.</i> If I would say by basing on my ethic, I would say that I would prepare my tax planning first.</p>                    | 50 |
| ATT/EVA/POS |   |    |
| AWA/EVA     | <p><b>Interviewee:</b> <i>I will ignore to amend it because the company has to pay tax and penalty.</i> I prefer to take risk. If I am lucky without to assess by the Revenue Department, the company will save money and no pay more.</p>  | 55 |
| BEH/EVA/SRC |   |    |
| BEH/EVA/AEX | <p><b>Interviewee:</b> I can't tell you how to do, I know only anyway, which I can save money, I will. It means that if I can avoid or evade tax and the Revenue Department does not know, I will. <i>Now, I save tax by searching many receipts and record belong to the company's expenses because I know that it can reduce profits and tax.</i></p> | 60 |

**Sample no. 15**

| Name   | Transcript   | No           |
|--|--|--------------|
| AWA/TBD<br>AWA/TRT<br>AWA/TBS                        | Interviewee: I think that <i>all companies in Thailand have to pay tax and the rate of corporate income tax is 30% now, the base of corporate income tax is net profit</i> . There are many types of Thai taxes such as value added tax, personal income corporate income tax, excise tax and so on.   | 5            |
| ATT/TRT/NEG<br>AWA/TPC                               | Interviewee: I have no idea about the current tax system in Thailand <i>but I think that the rate of corporate income tax in Thailand is so high and tax procedure is very difficult and complicated</i> .   |              |
| BEH/EVA/AEX<br>AWA/TBS<br>ATT/AVD/POS<br>ATT/EVA/POS | Interviewee: I do not know what is the right way to pay tax because I know a little of Thai tax. I just know about the corporate income tax in Thailand when I manage the business and study in master degree. I prefer to reply you without any ethical, I need to pay less tax and legally. <i>Our method, we try to provide many expenses to reduce our profit because I know that the business will take profit or loss, it comes from revenue minus expenses, when we have a lot of expenses, it means that we will take loss or less profit. It is the right way for us to behave.</i> | 10<br><br>15 |
| AWA/TOT  | Interviewee: I do not know. My parents said that most business are avoiding tax, we are not necessary to show that we are the good taxpayers because the good taxpayers is the person who have paid a lot of tax. <i>We should not show all income to public or government because there are many types of taxes, which are paid now such as excise tax, personal income tax, value added tax and corporate income tax. There are many method to avoid tax such as do not</i>  | 20           |
| ATT/AVD/POS<br>AWA/AVD<br>BEH/AVD/CTT                |  | 25           |

|   |   |    |
|---|---|----|
| ATT/EVA/POS<br>AWA/EVA<br>BEH/EVA/HID     | <i>apply all types of air conditions to the Excise Department because the bigger size of air condition must pay more tax than smaller size. Therefore, we should not inform all types of air condition, which we can produce, we will not pay high tax and it can save money and tax. They continue teach me that when I want to save tax, I should reimbursement all expenses from the company. It means that I should pass through all receipts to the accountant, it may or may not concern with the business.</i>                         | 30 |
| BEH/EVA/AEX<br>BEH/AVD/SRC<br>ATT/TET/NEG | <i>Interviewee: I think all businesses in Thailand should get tax exemption and tax reduction. I think that the Revenue Department can collect tax from small business more than big business. Why I said that because the business in listed company or company under BOI laws might not pay tax to the government because they have the long period for tax exemption at least five years, they have no tax. If the Thai government will decrease the rate of tax or offer tax exemption, they should offer all businesses in Thailand.</i> | 35 |
| AWA/TET<br>AWA/TRD                        | <i>Interviewee: I am not sure our company has tax reduction or tax refund. We are producing and trading. I think that the customer may not deduct tax before they will pay us because we do not make on order.</i>  | 40 |
| ATT/PRT/POS<br>AWA/TBS                    | <i>Interviewee: I think that there is no way to choose. We have to pay right tax. I mean that we must pay tax by basing on profit. But we are not sure in our practice, we have faced in the problem of the company closing when we knew that we submitted wrong tax. Probably, we do not pay right tax.</i>  | 45 |
| BEH/TSV/TPL<br>ATT/PLN/POS                | <i>Interviewee: I think that we should make tax planning before we will do the other ways. If the tax planning have presented that we have to pay tax, we will find out the other way to pay less. Our factory just provided a consultant for</i>   | 50 |
| AWA/OTS<br>AWA/OSA                        |   | 55 |



|   |   |                               |
|---|---|-------------------------------|
|   | <p><i>setting up the accounting system, training, advising and recruiting our accountants.</i> She helps us many jobs such as advice us in legally tax and accounting. We formed the business for more than 10 years and have no the accounting department, we just set up this department because we think that if we would like to go to international, we have to change the old system or family system. I can say that I know a little because I did not graduate in accounting or finance and I am not interesting it until I have to manage this factory which is assigned by my parents. I know that tax is very important matter to our business tax. Our business has paid many types of taxes i.e. excise tax, value added tax, personal income, corporate income tax and social security. <i>Therefore the method to save tax, we do not report to the government and issue the invoices for all types of air-conditions, which we are producing and selling.</i> We have paid a lot of tax every month, there is only one way to do, and we have to hide our revenue. Even if you do not inform for all income, we have paid a lot of tax. We have paid excise tax around baht 400,000 for any month. If we prefer to be the good taxpayer, probably, we have to pay tax closely baht 1,000,000, how will I make business in Thailand.</p> | <p>60</p> <p>65</p> <p>70</p> |
| <p><b>BEH/EVA/HID</b></p> <p><b>AWA/EVA</b></p>     |   | <p>75</p>                     |
| <p><b>ATT/RET/NEG</b></p> <p><b>ATT/EVA/POS</b></p> | <p><b>Interviewee:</b> <i>I will keep quite to rectify wrong tax submission because I do not know how to do. Even if we rectify tax, we must pay much money.</i> Probably, the Revenue Department does not find our submission. My parents and I prefer to improve our current system, it will be available to correct in previous situation. I want to save. If I go back to correct all, it means that we have to pay a lot of money.</p> <p><b>Interviewee:</b> I do not know that how do the service businesses manage its business or how they file tax, I know</p>  | <p>80</p> <p>85</p>           |

|             |  |    |
|-------------|--|----|
| ATT/EVA/POS | only any way can save my money, I will do. My parents said that if we need to manage the business in Thailand, <i>we couldn't be the good taxpayers. The good taxpayer is the person who is willing to pay a lot of money to the government without any returning.</i> | 90 |
|-------------|--|----|

### Sample no.16

| Name  | Transcript  | No |
|---|---|----|
| AWA/TBS<br>AWA/TRT<br>AWA/TET<br>AWA/TRD<br>AWA/TOT | Interviewee: I am not sure, I understand right or wrong. <i>I think that general company in Thailand has to pay the corporate income tax and its rate is 30%. I never heard before about the tax exemption, but tax reduction would be the tax withheld when we pay any services charge. I think that tax refund is value added tax or some tax, which can be requested back from the Revenue Department.</i> At all is the corporate income in Thailand that I have known. | 5  |
| ATT/TRT/NEG   | Interviewee: I think <i>that the rate of corporate income tax in Thailand is too high to pay, the government should decrease the rate fall down to 15% and try to search the other ways to collect money from the Thai people.</i>  | 10 |
| ATT/PRT/POS   | Interviewee: I think that <i>I will pay regular</i> because I do not want to have the problems with the Revenue Department. It will take time both our business and the Revenue Department.   | 15 |
| AWA/OTS<br>BEH/TSV/COT                              | Interviewee: I do not know. <i>I prefer to employ or discuss with a tax specialist.</i> It is the best way to reduce tax. I trust her/him will not make the mistaken in our tax return.   |    |
| ATT/TRT/NEG<br>ATT/TET/NEG<br>ATT/TRD/NEG           | Interviewee: I watched from the newspaper that <i>the government try to decrease the rate of corporate income tax in Thailand for the listed company in Thailand, but it is not</i>   | 20 |

|             |   |    |
|-------------|---|----|
|             | <i>fair.</i> I think that the government should think that all companies have paid tax as such as the listed company. Therefore they want to help the investors or businesses, they should reduce tax rate for all businesses in Thailand.  | 25 |
| ATT/PRT/POS | Interviewee: I think that it is OK and enough.  |    |
| BEH/TSV/TPL | Interviewee: <i>I prefer to follow on the laws.</i>   |    |
| AWA/TSV     | Interviewee: <i>The good way to save tax is the way to pay less tax and without penalty and surcharge in the future.</i>  |    |
| ATT/RET/NEG | Interviewee: Now, <i>I have faced this situation but I do not want to pay money, I would keep quite but I have started in legally way by asking the good consultant to help me to set up the legal system.</i>  | 30 |
| BEH/TSV/COT | Interviewee: If I worked in the service business, <i>I will discuss with my consultant first. I trust her, she will help us to provide the best way. Even if that way may be illegally method, she may think that it is the best, we will follow on without any recommendation when that way can save and secure to our business.</i> | 35 |
| BEH/EVA/COT |   |    |

Sample no.17

| Name        | Transcript   | No |
|-------------|--|----|
| AWA/TBD     | Interviewee: I make business more than 20 years, <i>I think that all businesses like our company, will pay the corporate income tax in Thailand and there are many types of tax in Thailand. Tax rate may be 30 or 35%. When we have much profit, we have to pay a lot of tax. Therefore we should control our profit, should not be high.</i> | 5  |
| AWA/TOT     |  |    |
| AWA/TRT     |  |    |
| AWA/TBS     |  |    |
| ATT/PRT/NEG | Interviewee: I have no idea.<br>Interviewee: I need to save money only, <i>so any way to save</i>  |    |

|             |   |   |
|-------------|---|---|
| ATT/EVA/POS | <p><i>money is the right way to pay tax. I know that our practice is illegal but I can't pay the right tax because it is very much.</i></p> <p>Do you know that my customers said "I do not want your receipt and can help you to save tax, please sell us without VAT 7%". If we disagreed, they would not buy our products. We have no choice, we sell our product without VAT and they will not request our receipts. <i>I think that it is very good, because no receipt means any income in our profit (loss) statement and output value added tax, which we have paid every month. We can save many taxes such as excise tax, value added tax and corporate income. If we have no receipt, nothing to prove that we sold how many of products.</i></p> <p><b>Interviewee:</b> I do not know because our company has sent all documents to an accounting office to proceed for bookkeeping and all tax return. If you ask me this question, I can't reply you. <i>In our office, we try to avoid issuing the receipts and tax invoices. We know that many receipts and invoice will make more taxes for us. If we need to save tax, we should not record in facts.</i> I think that it is not necessary because there are many companies in Thailand who are willing to pay tax.</p> <p><b>Interviewee:</b> I do not know.</p> <p><b>Interviewee:</b> I do not know.</p> <p><b>Interviewee:</b> I do not know. <i>I know only how to pay less money, it is the best way.</i></p> <p><b>Interviewee:</b> Any way to save money is the good method for tax saving and do not know what method is legally or illegally. Our purpose is to save money.</p> <p><b>Interviewee:</b> I will keep quite or ignore.</p> <p><b>Interviewee:</b> I do not know.</p> | <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p> |
| BEH/EVA/HID |   |   |
| AWA/TOT     |   |   |
| BEH/EVA/HID |   |   |
| BEH/EVA/HID |   |   |
| AWA/EVA     |   |   |
| ATT/PRT/NEG |   |   |



**Sample no.18**

| Name   | Transcript  | No             |
|--|---|----------------|
| AWA/TBD<br>AWA/TRT<br>AWA/TET<br>AWA/TRD<br>AWA/TRF<br>AWA/TOT | <p><b>Interviewee:</b> <i>All incorporates in Thailand has to submit the corporate income tax, the base of corporate income tax is net profit or income minus expenses. Tax exemption is tax allows or exempt by the government. The business who gets 100% of tax exemption is the business under BOI law. In my opinion, the current tax system is unfair</i> and does not go to the standardization when we compare with the other countries i.e. Thai tax laws and Thai GAAP. Some practice is on the Thai GAAP but cannot be accepted on Thai tax laws.</p> <p>For example, pre-operating expenses can not amortize on Thai GAAP. Pre-operating expenses or setting up expenses are expenses, which were paid when the company just formed the business, all expenses were paid before registration. It could not be divided and kept recording by using in method of amortization for many years but we can amortize at lease 3 years in term of Thai tax laws and etc. The conclusion is we have to record the accounting transactions by following on Thai GAAP but some transaction has to be written off according to the Revenue Code or Thai tax are different.</p> | 5              |
| ATT/CRT/NEG<br>ATT/TRT/NEG<br>AWA/TRT                          | <p><b>Interviewee:</b> <i>I think that the current tax system and rate of corporate income tax is unfair, the entrepreneur is the investor or taxpayers have paid many types of taxes. In my opinion, I know that all businesses have to pay tax but they already push tax burden to Thai people. I think that all products already include taxes which they paid. When the</i></p>   | 10<br>15<br>20 |

|             |  |                      |
|-------------|--|----------------------|
|             | products already include taxes, which they paid. When the government adjust any taxes, the price of products would be high. I do not understand why many business owners or investors will make enormous argument when they have to respond tax adjustment. I think that consumers are the persons who have to suffer from an increasing price of products because taxes are included in the price of products. The government often said that they could collect tax on the budget. I think that they already controlled many taxes by using the method tax withheld. They are afraid that the recipients, which receive money form the customer, will not pay tax. Therefore they will control by withholding tax. I think that most businesses have respond many taxes in Thailand both direct and indirect tax. If we compute all taxes, which would be paid by all businesses in Thailand, it would be closely 100%. It is very high. | 25<br>30<br>35<br>40 |
| ATT/TRD/NEG | <b>Interviewee:</b> I do not want to reply, this question is sensitive and difficult to reply.   |                      |
| ATT/TET/NEG | <b>Interviewee:</b> There is no idea.  |                      |
| ATT/TRF/NEG | <b>Interviewee:</b> I think that <i>all companies should get tax exemption and tax reduction.</i>  | 45                   |
|             | <b>Interviewee:</b> <i>Thai Revenue Department should specific the period of tax return and tax refund as the same term</i> i.e. if they have specified the period of tax return is within 3 years, tax refund should be 3 years. I think that the Thai government should specific the period of all taxes as the same period i.e. the company under BOI can get the corporate income tax exemption 5 to 8 years but the tax refund period is only 3 year, it would not match.   | 50                   |
| AWA/TSV     |  |                      |
| BEH/TSV/VRE | <b>Interviewee:</b> I think that the company should be aware to pay.   |                      |
| BEH/TSV/VRI | <b>Interviewee:</b> I think that in the wording of saving is to save   | 55                   |

|             |   |    |
|-------------|---|----|
| ATT/PLN/POS | money, <i>we have to save all things or aware before pay. In my</i>         |    |
| ATT/RET/NEG | <i>meaning is we should make the tax planning first. We plan</i>            |    |
| ATT/EVA/POS | <i>by checking that we have tax refund, tax reduction or re-</i>            |    |
|             | <i>check all expenses correct or not. Otherwise we have to pay</i>          |    |
|             | <i>tax.</i>   | 60 |
|             | <b>Interviewee:</b> If I faced the problem of wrong tax submission,         |    |
|             | <i>I will wait until the Revenue Department will find our</i>               |    |
|             | <i>submission. I would not to pay them first because I know the</i>         |    |
|             | <i>Thai Revenue Department procedure, they work very slow. I</i>            |    |
|             | think that many taxpayers are willing to rectify and pay                    | 65 |
|             | penalty, when they rectify and submit. The Revenue                          |    |
|             | department never reduced penalty and surcharge, they only                   |    |
|             | said that it is your duty to pay right tax, when you pay wrong,             |    |
|             | you have to pay penalty. I think that the Thai government                   |    |
|             | should consider in the purpose of taxpayer. When taxpayers                  | 70 |
|             | make spirit, they should help them. If we select the method to              |    |
|             | rectify it and re-submit then pay an additional, the government             |    |
|             | should decrease the rate of penalty and surcharge. When the                 |    |
|             | overseas investors heard or knew this case, they may think                  |    |
| ATT/PRT/POS | that the Thai government does not only collect money, they                  | 75 |
|             | still understand and make elastic of the laws by making                     |    |
|             | consideration of each situation and it will encourage to many               |    |
|             | investors need to make the business in Thailand.                            |    |
|             | <b>Interviewee:</b> I think that <i>the best way to do is we should try</i> |    |
|             | <i>to practice any method by following on the laws.</i> I think that        | 80 |
|             | European or USA may not use illegal method to save tax but I                |    |
|             | heard that some Japanese liked to behave illegal method.                    |    |

**Sample no.19**

| Name   | Transcript   | No       |
|--|--|----------|
| AWA/TBD<br>AWA/TBS<br>AWA/TRT<br>AWA/TET<br>AWA/TOT<br>AWA/TRD | Interviewee: I think that <i>I know enough about the corporate income tax because I got bachelor degree and master degree in accounting. I must know all taxes and I control accounting and financial department. I know that the rate of corporate income tax is 30% now, the listed company will be gotten tax rate reduction 25%, tax base is profit or profit sharing and the businesses who are registering in Thailand, have to pay tax and so on.</i>   | 5        |
| ATT/PGR/POS<br>AWA/TOT   | Interviewee: I think that <i>the Thai government should specific the rate of both corporate income tax and personal income tax only one rate and should categorize by basing on income, type of business and etc.</i>  | 10       |
|  | Interviewee: Normally, the company has never paid tax is the business under the BOI laws. In my opinion, when the corporate income tax in Thailand is high, it will effect to the consumers because the company will push tax burden to them, it means that the prices of goods would be high. That is the government should not increase the rate of corporate income tax or must think again how much the rate of corporate income tax which would be used for Thailand. The Thai government should decrease the rate of corporate income tax in Thailand now because it is so high. The Thai government has collected many taxes now i.e. excise tax or vat. If they will utilize all taxes, it would be worth to Thai people. If the government decreases the corporate income tax then increase others social fee, it may be worth to us. If they contribute it for health insurance or provide some funding for Thai people's life, it would be better than to increase the rate of corporate income tax and have no any contribution to public. | 15       |
|  | When the rate of corporate income tax is not high many   | 20<br>25 |



|   |   |    |
|---|---|----|
| ATT/PRT/POS<br>BEH/TSV/VRE<br>BEH/TSV/VRI | When the rate of corporate income tax is not high, many investors may be interested to invest or make business in Thailand. <i>I prefer to pay right tax and I use the method of verification all payments and income before we will file tax, It is our way to save tax. We know that to file wrong tax must pay much money. Therefore we need to save money, we must be aware to file tax. We do not find out any way to avoid or evade tax but we are willing to pay. We pay tax because we think that it is our duty.</i>   | 30 |
| ATT/PRT/POS                               |   | 35 |
| ATT/PRT/POS                               | Interviewee: I think <i>that the best way of tax filing is to file tax by following on tax. If we need to save tax, we should discuss with a tax specialist.</i> They will help us to provide the best way to save tax because they are expert. This is a reason that there are many of Revenue Department Officers do not want to help the taxpayers. You may confuse in my information because you know that their duty is to help taxpayers to solve the tax problems, why they are unwilling to help you. If they reply you how they make money in consulting fee or seminar fee, they are willing to reply when you pay special. The best time go to see them for discussing about tax problems. If they keep quite then offer the seminar course, it will be appropriate to make money. When I have gone to see any Revenue Department Officer, nobody entertained me. When I asked the question, the first person would say that I did not expert this matter, you must ask the other. When I ask next person, they ask me back “ who tell you, I can reply this question, you should go to see the person who are handling this matter not me, finally, I did not know who can help me and no answer from any the Revenue Department Officer. | 40 |
| BEH/TSV/COT                               |   | 45 |
|   |   | 50 |
|   |   | 55 |
|   |   | 60 |

|   |  |    |
|---|--|----|
| ATT/TRF/NEG   | <p>reduction and tax exemption from the government because they are the taxpayers.</p> <p><b>Interviewee:</b> I think that <i>it is unfair in term of the limitation of tax refund because the government already collected tax from people</i>. If people paid over tax, they should open time to request them back. If the Thai government need only collection money without return for over taxpaying, most overseas business may think that our country is not interested to make the business.</p> <p><b>Interviewee:</b> I think that we must do on the rule. Most business may solve it problem to save money by increasing the price of product. It means that they would take responsible the tax burden to the consumers. They think that the consumers are people who must pay tax not them.</p> | 65 |
| ATT/PLN/POS<br>BEH/TSV/TPL<br>BEH/TSV/VRE<br>AWA/TSV<br>ATT/RET/POS | <p><b>Interviewee:</b> I think <i>that the good method for tax saving is to make the tax planning because it can make sure that we do not make mistaken to file tax then we can decrease or save tax in legally</i>.</p> <p><b>Interviewee:</b> I use the method <i>to rectify and submit an additional tax, penalty and surcharge. But we have to check first. Whether the tax life is finish. If it finished, I will keep quite or ignore to do anything</i>.</p>  | 75 |
| BEH/TSV/EVA<br>AWA/EVA<br>BEH/TSV/RED<br>BEH/TSV/EXP                | <p><b>Interviewee:</b> <i>I will use the method of legally tax decreasing i.e. provide or check all tax reduction or tax exemption are covering on tax credit</i>. I am working in international business, the company has never used illegally way to avoid tax.</p>  | 85 |

**Sample no.20**

| Name        | Transcript   | No |
|-------------|--|----|
| AWA/TBD     | <p><b>Interviewee:</b> Let start from <i>the liable of taxpayer in Thailand, I knew that all registered businesses in Thailand have paid the corporate income tax.</i> My own opinion, the recipients who received money, should respond to pay tax. <i>The base of corporate income tax is net profit,</i> when I look at the Revenue Code, many income do not specific on the Revenue Code, it is making misled to taxpayer, how to declare the corporate income tax. <i>Tax exemption is an expense, which would be used for decreasing tax, tax reduction is the tax withheld which payer would deduct.</i> In my opinion, I think that tax reduction should be responsible by the recipients, it means that payer should not deduct any tax before they pay services charge. The payers are people who will respond to submit the tax withheld now.</p> | 5  |
| AWA/TBS     |  |    |
| AWA/TET     |  |    |
| AWA/TRD     |  | 10 |
| ATT/TIS/POS |  |    |
| ATT/CRT/POS | <p><b>Interviewee:</b> I think <i>that the current tax system is OK</i> such as using the progressive rate for the personal income tax and the proportional rate for the corporate income tax. But some deduction which is offered by the government, should increase upon baht 30,000 according to life allowance in Thailand would be higher than baht 30,000. <i>I think the rate of corporate income tax of 30% is quite fair when the Thai government has contributed to public. It is quite low in case of the government already contributed to public 100%, the rate of corporate income tax should increase to 40%.</i></p>   | 15 |
| ATT/TRT/POS |  |    |
| ATT/GVC/POS |  | 20 |
| ATT/TRT/NEG |  |    |
| ATT/GVC/NEG |  |    |
|             | <p><b>Interviewee:</b> Before I will say which way is the right way to pay tax, I prefer to pass this matter through the Thai government. They should use the method of one stop for Thai tax system. It means that they should specific Thai tax by</p>   | 25 |

|             |  |    |
|-------------|--|----|
|             | <p>tax system. It means that they should specific Thai tax by basing type of business, it would be better than to crate many different types of taxation in Thailand or separated between direct tax or indirect tax now. We have known that there are many types of tax, will make mistaken to taxpayers to file tax. There are many tax return forms, we must recognize that the difference tax forms are used for each type of tax and there are many taxes due, monthly, yearly or mid-year tax. Now, we the method of trying to concentrate of tax is our way to save. Another meaning is to follow on the rule is the way of paying right tax.</p> | 30 |
| ATT/PRT/POS | <p><b>Interviewee:</b> I think that the way of taxpaying that is to pay on Revenue Code, which will be the best way to pay tax. <i>We are aware to pay tax without penalty and surcharge is the way to save tax and save money.</i></p>  | 40 |
| ATT/TRD/NEG | <p><b>Interviewee:</b> If the government needs to help the business in Thailand, <i>they should provide any way to reduce tax for all companies, it would be fair.</i></p>   | 45 |
| ATT/TET/NEG | <p><b>Interviewee:</b> <i>The Thai government should open the period of tax refund because they already received tax from people, they must return to taxpayer for over receiving.</i> If we will say in term of tax return to Thai people, the government procedure has spent for long time. Some company did not get returning according to they process too delay to return and over 3 years. It is unfair.</p>   | 50 |
| ATT/TRF/NEG |  |    |
| ATT/PRT/POS | <p><b>Interviewee:</b> I think that <i>we should follow on the rule</i> that is we have no choice to choose, pay less or pay more.</p>   |    |
| BEH/TSV/VRE | <p><b>Interviewee:</b> I think that <i>the good method for tax saving is we should try to control our costing and income such as all expenses which are paid, it should not be mistaken to pay or have to use for the production or operation and completed</i></p>  | 55 |
| AWA/TSV     |  |    |





## Appendix B: Initial categories

| AWA         | Awareness   |
|-------------|---|
| AWA/OSA     | Using the outsourcing accountant  |
| AWA/OSA/LOC | Using the local outsourcing accountant  |
| AWA/OSA/ITN | Using the international outsourcing accountant  |
| AWA/OTS     | Using the outsourcing tax specialist  |
| AWA/OTS/LOC | Using the local outsourcing tax specialist  |
| AWA/OTS/ITN | Using the international outsourcing tax specialist  |
| AWA/OAT     | Using the accounting department   |
| AWA/OUS     | Doing the accounting by ourselves   |
| AWA/ITP     | Using in house tax specialist   |
| AWA/RDO     | Discussing the Revenue Department Officer   |
| AWA/TBD     | Understanding about tax burden<br>(tax burden is tax payment for a particular fiscal year)  |
| AWA/TBS     | Understanding about tax base  |
| AWA/TRT     | Understanding about tax rate<br>(tax rate can be applied in a number of ways, but is usually expressed as a percentage or as a fixed amount)    |
| AWA/TST     | Understanding about tax system  |
| AWA/TRD     | Understanding about tax reduction<br>(tax reduction or tax allowance is amount deducted from income subject to tax to arrive at taxable income) |
| AWA/AVD     | Understanding about tax avoidance<br>(tax avoidance is the legal arrangement of a taxpayers' affairs so as to reduce their liability)           |
| AWA/EVA     | Understanding about tax evasion   |

|  |  |
|--|--|
|  | (tax evasion is the illegal arrangements where liability to tax is hidden or ignored)  |
| AWA/TSV  | Understanding about tax saving legally   |
| AWA/TRF  | Understanding about tax refund<br>(tax refund is tax repaid to a taxpayer)   |
| AWA/TET  | Understanding about tax exemption<br>(tax exemption is tax law frequently provide specific exemption for persons, items or transaction, limited exemption designed as tax incentives may be granted to certain categories of individuals or companies) |
| AWA/TOT  | Understanding about types of tax   |
| AWA/TPC  | Understanding about tax procedure  |
| AWA/ABE  | Understanding about non-allowable expenses   |
| (Susan M. Lyons, International Tax Glossary, 3 <sup>rd</sup> Edition, Netherlands, IBFD, 1996) |  |
| <b>ATT</b>   | <b>Attitude</b>  |
| ATT/TST  | Thinking about tax system  |
| ATT/TST/POS  | Thinking about tax system positive way   |
| ATT/TST/NEG  | Thinking about tax system negative way   |
| ATT/TRT  | Thinking about tax rate  |
| ATT/TRT/POS  | Thinking about tax rate positive way   |
| ATT/TRT/NEG  | Thinking about tax rate negative way   |
| ATT/TIS  | Thinking about tax itself  |
| ATT/TIS/POS  | Thinking about tax itself positive way   |
| ATT/TIS/NEG  | Thinking about tax itself negative way   |
| ATT/TPC  | Thinking about tax perception  |
| ATT/TPC/POS  | Thinking about tax perception positive way   |
| ATT/TPC/NEG  | Thinking about tax perception negative way   |
| ATT/TET  | Thinking about tax exemption   |
| ATT/TET/POS  | Thinking about tax exemption positive way  |
| ATT/TET/NEG  | Thinking about tax exemption negative way  |

|             |   |
|-------------|---|
| ATT/TRF     | Thinking about tax refund   |
| ATT/TRF/POS | Thinking about tax refund positive way                              |
| ATT/TRF/NEG | Thinking about tax refund negative way                              |
| ATT/TRD     | Thinking about tax reduction  |
| ATT/TRD/POS | Thinking about tax reduction positive way                           |
| ATT/TRD/NEG | Thinking about tax reduction negative way                           |
| ATT/CRT     | Thinking about current tax  |
| ATT/CRT/POS | Thinking about current tax positive way                             |
| ATT/CRT/NEG | Thinking about current tax negative way                             |
| ATT/GVC     | Thinking about the government's contribution                        |
| ATT/GVC/POS | Thinking about the government's contribution positive way           |
| ATT/GVC/NEG | Thinking about the government's contribution negative way           |
| ATT/GVP     | Thinking about the government's procedure                           |
| ATT/GVP/POS | Thinking about the government's procedure positive way              |
| ATT/GVP/NEG | Thinking about the government's procedure negative way              |
| ATT/PRT*    | Thinking about to pay right tax                                     |
| ATT/PRT/POS | Thinking about to pay right tax positive way                        |
| ATT/PRT/NEG | Thinking about to pay right tax negative way                        |
| ATT/RET     | Thinking about to rectify tax for wrong submission                  |
| ATT/RET/POS | Thinking about to rectify tax for wrong submission positive way     |
| ATT/RET/NEG | Thinking about to rectify tax for wrong submission negative way     |
| ATT/PGR     | Thinking about using of progressive rate for all taxes              |
| ATT/PGR/POS | Thinking about using of progressive rate for all taxes positive way |



|             |   |
|-------------|---|
| ATT/PGR/NEG | Thinking about using of progressive rate for all taxes negative way                       |
| ATT/PPR     | Thinking about using of proportional rate for all taxes                                   |
| ATT/PGR/POS | Thinking about using of proportional rate for all taxes positive way                      |
| ATT/PGR/NEG | Thinking about using of proportional rate for all taxes negative way                      |
| ATT/PLN     | Thinking about tax planning   |
| ATT/PLN/POS | Thinking about tax planning positive way  |
| ATT/PLN/NEG | Thinking about tax planning negative way  |
| ATT/AVD     | Thinking about tax avoidance  |
| ATT/AVD/POS | Thinking about tax avoidance positive way   |
| ATT/AVD/NEG | Thinking about tax avoidance negative way   |
| ATT/EVA     | Thinking about tax evasion  |
| ATT/EVA/POS | Thinking about tax evasion positive way   |
| ATT/EVA/POS | Thinking about tax evasion negative way   |
| <b>BEH</b>  | <b>Behavior</b>   |
| BEH/EVA     | To pay less tax by tax evasion  |
| BEH/EVA/AEX | To pay less tax by providing the additional expenses which are not related to business    |
| BEH/EVA/HID | To pay less tax by hiding income  |
| BEH/EVA/OCR | To pay less tax by over crediting tax refund  |
| BEH/EVA/OCE | To pay less tax by over claiming tax exemption.   |
| BEH/EVA/SMT | To pay less tax by filling wrong tax.   |
| BEH/AVD     | To pay less tax by tax avoidance  |
| BEH/AVD/SRC | To pay less tax by searching the official receipts to attach as payments without receipts |
| BEH/AVD/CTT | To pay less tax by reassigning between personal income tax and corporate income tax.      |
| BEH/TSV     | Tax saving  |

|             |  |
|-------------|--|
| BEH/TSV/VRE | Tax saving by reassigning account code to expense items. |
| BEH/TSV/VRI | Tax saving by reassigning account code to income items.  |
| BEH/TSV/VRT | Tax saving by avoiding mistakes filling the tax forms.   |
| BEH/TSV/AAE | Tax saving by avoiding non-allowable expenses            |
| BEH/TSV/COT | Tax saving by consulting with outside tax specialist     |
| BEH/TSV/COA | Tax saving by discussing with the accounting department  |
| BEH/TSV/COI | Tax saving by discussing with in house tax specialist    |
| BEH/TSV/TRF | Tax saving by searching tax refund                       |
| BEH/TSV/TET | Tax saving by searching tax exemption                    |
| BEH/TSV/TRD | Tax saving by searching tax reduction                    |
| BEH/TSV/TPL | Tax saving by tax planning                               |

## Appendix C: Some relevant taxation laws

### General provision:

**Section 38. Income tax is an assessment tax and duty. The assessment officer shall make assessment in connection with the tax imposed under this Chapter.**

**Section 39.** In this Chapter, unless the context otherwise requires:

“Assessable income” means income taxable under this Chapter, and includes properties or any other benefits received which are ascertainable in terms of money, any amount of tax and duty paid for the tax-payer by the payer of income or by any other person in respect of any category of income under Section 40, and tax credit under Section 47 bis.

*(R.C.A.D. (No.13) R.E. 2527 S, 7)*

**“Affiliated juristic companies or partnerships” mean two or more juristic persons being juristic companies or partnerships related to one another in any of the following manners:**

- (1) More than a half of the number of the shareholders or partners in one juristic person constitute more than a half of the number of the shareholders or partners in another;
- (2) The shareholders or partners holding more than fifty percent of the value of the entire capital of one juristic person are also shareholders or partners holding more than fifty percent of the value of the entire capital of another;
- (3) One juristic person is a shareholder or partner holding more than fifty percent of the value of the entire capital of another;
- (4) More than a half of the number of the directors or partners with the power of management in one juristic person are directors or partners with the power of management in another.

“Tax year” means calendar year.

*(R.C.A.A. (No. 16) B.E.2502 S.16)*

“Registered company” means a registered company under the law governing the Securities Exchange of Thailand.

**“Investment management company”** means a security company licensed to carry on the business of managing investments under the law governing the control of business activities affecting public safety and welfare.

**“Mutual fund”** means a group of persons who participate in a fund organized and operated by an investment management company in accordance with an investment management project under the law governing the control of business activities affecting public safety and welfare.

*(R.C.A.A. (No. 21) B.E. 2517 S.3)*

**“Finance Company”** means a finance company or a credit fancier company under the law governing the control of business activities affecting public safety and welfare.

*(R.P.D. (No. 10) B.E.2520 S.3)*

**“Juristic Company or partnership”** means a juristic company or partnership organized under the Thai or a foreign government law, and shall include-

(1) a business or profit-seeking enterprise operated by a foreign government, an organization owned by a foreign government or any other juristic person organized under a foreign law;

(2) a joint venture, <sup>(1)</sup> being a business or profit-seeking enterprise carried on jointly by a company and another company, by a company and a juristic partnership, by a juristic partnership and another juristic partnership, or by a company and / or a juristic partnership on the one hand, and an individual, a non-juristic body of persons, an ordinary partnership or another juristic person on the other hand.

*(R.C.A.D. (No. 5) B.E. 2521 S.5)*

(3) a foundation or association engaged in any revenue-producing business, but not including the foundations or associations designated by the Minister in the notifications<sup>(2)</sup> given under Section 47 (7) (b).

*(R.C.A.D. (No. 25) B.E. 2525 S.14)*

(4) any juristic person designated by the Director-General with the approval of the Minister and published in the Government Gazette.

*(R.C.A.D. 9No. 25) B.E. 2529 S.4)*



“Sale” includes sale with the right of redemption, exchange, gift, transfer of ownership of possessor right in an immovable property by whatever means, and whether with or without any consideration, but does not include-

(1) any sale, exchange, gift or transfer of ownership or possessor right in an immovable property made to a government agency or a governmental enterprise not being a juristic company or partnership in accordance with the rules and conditions and for the price or value prescribed by a royal decree. <sup>(3)</sup>

(2) a transfer of ownership or possessor right in an immovable property to an heir by way of inheritance.

“Sale price” includes the price determined by the assessment officer under Section 49 bis.

“Possessor right” means prolessory right in regard to the holding of an immovable property.

*(R.C.A.D. (No. 9) B.E. 2525 S. 3)*

Payment of tax under (2) does not constitute a ground for waiving surcharges under Section 27 and if the tax-payer fails to pay any installment within the prescribed time limit, he shall forfeit the right to pay in installments.

*(R.C.A.D. (No. 13) B.E. 2527 S. 19)*

Division 3\*

Tax On Juristic Companies And Partnership

**Section 65.** Income subject to tax under this Division shall be net profits, computed by taking into account all revenue arising from or in consequence of the business carried on in an accounting period and deducting therefrom all expenses in accordance with conditions prescribed in Sections 65 bis and 65 ter. An accounting period shall be a duration of twelve months, except that in the following cases it may be less than twelve months :

(a) A juristic company or partnership newly incorporated may take any period from the date of incorporation to any date as its first accounting period.

(b) A juristic company or partnership may apply to the Director-General for alteration of the closing date of an accounting period. In such case, the Director-General

in his discretion may by order grant or refuse to grant permission. Notice of such order shall be given to the applicant juristic company or partnership within a reasonable period of time. If the Director-General by his order grants permission, the juristic company or partnership shall comply with the order from such accounting period as designated by the Director-General.

Computation of revenue and expenses shall follow accrual basis,<sup>(1)</sup> Whereby all revenue arising in any accounting period, even if not paid in that period, shall be included as revenue of that period, and all expenses relevant to such revenue, even if not paid in that period, shall be included as expenses of that period.

Wherever it is necessary, the tax-payer may seek the approval of the Director-General for variation of the accrual basis and accounting methods for the purpose of computing revenue and expenses under the second paragraph, and, if approval is granted by the Director-General, shall adopt the varied basis and method in and from such accounting period as designated by the Director-General.

(R.C.A.D. (No. 13) B.E. 2527 S.20)

**Section 65 bis.** Computation of net profits or net loss under this Division shall be subject to the following condition : <sup>(2)</sup>

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- (1) Except where otherwise indicated, all the provisions of this Division are as amended by R.C.A.A. (No. 8) B.E. 2494 S. 33
- (2) See D.R.No. Taw. Paw. 1/2528, D.I. No. Paw 55/2538, D.1, No. Paw. 56/2538, D.1, No. Paw. 61/2539
- (1) For companies with promotional privileges, see also D.N. 5 Feb. B.E. 2530, B.T.R.No. 16/2527; for sale of immovable properties, see also D.I. No. Paw. 35/2536

#### COMPANIES INCOME TAX

- (1) The items specified in Section 65 ter shall not be allowed as expenses.
- (2) Wear and tear and depreciation of assets may be deducted in accordance with the rules, methods, conditions and at the rates as prescribed by royal decree.\*

(R.C.A.A. (No.25) B.E. 2525 S.16)

The deduction as aforesaid shall be in proportion to the period of time since the acquisition of the asset.

(3) The value of all assets other than that specified in (6) shall be taken at the price at which they may normally be purchased. In the case where the value of the assets are increased by revaluation, the additional value shall not be included in the computation of net profits or loss. In the case of any asset entitled to deduction of wear and tear, and depreciation, the deduction thereof shall be made according to the rules, procedures and conditions and at the same rate as applicable before the revaluation, and shall be allowed only for the remaining period of deduction and only in respect of the residual cost value of the assets.

*(R.C.A.D. (No. 16) B.E.2534 S.21)*

(4) In the case where, without justifiable ground, a property is transferred, service is rendered, or money is lent without any compensation, service charge or interest, or with a compensation, service charge or interest in an amount lower than the market value, the assessment officer has the power to assess the compensation, service charge or interest at the market value on the date of transfer, rendering service or lending.

*(R.C.A.D. (No. 5) B.E.2521 S. 15)*

(5) If there is any currency, asset or liability bearing a value or price in terms of a foreign country remaining on hand on the closing date of an accounting period, the value or price shall be converted to the Thai currency as follows:

(a) In the case of juristic companies or partnerships other than those specified in (b), the conversion of the value or price of a currency or asset to the Thai currency shall be made by reference to the average buying rate of commercial banks as ascertained by the calculation made by the Bank of Thailand, and the conversion of the value or price of liability shall be made by reference to the average selling rate of commercial banks as ascertained by the Bank of Thailand.

(b) In the case of commercial banks or such other financial institutions as designated by the Minister, the conversion of the value or price of a currency, asset or liability to the Thai currency shall be made by reference to the average between the buying and selling rates of commercial banks as ascertained by the Bank of Thailand.

*(R.C.A.D.(No.16) B.E.2534 S.22)*

(6) Stock-in-trade on hand on the closing date of an accounting period shall be valued at cost or market price, whichever is the lower, and the value so arrived at shall be taken as the value of the stock-in-trade carried forward to the next accounting period.

For the purpose of ascertaining the cost price under the foregoing paragraph, any accounting method once adopted shall be applied consistently and any deviation therefrom can be made only with the approval of the Director-General.<sup>(1)</sup>

(7) The assessment officer shall have the power to assess cost prices of imported goods by comparison with the cost price of the goods of the same category and type which are delivered to another country.

(8) The cost of goods in terms of a foreign currency shall be valued in terms of the Thai currency at the market rate of exchange ruling on the date of acquiring the goods: Provided that if the foreign currency is available at an official rate, it shall be valued at such rate.

(9) A bad debt may be written off from the debtor's account only after observing the rules, procedures and conditions prescribed by a ministerial regulation: <sup>(2)</sup> Provided that if the debt is recovered in any accounting period, it shall be included as revenue of that period.

Any bad debt which has been included as revenue shall no longer be treated as revenue, although subsequently recovered.

*(R.C.A.A. (No. 25) B.E. 2525 S. 16)*

(10) A limited company organized under the Thai law may include as revenue only one half of dividends received from limited companies organized under the Thai law, mutual funds or a financial institution organized by a specific law of Thailand for the purpose of lending money to promote agriculture, commerce or industry, or of share of profits received from a joint venture<sup>(3)</sup>.: Provided that the following limited companies organized under the Thai law are not required to include any part of such dividends or share of profits as revenue:

a. a registered company, <sup>(4)</sup>

b. any limited company other than (a) that holds at least 25 percent of the total shares with voting rights in the limited company paying the dividends provided



that the limited company paying the dividends does not hold any share in the limited company receiving the dividends whether directly or indirectly.

**The provisions of the first paragraph shall not apply in the case where the limited company or the registered company, having income in the form of dividends and share of profits, held such shares or investment units which produced such dividends and share of profits for a period less than three months from the date of acquiring such shares or investment units up to the date of obtaining such income, or transferred such shares or investment units less than three months from the date of obtaining such income.**

Dividends derived from investments by a provident fund under Section 65 ter (2) shall not be treated a part of the dividends and share of profits for the purpose of the second paragraph.

*(R.C.A.A. (No. 31) B.E. 2534 S.3)*

(11) Loan interest subject to tax-withholding under the law on petroleum income tax shall be included as revenue to the extent of the amount remaining after the deduction of the tax.

(12) Dividends or share of profits subject to tax-withholding under the law on petroleum income tax shall be included as revenue to the extent of the amount remaining after the deduction of the tax withheld under such law; and, if the recipient is a registered company or a company organized under the Thai law and not answering to the description of Section 75, the provisions of (10) shall apply *mutates mutandis*.

*(R.C.A.A. (No. 24) B.E.2522 S.5)*

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- (1) See D.I. Paw 79/2541
  - (2) M.R.No. 186
  - (3) See also R.D. No. 10.S5 bis for exemption and R.D.No. 263
  - (4) See S.39 for definition

(13) A foundation or association engaged in a revenue-producing business is not required to include as revenue any registration or subscription fees received from its members, or any money or property received by way of donation or gift.

*(R.C.A.A. (No. 25) B.E. 2525 S.18)*

(14) Output tax collected or collectible by a juristic company or partnership being a registrant for the purpose of value added tax, and the value added tax, other than the tax under Section 82/16, which is refunded following a claim for refund under Chapter 4 shall not be included as revenue.

*(R.C.A.A. (No. 30) B.E. 2534 S.5)*

**Section 65 ter.** For the purpose of computing net profits, none of the following items shall be allowed as expenses:

(1) Any reserve, except-

(a) A reserve set aside prior to computation of profits out of 65 percent of the remainder of the premiums received in the accounting period after deduction of reinsurance premiums.

If the sum insured in respect of any life insurance policy is paid out whether in full or in part, such sum, to the extent not exceeding the amount of the reserve referred to in the foregoing paragraph in respect of that policy, shall not be allowed as expenses.

In the case of termination of a contract regarding any life insurance policy, the outstanding amount of the reserve referred to in the first paragraph in respect of that policy shall be included as revenue of the accounting period in which the contract is terminated.

(b) A reserve set aside prior to computation of profits out of premiums as a contribution to any other insurance fund to the extent not exceeding 40 percent of the remainder of the premiums received in the accounting period after deduction of reinsurance premiums. Such reserve shall be treated as revenue in computing the taxable net profits of the next accounting period.

*(R.C.A.A. (No. 16) B.E. 2502 S.30)*

(c) A reserve set aside as provision for bad or doubtful debts in respect of debts from credit extension by a bank or a finance, securities or credit fanciers company under the law governing the undertaking of –finance, set up over such a reserve appearing in the balance sheet for the previous accounting period.

In the case where the additional reserve under the first paragraph has been treated as expenses in computing net profits or net loss in any accounting period, if afterwards

the reserve is reduced, the reduced portion which has already been treated as expenses shall be included as revenue in the accounting period in which the reserve is reduced.\*

*(R.C.A.D. (No. 17) B.E. 2540 S.3)*

(2) Contributions to any fund, except contribution to a provident fund in accordance with the rules, procedures and condition prescribed by a ministerial regulation.<sup>(1)</sup>

*(R.C.A.A. (No. 25) B.E. 2525 S. 19)*

(3) Any private expenses, gifts or charitable donations except a sum donated for public charity or for such public benefit as designate by the Director-General<sup>(2)</sup> with the approval of the Minister for which deduction may be made to the extent not exceeding 2 percent of net profits, and a sum paid for the purpose of education or athletics as designated by the Director-General with the approval of the Minister for which deduction may also be made to the extent not exceeding 2 percent of net profits.<sup>(3)</sup>

*(R.C.A.D. (No. 16 B.E. 2534 S.23)*

(4) The portion of expenses on entertainment or services which is inconsistent with the rules laid down by a ministerial regulation. (4)

(5) Capital expenditure, or expenditure incurred in addition, alteration, extension or improvement of properties, not being repairs for their maintenance.

(6) Tax penalties and or surcharges, criminal fine (5), income tax payable by the juristic company or partnership.

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(1) M.R. No. 183

(2) DG.N.- I.T. No. 44

(3) D.I. No. Paw. 52/2537

(4) M.R. 143

(5) B. T.R. No. 10/2528

(6 bis) Value added tax and input tax paid or payable by a juristic company or partnership being a registrant: Except value added tax and input tax payable under Section 82/16, input tax disallowed for deduction in computing value added tax under Section 82/5 (4) or any other input tax designated by a royal decree.<sup>(1)</sup>

*(R.C.A.A. (No. 30) B.E. 2534 S.6)*

(7) Any sum withdrawn without any consideration by a partner in a juristic partnership.

(8) The portion of salary paid to a shareholder or partner which exceeds a reasonable amount.

(9) Any artificial or fictitious expenses or any expenses which may properly be charged to another accounting period: Provided that the expenses which cannot be entered in any accounting period may be entered in the next accounting period.

(10) Consideration for the properties owned and used by the juristic company or partnership.

(11) Interest on capital, reserves of funds of the juristic company or partnership.

(12) Any damage recoverable under an insurance or contract of indemnity or the net losses incurred in preceding accounting periods except the net losses brought forward from accounting periods no longer than five years preceding the current accounting period.

*(R.C.A.A. (No. 16) B.E. 2502 S.30)*

(13) Any expenses not exclusively expended for the purpose of acquiring profits or for the purpose of business.

(14) Any expense not exclusively expended for the purpose of the business in Thailand. <sup>(2)</sup>

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(1) R.D. No. 243

(2) See B.T.R. No. 13/2529

(15) The portion of the purchase price of properties and of the expenses in connection with purchase or sale of properties which exceeds a normal amount without justification.

(16) Depletion of natural resources through operation.

(17) An amount, by which an asset other than stock-in-trade is devalued, subjects, however, to the provisions of Section 65 bis.



(18) Any disbursement if the identity of its recipient cannot be proved by the payer.

*(R.C.A.A. (No. 10) B.E. 2496 S.32)*

(19) Any expenditure determined on a payable out of the profits after the termination of an accounting period.

(20) Such expenses similar in nature to those specified in (1) through (19) as may be prescribed by Royal Decree. <sup>(1)</sup>

*(R.C.A.A. (No. 10) B.E. 2496 S.33)*

**Section 65 quarter.** Governmental organizations shall pay income tax for the sellers at any level or all levels who are juristic companies or partnerships purchasing goods from such organizations, in accordance with such procedures at such rates and categories of such goods as prescribed by a ministerial regulation, only on income from the sale of such goods.

The tax paid for the taxpayer under the first paragraph shall be treated as credit in favor of the taxpayer in the computation of tax. <sup>(2)</sup>

*(R.C.A.A. (No. 26) B.E. 2525 S.10)*

Section 66. All juristic companies or partnerships which are organized under the Thai law or which are organized under foreign laws but carry on business in Thailand shall pay tax under the provisions of this Division.

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(1) See R.D. (No. 315) B.E. 2540

(2) See M.R. No. 158

The juristic companies or partnerships organized under foreign laws, <sup>(1)</sup> and carrying on business in various countries including Thailand shall pay tax on the net profits arising from or in consequence of the business carried on in Thailand during an accounting period. The net profits shall be ascertained in the manner prescribed in Section 65 and 65 bis: Provided that if they are not so ascertainable, the provisions of Section 71 (1) on the method of assessment shall apply mutates mutandis.

**Section 67.** <sup>(2)</sup> The tax charged under the provisions of this Division shall be paid at the rates set forth in the Income Tax Schedule to this Division: Provided that the

juristic companies or partnerships under the second paragraph of Section 66 which carry on business of international transport shall pay tax on such businesses as follows:

(1) In the case of carriages of passengers, tax shall be paid at the rate of 3 percent of the fares, fees and any other benefits collectible in Thailand in respect of such carriages before deduction of any expenses.

(2) In the case of carriages of goods, tax shall be paid at the rate of 3 percent of the freight, fees and any other benefits collectible whether in Thailand or elsewhere in respect of the transport of goods from Thailand before deduction of any expenses.<sup>(3)</sup>

(R.C.A.D. (No. 6) B.E. 2523 S. 14)

**Section 67 bis.** For the purpose of collecting tax prior to the time limit under Section 68, all juristic companies and partnerships shall file returns in the form prescribed by the Director-General and at the same time pay tax to the Amphur at the local Amphur office within two months from the last day of the duration of six months from the first day of the accounting period as follows:

(1) In the case of any juristic company or partnership other than that mentioned in (2), there shall be prepared an estimate of net profits or net loss arising from or in consequence of business carried on or to be carried on during the accounting period, and tax shall be computed and paid on one half of the estimated net profits in the accounting period.

(2) In the case of a registered company, a commercial bank under the law governing commercial banking, a finance, securities or credit fancier company under the law governing the undertaking of finance, securities and credit fancier businesses, or a juristic company or partnership answering to the rules, procedures and conditions prescribed by the Director-General,<sup>(4)</sup> tax shall be computed and paid on-net profits of the duration of six months from the first day of the accounting period according to the conditions described in Sections 65 bis and 65 ter.

(R.C.A.A. (No. 31) B.E. 2534 S.5)

The amount of tax paid under the first paragraph shall be treated as credit in the computation of tax payable under Section 86.

The provisions of the first paragraph shall not apply to the juristic companies or partnerships in respect of the first or last accounting period which has duration of less than twelve months.

*(R.C.A.D. (No. 11) B.E. 2513 S. 13)*

**Section 67 ter.** In the case where a juristic company or partnership, without a reasonable excuse, <sup>(3)</sup> fails to file a return and pay tax under Section estimated net profits shown was lower than the net profits arising from or in consequence of the business carried on in the accounting period by an amount exceeding 25 percent of the latter, such a juristic company or partnership shall pay a surcharge amounting to 20 percent of the tax payable under Section 67 bis (1) or of one half of the tax payable in that accounting period or of the deficient tax, as the case may be.

In the case where a juristic company or partnership, without a reasonable excuse, fails to file a return and pay tax under Section 67 bis (2), or filed a return and paid tax incorrectly resulting in a deficient tax, such a juristic company or partnership shall pay a surcharge amounting to 20 percent of the tax payable under Section 67 bis (2) or the deficient tax, as the case may be.

The surcharges under the first and second paragraphs shall be treated as tax, and may be reduced by a regulation\* prescribed by the Director-General with the approval of the Minister.

*(R.C.A.A. (No. 31) B.E. 2534 S.6)*

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- (1) See D.I.No. Paw. 13/2529
  - (2) See also D.I.No. Paw. 49/2537, Paw. 53/2537, Paw. 54/2537, Paw. 55/2538
  - (3) See D.R. No. Paw. 49/2537, Paw. 54/2537
  - (4) DG.N. IT. No. 43
  - (5) D.I.No. Paw. 50/2537

\* D.R.No. Taw. Paw. 11 Paw. 50/2537

**Section 68.** Within one hundred and fifty days from the closing date of an accounting period, all juristic companies or partnerships shall file returns in the form

prescribed by the Director-General for the purpose of computing tax payable in respect of the accounting period and shall at the same time pay the tax to the Amphur.

*(R.C.A.A. (No. 16) B.E. 2502 S. 31)*

**Section 68 bis.** For the purpose of computing tax, juristic companies and partnerships shall prepare a balance sheet, trading and profit and loss account for each accounting period under Section 65.

The juristic companies or partnerships under the second paragraph of Section 66 which carry on business of international transport shall prepare a statement of gross receipts in respect of all the taxable fares, freights, fees, and other benefits obtained from the said business in each accounting period in lieu of a balance sheet, trading and profit and loss accounts.

**Section 69.** Within one hundred and fifty days from the closing date of an accounting period, all companies and juristic partnerships shall file with the assessment officer returns in the form prescribed by the Director-General for the purpose of computing tax under Section 65, 65 bis, 66 and 67, showing receipts, expenses, net profits and other information, together with a balance sheet, profit and loss accounts, a statement of receipts and expenditure or a statement of gross receipts, as the case may be, for the accounting period, all of which shall have been audited and certified by a person qualified under Section 3 septem.

*(R.C.A.A. (No. 25) B.E. 2525 S. 20)*

**Section 69 bis.** Subject to the provisions of Section 70, in case the Government, a governmental organization, municipality, sanitation district or other local government authority pays assessable income under Section 40 to any juristic company or partnership, tax shall be deducted at source at the rate of 1 percent. The tax so deducted shall be treated as credit in computation of income tax payable by the juristic company or partnership for the accounting period in which the tax is deducted. In this connection, the provisions of Sections 52, 53, 54, 58 and 59 shall apply mutates mutandis.

*(R.C.A.A. (No. 16) B.E. 2502 S. 32)*

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\* D.R. No. Taw. Paw. 11 Paw. 50/2537



**Section 69 ter.** All persons, partnerships, associations or bodies of persons paying income under Section 40 (8) to a juristic company or partnership which sold an immovable property shall deduct income tax at the source at the rate of 1 percent and remit such tax to the competent official entrusted with the duty of recording registration of rights and juristic acts at the time of recording, and the provisions of the second and third paragraphs of Section 52 shall *mutates mutandis*.

The tax deducted and remitted in accordance with the first paragraph shall be treated as credit in the computation of income tax payable by the juristic company or partnership against whom the tax is deducted in the accounting period in which the tax is deducted.

*(R.C.A.D. (No. 9) B.E. 2525 S.: 9)*

**Section 70.** (1) A juristic company or partnership organized under a foreign law and not carrying on business in Thailand which received assessable income under Section 40 (2), (3), (4), (5) or (6) which is paid either from or in Thailand shall pay tax. The payer of the assessable income shall deduct the tax from the income at the income tax rate for juristic companies and partnerships, and shall remit the tax and at the same time file a return in the form prescribed by the Director-General to the local Amphur within seven days from the last date of the month in which the payment is made. In this connection, the provisions of Section 54 shall apply *mutates mutandis*.

*(R.C.A.D. (No. 16) B.E. 2534 S. 24)*

The provisions of the first paragraph shall not apply in the case where a juristic company or partnership incorporated under a foreign law receives assessable income in the nature of interest paid by the Government or by, a financial institution organized by a specific law of Thailand for the purpose of lending money to promote agriculture, commerce, or industry.

*(N.E.C.D. (No. 206) B.E. 2515 S. 12)*

**Section 70 bis.** (2) Any juristic company or partnership which disposes out of Thailand a sum representing profits or any other sum which was set aside out of profits or which may be regarded as profits shall pay income tax on the sum so disposed of at the rate for juristic companies and partnerships, and shall remit the tax and at the same time

file a return in the form prescribed by the Director-General to the local Amphur within seven days from the date of disposal.

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- (1) See also D.R.No. Taw. Paw. 4, M.R. No. 144, DG.N. I.T. No. 18
  - (2) See also M.N.I.T. dd. 11 January B.E. 2503

The disposal of profits under the first paragraph includes-

(1) disposing of profits or any other sum which was set aside out of profits or which may be regarded as profits from the profits and loss accounts or any other account for settlement of a liability or as a set-off against a liability due to, or for crediting the account of, any person in a foreign country, or

(2) in the case where the facts described in (1) are not apparent and application having been made for buying and remitting to a foreign country any currency representing profits or any other sum which was set aside out of profits or which may be regarded as profits.

(3) Any other transactions producing the same results as (1) and (2). \*

*(R.C.A.D. (No. 16) B.E. 2534 S. 25)*

**Section 70 ter.** Export of goods made by any juristic company or partnership to or under the instruction of its head office, branch, affiliated company or juristic partnership, principle, agent, employer, or employee shall be deemed sales made in Thailand, and the market price of the goods ruling on the date of export shall be deemed revenue of the accounting period in which the export is made.

The provisions of the foregoing paragraph shall not apply to the case where the goods are-

- (1) sent exclusively as samples or for the purpose of research.
- (2) Goods in transit through Thailand.
- (3) Imported goods returned to the sender within one year from the date of import.
- (4) Exported goods returned to the sender in Thailand within one year from the date of export.

*(R.C.A.A. (No. 16) B.E. 2502 S. 34)*

**Section 71.** In the case where-

(1) any juristic company or partnership fails to file a return for the purpose of computing tax under this Division, or fails to keep all or any of the accounts required under Sections 17 and 68 bis, or fails to produce accounts required by the assessment officer for examination under Section 19 or 23, the assessment officer shall have the power to assess tax at the rate of 5 percent on the aggregate of either the gross receipts or the gross sales belonging to the accounting period before deduction of expenses, whichever amount is the greater; if such an aggregate is not apparent, he shall have to the power to make assessment by reference to the corresponding aggregate for any previous accounting period; if such a corresponding aggregate is again not apparent, he may make assessment in any manner he deems proper.\*

(2) any juristic company or partnership either omitted to make entries or made incomplete or false entries in the accounts required under Section 17 and 68 bis, in consequence of which tax has not been charged or has been undercharged, the assessment officer shall have the power to assess the tax due at the rates specified under Section 67 and to require the tax payer to pay a surcharge of twice the amount of the tax due.

(3) any juristic company or partnership fails to comply with the order of the Director-General under Section 17, the assessment officer shall have the power to instruct such a juristic company or partnership to comply with such an order within thirty days from the date of receiving the instruction of the assessment officer, or to cause its personnel to carry out such an order at the assessment officer within the said period. In the case of noncompliance, whether categorical or partial, the assessment officer shall have the power to assess tax at such rates and by such methods as prescribed in (1)

The provisions of this Section shall not prejudice the power of the assessment officer to assess tax under the provisions of other Sections.

An appeal is allowed against the assessment under this Section.

*(R.P.D. (No. 10) B.E. 2520 S. 15)*

**Section 72.** If a juristic company or partnership is dissolved, it shall be the joint duty of the liquidator and the manager to give notice of the dissolution to the assessment officer within fifteen days from the date when the registration of dissolution is recorded by the appropriate authority. If the said persons fail to comply with this provision, the

assessment officer may require the juristic company or partnership to pay, in addition to the tax payable, a surcharge equal to the amount of the tax. Such surcharges shall be treated as tax.

In the case of dissolution of a juristic company or partnership as above mentioned. The date when the registration of dissolution is recorded by the appropriate authority shall, for the purpose of computing tax, be treated as the closing date of the accounting period, and the liquidator and the manager shall have a joint duty and liability to file a return and pay tax within such time and in such form as prescribed in Section 68 and 69 *mutatis mutandis*.

Where it is not possible for the liquidator and the manager to file a return and pay tax within the period of time specified in the preceding paragraph and a request has been submitted to the Director-General within thirty days from the date when the registration of the dissolution was recorded by the appropriate authority, the Director-General may at his discretion allow extension of such a period of time. Where liquidation ensues, the Director-General may also allow extension of the accounting period.

In cases where a juristic partnership is dissolved without liquidation, its manager and its partners with the power of management shall jointly have the same duty and liability as has the liquidator under the provisions of the three preceding paragraphs.

**Section 73.** For the purpose of computing tax in the case of amalgamation of juristic companies or partnerships, each of the juristic companies or partnerships amalgamated shall be deemed dissolved and the new juristic company or partnership formed by amalgamation shall assume the duty and liability to file a return and pay tax in the lieu of each juristic company or partnership so deemed dissolved. In this connection, the provisions of Section 72 shall apply *mutatis mutandis*, and in the case of juristic companies, the directors of the newly formed juristic company shall have the same duty and liability as has the liquidator under the provisions of Section 72.

**Section 74.** In the case of dissolution or amalgamation of juristic companies or partnerships, computation of net profits chargeable with tax shall be subject to the rules prescribed in Section 65, 65 bis and 66: Provided that

- (1) Value of properties-



(a) In the case of dissolution of a juristic company or partnership, shall be taken at the market price prevailing on the date of dissolution,

(b) In the case of amalgamation of juristic companies or partnerships, shall be taken at the market price prevailing on the date of amalgamation: Provided that such price shall not be treated as revenue or expenses in computing net profits or net loss of any of the original juristic companies or partnerships amalgamated. The new juristic company or partnership formed because of the amalgamation shall carry as value of the properties the same value appearing in the books of accounts of the original juristic companies or partnerships on the date of amalgamation for the purpose of computing net profits or net loss until the properties are disposed of. If any item of the properties is entitled to deduction of wear and tear and depreciation, such deductions shall be made in computing net profits or net loss according to the rules, procedures and conditions applicable to, and at the rates adopted by, the original juristic companies or partnerships, only for the remaining period and only in respect of the residual cost value of the properties, and in no case shall the net loss of any original company or partnership be treated as expenses in computing net profits or loss;

(c) In the case where a business is transferred by one juristic company or partnership to another whereby the transferor has to register its dissolution and liquidation ensues in the accounting period in which the business is transferred, shall be taken at the market price prevailing on the date of registering the dissolution, and the provisions of (b) shall apply mutates mutandis.

*(R.C.A.A. (No. 31) B.E.2534 S. 7)*

(2) The portion of the reserves and net profits brought forward from previous accounting periods which have not been charged with income tax shall be included as revenue of the last accounting period;

(3) In the case of juristic companies and partnerships carrying on business of insurance, the portion of the reserves set aside in the previous accounting periods under Section 65 ter (1) which have not been charged with income tax shall be included as revenue.

The provisions of this Section shall not apply the juristic companies and partnerships under Section 66, -second paragraph, which carry on business of international transport.

*(R.C.A.A. (No. 16) B.E. 2502 S. 35)*

**Section 75.** (Repealed by R.C.A.A. (No. 26) B.E. 2525 S. 11)

**Section 76.** (Repealed by R.C.A.A. (No. 26) B.E. 2525 S. 11)

**Section 76 bis.** If a juristic company or partnership organized under a foreign law has an employee, a representative or a go-between to carrying on business in Thailand and thereby derives income or gains in Thailand, such a juristic company and partnerships shall be deemed carrying on business in Thailand, and such employees, representatives or go-betweens, whether a natural or juristic persons, shall, in so far as the said income or partnership and shall have the duty and liability to file a return and pay tax under the provisions of this Division.

In all cases under the provisions of the foregoing paragraph, if the person having the duty and liability to file a return and pay tax is unable to ascertain the net profits chargeable with tax under the provisions of this Division, the provisions of Section 71 (1) on the method of assessment shall apply *mutatis mutandis*.

An appeal is allowed against the assessment made under this Section.

*(R.C.A.A. (No. 9) B.E. 2494 S. 33)*

**Section 76 ter.** (Repealed by R.C.A.A. (No. 16) B.E. 2502 S. 36)

## Appendix D: Table summary of Thai taxes

### Summary of Thai Taxes:

| Issues   | Thailand  |
|--|---|
| <b><u>Corporate Taxation Issues</u></b>                      |   |
| Basis of Taxation of Companies                               | <b>Thai corporations</b><br>World-wide income<br>Foreign corporations carrying on business in Thailand<br>Thai source income at domestic rates<br><b>Other foreign corporations</b><br>Thai source income at withholding rates  |
| Corporate Residency Rules                                    | Resident if incorporate in Thailand   |
| Corporate Tax Rate   | 30%   |
| Branch Tax Rate  | 30%<br>Branch profit remittances are subject to further tax at 10% withheld from the amount remitted.   |
| Inter-corporate dividends:<br>Imputation or classical system | Mixture of partial imputation and classical system:<br>Dividend received by individuals are taxed at 10%<br>Local dividends received by Thai corporations are exempt if the receiving company is listed on the stock Exchange of Thailand or is a non-listed company holding at least |

### Summary of Thai Taxes:

| Issues                               | Thailand  |
|--------------------------------------|---|
| Non – Resident withholding Tax Rates | <p>25% of the total voting shares in the payer company for a certain period and the payer company does not have a cross shareholding in the receiving company directly or indirectly</p> <p>In other cases, 50% of the dividend is Exempt from tax.</p> |
| Dividends                            | <p>No double tax agreement</p> <p>Typical double tax agreement rate</p>   |
| Interest                             | <p>10%</p> <p>10%</p>   |
| Royalties                            | <p>15%</p> <p>15% (10% where paid to a financial institution)</p>   |
| Capital Gains Tax                    | <p>15%</p> <p>15%</p>   |
| Miscellaneous Taxes                  | <p>Capital gains taxed as ordinary income</p> <p><b>VAT</b></p> <p><b>Value added tax at 7% (inclusive of municipal tax)</b></p> <p><b>Selected business tax</b></p>  |



**Summary of Thai Taxes:**

| Issues                                    | Thailand  |
|---|---|
| Common Business Structure                 | <p>3.0% on the gross receipts of certain business (interest and foreign exchange gains of banks and other financial institutions. Non life insurance premiums and dealing in real estate).</p> <p><u>Municipal tax</u><br/>10% of the selected business tax, as an addition surcharge.</p> <p><u>House and land tax</u><br/>This tax is levied at 12.5% of the assessed annual rental value of the property.</p> <p>Juristic partnership and corporation.</p> |
| Purchase Business Structure               | <p>Foreign and foreign-owned companies may not own land except for those companies granted the right to own land by the Board of Investment to the extent necessary for carrying on their activities and subject to certain conditions.</p> <p>Under certain conditions, foreign-owned companies and individuals may own up to 40% of the units in a condominium block.</p>   |
| Profit Repatriation:<br>Exchange controls | <p>There are generally no repatriation or remittance restrictions for bona fide transactions.</p>   |

**Summary of Thai Taxes:**

| Issues                | Thailand   |
|-----------------------|--|
| Investment Incentives | <p>There are a number of tax investment incentives available in Thai including:</p> <p>Corporate income tax and dividend tax holidays for between 3 and 8 years.</p> <p>Exemption or reduction of import duty and business taxes on approved machinery imports and imported or local raw materials especially for export projects.</p> <p>Exemption from tax for 5 years in respect of fees received related to goodwill and copyright.</p> <p>Exemption from tax for dividends derived from a promoted activity.</p> <p>Certain foreign promoted corporations allowed to own land.</p> <p>Guarantees against nationalization.</p> <p>Special provision of visas and work permits for expatriates to work in Thailand.</p> |



