

Independence Study Title : Tax Imposition on Cram School
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ABSTRACT

The main objective of this research paper is to examine the relative inequities of tax exemptions on tutor schools. Under Section 42(17) of Revenue Code, authority issued Ministerial Regulation. Royal Decrees are issued to delineate exemptions to tax imposition. Section 2(1) of Ministerial Regulation No.126 B.E.2509 identifies personal income tax is exemptions. While, Royal Decree No.284 B.E. 2538 allows for corporate tax exemptions for net profit on tutor schools. Tax exemption is issued to encourage educational institutions by relieving tax burdens; however, certain types of schools are using the tax exemptions in regulations inappropriately. Increasingly, cram schools are using such tax exemptions to seek profits and investment further into a money making endeavor, as opposed to improved educational opportunities.

This research paper will focus on issues and suggest possible solutions in the way of adjustment of the regulations. While looking into tax exemption and collection, the initial pros are:

1. Fairness or neutrality in Thai society,
2. Increased taxation revenue to the government

The main disadvantage of this taxation system is tutor schools are transferring the tax burden to students or parents. Tutor schools may raise fees until tuition is higher than their tax burden. Therefore, it is recommended regulations are adjusted. The Revenue Department can impose taxes on tutor schools on both personal income and corporate income. The increased revenue can ensure continued improvement in educational oversight and development.