

Independent Research Title: The Problems on Tax Avoidance of the Intermediary Holding Company in Thailand

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### ABSTRACT

The main objective for the independent research on the “The Problems on Tax Avoidance of the Intermediary Holding Company” is to point out the various forms of juristic company that multinational companies have currently employed to conduct their business in Thailand. Each type of company form has different tax liabilities. Such differences create a complication in the system of collecting tax and lead to issues on tax avoidance, especially in the field of tax collecting system of the holding company under Thai law.

From the study on such issues, it was found that the important problems of holding company under Thai law are 1) problem of tax units, 2) problem of the definition of holding company and 3) problem of economic double taxation.

From the analysis, the problem on tax avoidance of the intermediary holding company is an international issue. This problem requires Thai government to consider and solve unclear and deficient provisions of the holding company under the Thai Revenue Code.

From these problems, the author suggested that all of these problems come from separate legal entities of the Intermediary Holding Company under Thai law because the Intermediary Holding Company is related to any company in-group by the same management team, same group of stockholder and same amount of investment fund. Also, under the Thai Revenue Code, there is no specific provision of the holding company which includes the exact definition of the holding company. Hence, the

author recommends that (1) tax consolidation should be applied in case of the holding company as an alternative resolution because this provision will show the real tax liability of a group of company which is better than the separated tax unit. Then, the state can collect the correct tax rate. Therefore, Thailand should issue new provision of tax consideration. For the definition of the holding company, the author recommended that (2) the definition of the holding company should be provided specifically by the state if the state has a policy to grant the tax incentives for the holding company. Section 65 bis(10) of Thai Revenue Code provides only minimum shares of shareholder but this provision does not cover the objective of holding company like the management of company in-group. Lastly, the author suggested that (3) the government should also apply tax consolidation and grant tax credit of dividend for the foreign holding company as well.

