Business operators warned of more stringent tax collection next year

PricewaterhouseCoopers Thailand warned business operators today to brace for tougher actions next year from the taxmen to squeeze taxes of all forms from them to replenish the shortfall in government's revenue collection.

Mr Somboon Veerawutthiwong, senior director for tax and legal affairs of PwC Thailand, attributed the tightening up of tax collection from Revenue, Excise and Customs departments to the below-target of tax collection for the past four years in a row as a result of personal and corporate tax cuts, economic slowdown and the retention of value added tax at 7 percent.

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All the factors above mentioned have rendered the Revenue Department unable to fulfill its collection targets, said Mr Somboon, adding that the department has to step up its efforts to do better next year.

Pointing out that the maximum 35 percent personal tax rate is too high, he suggested that the rate should be slashed to 28 percent which will be on the same line with the rate charged on corporate entities – 20 percent corporate income tax plus another 8 percent capital gains tax.

As for VAT, he believes the government will retain the 7 percent rate for another 1-2 years so as not to affect the slow economic recovery.