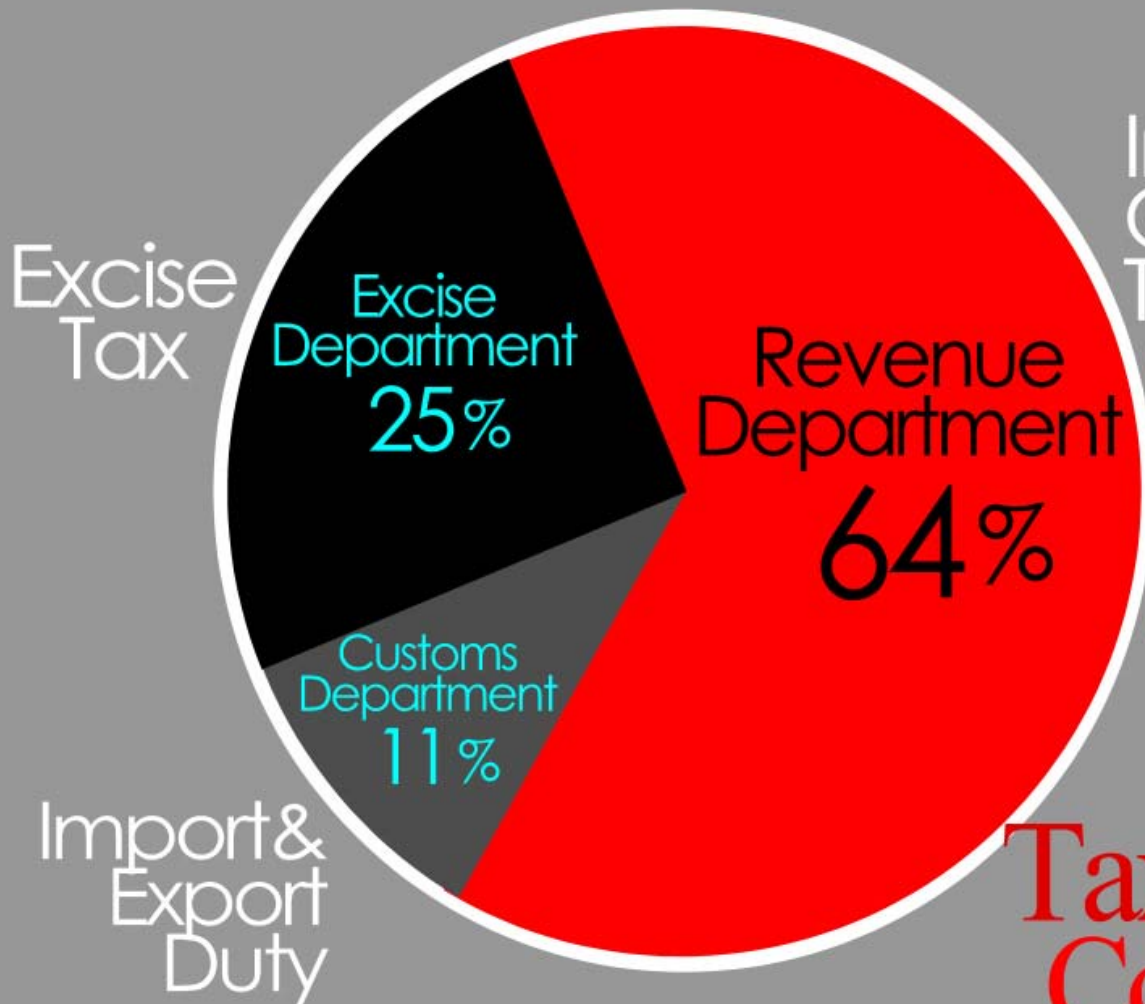




Tax audit & Tax Supervision System

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Income &
Consumption
Tax

**Tax Revenue
Contribution**
Fiscal Year 2003



Revenue Department of Thailand

956 Offices

Nationwide
Computer Network

24,300
Employees



Thai Revenue Code

Personal Income Tax (PIT)

Corporate Income Tax (CIT)

Value Added Tax (VAT)

Specific Business Tax (SBT)

Stamp Duty (SD)

Number of Taxpayers (as of 2003)

PIT = 6,652,069 persons

CIT = 235,988 juristic persons

VAT = 325,870 persons

SBT = 26,142 registered persons

The Change of Tax Audit Policy

Previous System

Detailed audit

by issue a summons

Current System

**Taxpayer
Supervision**

Audit System

Previous Audit System

Taking long time to finish the case

Number of cases audited is proportionally small comparing to the total cases

Assessing tax by means of auditing creates small cash flow since audited taxpayers are unlikely to pay full amount of tax assessed; subsequently there is debt delinquency

Audit System

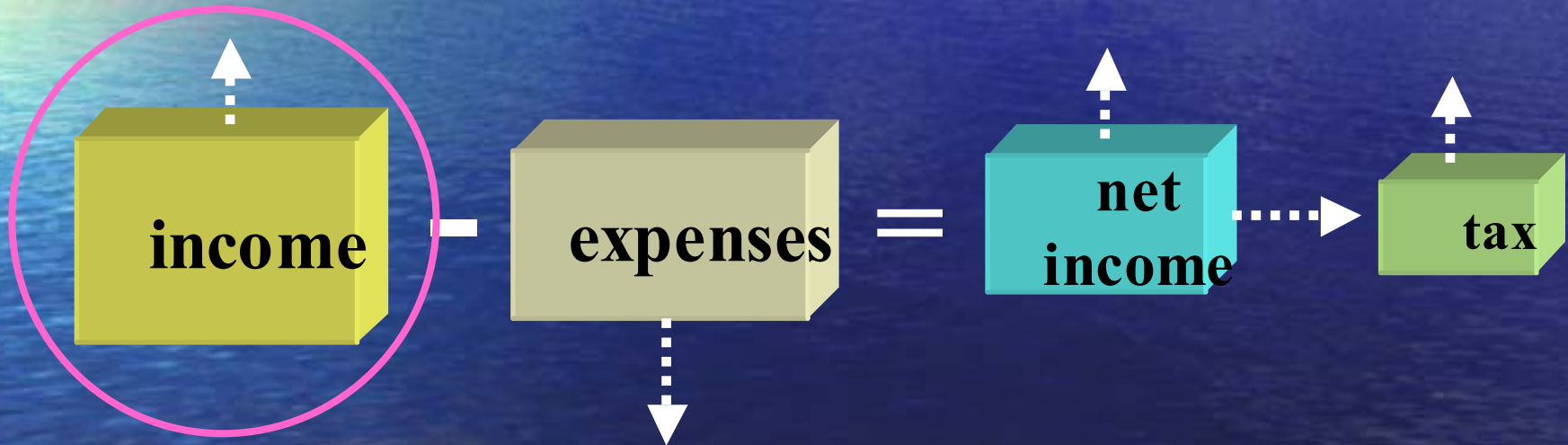
Previous Audit System (cont.)

The audit of previous year tax is not efficient means since it is the audit by examining document rather than observing their premises and business operations

Unable to obtain genuine business revenue from operations since always dealing with prohibited expenses

Audit System

Previous Audit System (cont.)



**Focus on prohibited expense
(Inefficient means of Audit)**

Supervision System

Current System : Taxpayers Supervision

Tax Supervision by means of 'Closely' and 'Current'

IT usage for Analyzing Current Tax Payment,
for Financial Statement Analysis and Company Visit
to realize business operations and genuine revenue

Giving Consultation to be in compliance with Tax Laws

Giving Chances for Taxpayers to make amendments by filing
additional return; therefore reducing penalty and surcharge

Supervision System

Current System : taxpayers supervision

Reducing debt delinquency

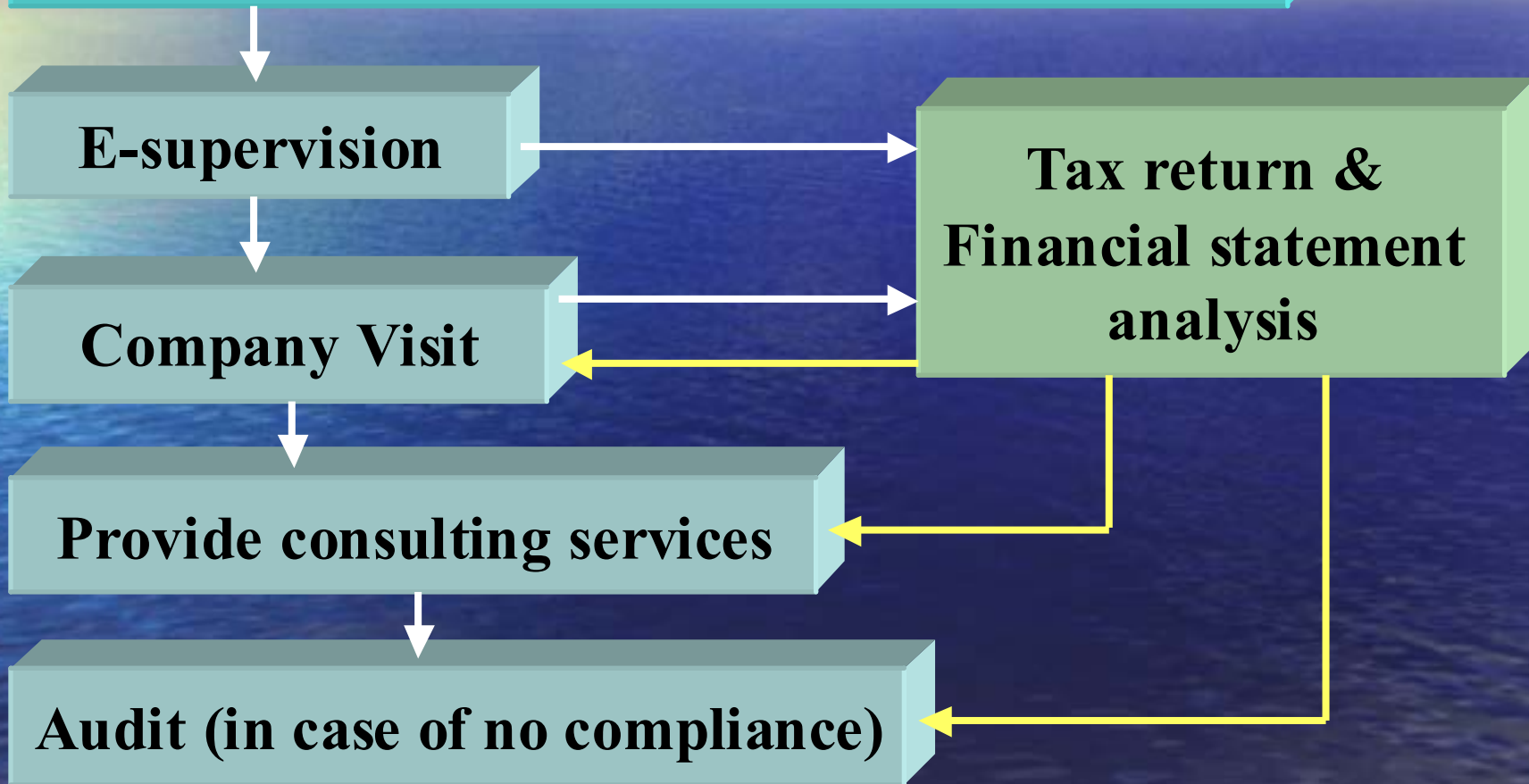
Spending Less time but having efficient results to expand sustainable growth of tax bases

Creating Taxpayers' willingness to pay tax

Issuing a summons only if there is no co-operation

Supervision System

Main Aspects of Taxpayers Supervision



Supervision System

E-Supervision

Working by using taxpayer's information retrieved from RD database

Analyzing VAT & W/T payment for all taxpayers every months

Using information for company visit at taxpayer's premises

Supervision System

Taxpayer Database for Officers

**Integrating
various taxpayer
information**

Internal

**External
(Customs, Excise,
Interior & MOC)**

**Grouping
by
ISIC Codes**

**Comparing current
year information with
previous 2-3 years**

Supervision System

Taxpayer Database for Officers (cont.)

Comparing current month information with previous months

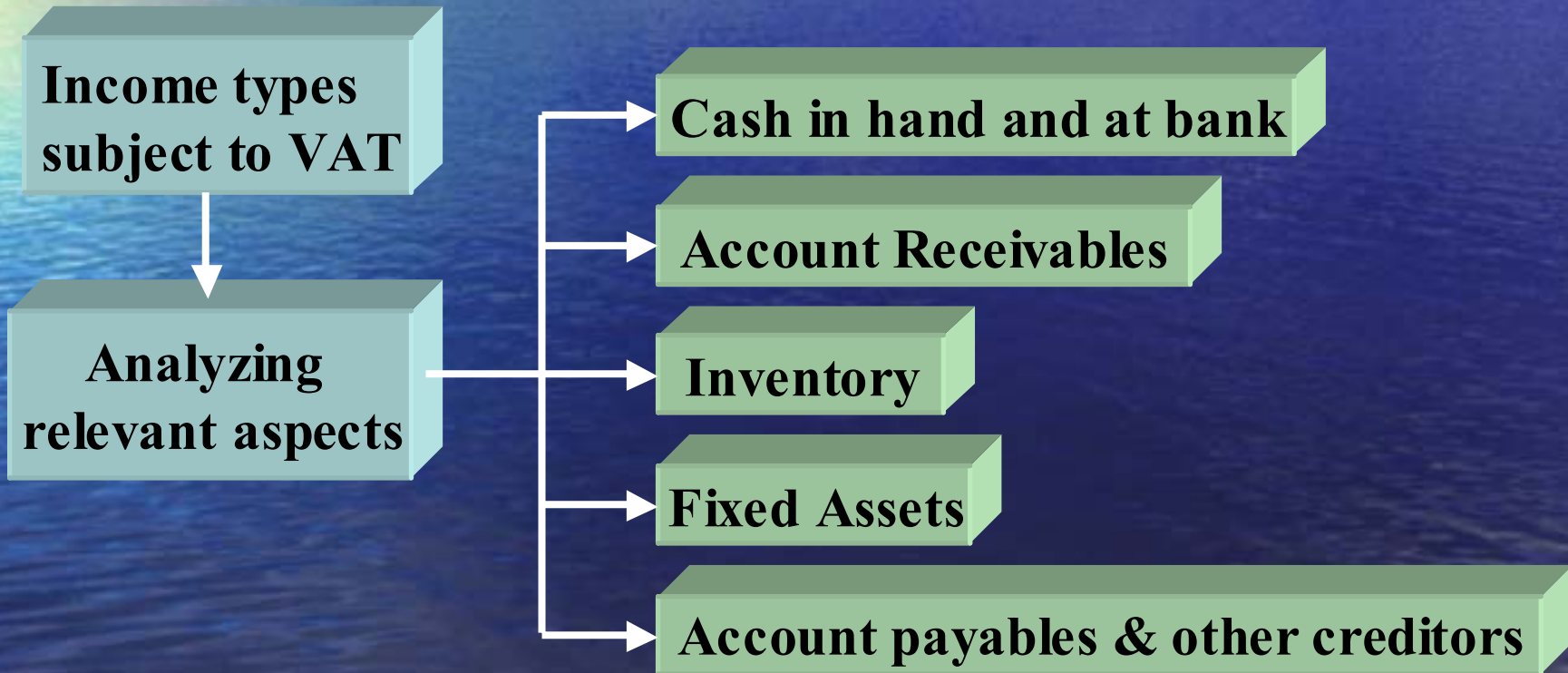
Withholding Tax Amount and Tax withheld

Checking daily tax payment

Export and Import Data & Excise Tax Paid

Supervision System

Financial Statement Analysis



Supervision System

Company Visit

**Observing
and
interviewing
Taxpayers'
operating
processes**

Manufacturing processes

Machinery

Manpower

Raw material & inventory

Power Supply

Supervision System

Company Visit (cont.)

**Reviewing and
Random Checking
the Compliance
with
VAT Regulations**

Tax Point & Tax Paid

**Documentation
(tax invoice, input &
output tax report,
raw material &
goods report)**

Supervision System

Results of the implementation of Supervision Policy

Higher amount of Tax Collection

Increasing Taxpayers' Cooperation

Tax Officers understand Taxpayers' businesses and being professional

Taxpayers' Databases are well developed which suitable for Tax Administration

Pay Proper Tax Today... No Back Tax Tomorrow

(Promote current taxation and discourage tax evasion)



CHANGING POLICIES



กรมตำรวจ
THE SEVENTH DIVISION

Thanks
Thanks
Thanks
Thanks
Thanks
Thanks
Thanks
Thanks
Thanks