



Revenue Department News

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Subject : The Revenue Department invites all gold shop businesses throughout the country to be transformed to the juristic person form of doing business and preparing a single financial statement in order to relieve the tax burden

The Director-General of the Revenue Department, Mr. Prasong Poontaneat, was the chairman of the “Opportunities for Gold Shop Businesses to Transform to the Juristic Person” seminar, which was held on 22nd May 2016 by the Gold Traders Association. The main purpose of the seminar was to educate members and gold shop businesses of law regarding accounting and tax system related to gold shop businesses. The Revenue Department has a new policy to promote and educate tax knowledge, especially related to how to correctly prepare single financial accounts. The 7,000 gold shop businesses currently operated by the ordinary persons, were encouraged to register their business in the form of company or juristic partnership in order to relieve tax burdens, since juristic companies receive more tax benefits than ordinary persons, as stated below:

1. Tax base

The ordinary person pays tax based on net income, while the juristic person pays tax based on net profit. Therefore, in case of business loss, the juristic person does not need to pay tax on the loss. The juristic person is also able to use the losses in case of gold price decline or robbery. Additionally, the net loss of the juristic person can be carried forward for five years for accounting purposes, while the ordinary person cannot carry the loss forward.

2. Tax rate

The ordinary person pays tax according to the progressive tax rate ranging from 5 to 35% based on net income. However, the juristic person pays tax at a fixed tax rate of 20% based on net profit. SME businesses, which have net profits not exceeding 300,000 Baht, shall be tax exempted and those with net profits above 300,000 Baht shall pay tax at the rate of only 10%.

3. Preparation of accounting records

The ordinary person does not have the duty to prepare accounting records under the Accounting Act B.E.2543. Therefore, the operators often do not have enough accounting information for administration and operation of business. There are also the risks of facing criminal charges for tax evasion, tax fraud or money laundering if proper accounting records are not regularly prepared.

The juristic person have to prepare the accounting records under the Accounting Act B.E.2543. The correct evidence for financial transactions needs to be provided to the accountants. Therefore the buyers or consumers shall have the correct expense information for their accounting records. Therefore, the accounting information for everyone is more reliable resulting in much less risk of criminal charges for tax evasion, tax fraud or money laundering.

4. Preparation of financial statements

The benefit of preparing single financial accounts is that it reflects the current financial status of business regarding profits and losses. Financial statements can be used to receive loans from the banks while helping to decrease the risks to the banks. Starting from 1st January 2018, the business operators shall be required to use their financial statements as the evidence to obtain the loans from the banks.

5. Liability of debts

An ordinary person is liable for unlimited debts. However, the liability of the shareholders of a juristic person is limited to the amount unpaid on the shares held by them. There is limited liability and unlimited liability partners for a limited partnership structure.

6. Electronic payment system

The Ministry of Finance plans to introduce the Electronic Payment System (e-Payment) to be used in Thailand in 2016. The e-Payment system will be opened for people to register at the government banks starting from 15th July 2016. This system will allow the Revenue Department to access all transactions in order to assess the incomes and expenses of the business operators. Additionally, it would be more difficult for businesses to evade taxes because the Revenue Department officials will have their financial transaction information.

For further queries, please contact the Revenue Area Office or RD Call Center at Tel. 1161.

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