

ABSTRACT

Thesis Title : Legal Problems Associated with Petroleum Income
Taxation

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There are current five Acts dealing with petroleum income taxation in the Kingdom, in addition to the law prescribing standard for taxation. The Revenue Department has no working unit with particular assignment for petroleum taxation. This has caused taxation problems. Hence, I, the Author have focused on the said problems. The study reveals facts as follows :

1. Petroleum Income Tax Act, B.E.2514 and Petroleum Income Tax Act (No. 3), B.E.2522, calculate net profit on the basis of incomes and expenses of every of concession block which therefore enlarges expenditures and results in the reduction in taxation and defers of tax payment. Should the reckoning of net profit be base on the field by field basis, it would narrow the tax base and the State would be able to collect tax in greater volume with expediency.

2. Where petroleum income tax is covered under the Double Taxation Treaty, the principle on treatment of Permanent Establishment as an independent enterprise (Separate Entity) from its parent company makes expenditure base of Permanent

Establishment become wider and result in the decreased of profit it therefore causes the State lesser tax. Should the Unitary Method be introduced for use, the State would be able to collect more taxes. Being further under the Double Tax Treaty causes the State not being able to collect tax at the rate of 50 percent according to Section 45 of the Petroleum Income Tax Act, B.E. 2514. It can only be taxed under Section 70 of the Revenue Code.

3. The tax rate under Petroleum Income Tax Act, B.E.2514 and Petroleum Income Tax Act (No.3), B.E.2522 is high. It is not corresponding with petroleum reserves in Thailand which are small and medium size. It therefore does not give incentives for additional petroleum investment. The tax rate should be revised to fit with petroleum reservation in Thailand.

4. The Revenue Department does not have a working unit for petroleum income taxation. It causes problems and obstacles in taxation and management. Should the Revenue Department have a working unit for petroleum income taxation, it would enhance the efficiency in the petroleum income taxation.