

## **ABSTRACT**

Thesis Title : Legal Measures on Prevention and Suppression of  
Fraudulent Claim of Value Added Tax Refund

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Degree Sought : Master of Law

Academic Year : 2000

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The problems on fraudulent claim of value added tax refund has created social and economic impact to Thailand. It is one of the economic crimes which, in each year, causes a great deal of loss in state's revenues. In other word, it worsen the efficiency on tax collection process of the government.

The objective of this thesis is to study and analyze the causes of the fraud and legal measurement to prevent and suppress such causes. Documentary research applies as the main method on making this thesis.

The study has found the causes of such fraud, which can be highlighted in four categories as follows:

1) Loophole of the law

There are certain sections of law in the Revenue Code, which are inappropriately used. Such those sections of law simply permit the tax payers to file tax return for refund of tax without further requirement to furnish any other evidences or documents to support the refund claim. All tax invoices can then be made up by any

person without being controlled by the authorities and just be referred for claiming the refund in the return. Particularly, the law allows the claim in cash refund in stead of carrying it forward as a tax credit. Further where the consumers are individuals, there is no any provision of the law within the Chapter of Individual Income Tax requires or motivates the individuals to request for appropriate tax invoices from the suppliers of goods or services when they make the purchase. Otherwise it would have been a measurement to control the suppliers to maintain their proper tax records.

2) Mal-intention of the business operators

3) Ignorance of consumers

In general, the consumers have been ignoring to request for tax invoices when making purchase of goods or services. As a result, the suppliers who are trading in bad faith then take it as a way to trade those tax invoices to other traders to claim for refund.

4) Inefficiency on government sector

This concerns with the lack of modern equipment and technology to maintain upto date information records of counter parties who issued tax invoices. It also involves the lack of manpower to deal on the tax investigation and collection, and corruption of the officers.

As for the prevention and suppression measurements, there has been the announcement on both policies and legal enforcement for use. The policies have been made on, e.g. grouping of the business operators of certain category of business to be investigated upon proceeding for the tax refund, making the confirmed test, cross-checking, propagating of information to the public, using tax invoice number for lottery prize, and grouping of good business operators, etc. The legal measurement has simultaneously been implemented for investigation and imposition of heavy fine and criminal punishment. However, such policies and legal measurements are not deterring

the fraudulent claim for the tax refund. Therefore it is necessary to find other appropriate measurements to cope with such problem.

The recommendations of this thesis study are aiming to cope with the loophole of the law, with regard to the implementation of the appropriate compliance method in filing the tax return to claim for tax refund with the evidence of tax invoices, the right on interest granted to business operators claiming for tax refund. It deals on the determination of tax fraud as an offense under the Money Laundering Protection Act, which should be classified as being subject to the severe criminal punishment. The improvement of tax administration and efficiency of the officers in dealing with the investigation on suppliers of goods and services, the in-depth investigation on those who apply for tax refund, increasing in number of manpower to cope with the great number of tax payers as well as the encouragement method for consumers to request for tax invoices on every purchase are part of this recommendation.