

Abstract

According to comparative study of investment promotion through the provision of tax incentive in Thailand and Vietnam, which are the countries in the same region with similar nature, we found that Thailand and Vietnam have the corresponding investment promotion concept, objective, and guideline. However, there are many different types of incentives available in Vietnam which can be adapted for the use in Thailand as follows:-

Using of several reduced tax rates and corporate income tax exemption on shorter term basis.

Providing more tax incentives for the firms which hire more employees. This incentive aims to promote the establishment of labor-intensive and distribution of income to a wider group of citizen. However, Thailand has not yet implemented this type of policy.

Adding types of entities which are entitled to investment promotion. Currently, Thailand only promotes the entity in the forms of company, foundation, and a co-operative. The promotion should also cover other type of entities as in the case of Vietnam such as Joint-venture in order to support the current situation of business operations that have more complexity and more cooperation on international level.

Reducing procedures and timeframe for promotion application which normally take times, i.e. approximately 40-90 days in Thailand. In this regard, the application process in Vietnam only takes 15-30 days. The reduction of the application procedures will help minimizing the turn-around time and cutting cost.

Dividing promotion zones based on types of industry. Currently, Vietnam classified the promotion areas according to the categories of industry which is different from Thailand where the promotion areas are divided based on economic factors and available basic facilities in each area. The dividing of promotion zone based on categories of industry can help emphasizing on industry development of the same categories in the specific area and support the sustainable development.

Reducing corporate income tax for each project in the specific area or reducing corporate income tax for the firms that hire a large number of women. If Thailand encourages the use of this kind of incentive, it will help promoting the employment of women labour and increasing women work in the labour market.

In this regard, it appears that the study bring to light that the investment promotion through the provision of tax incentive in Thailand should be adjusted using several methods of leaning and comparing information with the case of Vietnam. But the respectable person should also consider other potential impact from different perspective including the issues of revenue collection, state financial status and also overall social impact. This is to generate an ultimate benefit to Thailand as a whole.