

Abstract

International Transfer of Technology (ITT) plays many important roles in economic and social developments, especially in developing countries, by providing more effective and efficient process or product.

International Transfer of Technologies in Exporting-Country and Importing-Country bring different tax implications, even if the tax most likely to affect technology transfer in both cases is the tax on business profits. Although the exporting countries do not tax the actual technology transfer in general, the tax liability may arise on the returns that accrue from the technology transfer.

The most attentive consideration in Importing-Country taxation is the income classification. As the consequences of various tax rates, income classification becomes the major factor which the enterprises always take into account in selecting the form of the ITT. In Thailand's income tax provisions, there are some categories of income which subject to Article 70 of the Revenue Code, which constitute compelling obligations to the payer to deduct tax from the remittance of foreign company. While other categories of income, which are not subject to tax deduction by Article 70, have defined in the ambiguous terms. These may contribute to the uncertainty of tax burden. This thesis provide the solution of the unpredictable tax burden, even if in the same transaction with the similar condition, which is occurred from the interpretation of ambiguous income definition. By extension of the income categories in Article 70, for the purpose that the returns from international technology transfer would subject to tax deduction making under the provision of Article 70.

Furthermore, to promote the technology inflows, especially in the developing countries perspective. Provision of tax incentives is considered inefficient in theory because they bring distortions in the transactions and they are both ineffective and inefficient. Nevertheless, most developing countries provide the tax incentives by careful targeting, under this condition tax incentives can increase their effectiveness and reduce their inefficiency.

Provision of tax incentives in Thailand, though there are many incentives, but they have never seemed to be much effective. Therefore, this thesis presents the choice of tax incentives to promote the high-technology sector, which expected to be more effective. By the provision of investment tax allowance as another choice of incentives, the high-technology entrepreneurs can opt the tax incentive which compatible with their business plan the most. The effectiveness in provision of tax incentives for the high-technology sector finally emerge this way.