

Abstract

Taxation measures in the promotion of philanthropic or charitable affairs, are beneficial to both non-profit entities and general taxpayers who wish to devote to charitable causes.

For those organizations that are committed to charitable deeds, they are entitled by the provisions of tax laws to various benefits as shown in the following cases.

1. Personal Income Tax

Tax law provides that an organization may be classed as a charitable organization if its status is certified as such by the Minister of Finance. Thereafter such an organization will be eligible to take contributions or gifts from donors.

2. Juristic person income tax

Any foundation or association that is certified by the Minister of Finance as a charitable organization, is exempt from tax, for such an organization is not regarded as a juristic person according to tax laws.

3. Value Added Tax

According to the law, supplies of goods or services for charitable cause in certain situations are exempt from Value Added Tax.

4. Land and Building tax

Lands or buildings used for some charitable organizations are exempt from tax.

5. Local Land tax

Lands belonging to certain charitable organizations are exempt from tax.

6. Signboard tax

Signboards, belonging to charitable organizations specified by the law are exempt from tax.

Taxpayers who donate a gift to a charitable organization will enjoy benefits mentioned below:

1. Personal Income tax

A donation made to a charitable organization certified by the Minister of Finance by an individual is considered a tax-deductible expense.

2. Juristic person income tax

A donation made to a charitable organization by a juristic person is considered a tax-deductible expense.

3. Value Added Tax:

A donation made to a charitable organization certified by the Minister of Finance by an entrepreneur is exempt supply, depending on its case.

This detailed study of the taxation measures in the promotion of philanthropic or charitable affairs, reveals that the said measures still entail certain problematic issues yet to be resolved, particularly in connection with relevant legal benefits and the criteria concerned with the charitable status of an organization in question. Other problematic issues include:

- Value Added Tax:

Entrepreneurs who make donations to a charity certified by the Minister of Finance find themselves in an unfavorable situation as they are burdened by input taxes which cannot be refunded because the donations are exempt supplies.

- Land and Building Tax and Local Land Tax:

In relation to Land and Building Tax and Local Land Tax, more forms of lands and buildings owned by charities should be exempt from the taxes.

- Signboard tax:

The existing taxation measures introduce unfair practice.

Moreover, as with the donors, some problems arise in various aspects of tax laws

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-Individual Income Tax:

The existing measures cause difficulties in tax deduction, aside from problematic limited methods of donations.

- Value Added Tax:

A VAT registered entrepreneur finds it difficult to receive input tax credits, as the taxes are not relevant to the nature of his ordinary business transactions.

As mentioned above, the measures concerning charitable activities have proven to be inadequate and fail to induce donors to involve themselves in charitable cause as it should. Thus it is recommended that amendments should be made in order to more effectively promote charitable deeds. The writer has made a detailed study of comparative legislative principles of the tax laws employed in Australia, New Zealand and Canada, and found some useful criteria used in those countries particularly concerning charitable affairs, which serve as suitable guidelines for further legislative amendments in order to effectively promote charitable participation on the part of taxpayers in Thailand. Therefore, the writer herewith present amendments proposal with a view to facilitate the spirit of the tax law of Thailand.