

Abstract

Currently, local taxes that each local government collected are relatively low as compared to their total income. Thus, causing the Thai local governments to have limited independency in fiscal policy or not as much freedom as it was written by law. The problem derived from the currently used tax structure of the local government which constructed from and dated back to the era of no decentralization (centralization). In other words, almost all tax revenues collected belong to the central government and that the local government has narrow tax base with no flexibility. Furthermore, currently used laws that govern the collection of local tax laws are ineffective because they are being used for a long time and thus not fit for current situation. In addition, many of them cause problem in practice both to the local government that collects taxes and to the tax payers themselves.

This thesis studied and analyzed in order to compare & contrast laws that govern the collection of local taxes and tax structure of local government between Thailand and Japan to acknowledge the problems and ways to reform the local tax system of the local government of Thailand in order to increase the effectiveness and generate more revenues for the local governments.

From the study, the author has recommended ways to reform the local tax system of Thailand as followed:

(1) Shifting the authority by letting the local government collecting and retaining more tax revenues instead of transferring them to the central government and then receiving some back in form of public aids. For example, letting the local government collect personal and corporate income tax and retains much of it for local uses.

(2) Revise laws on revenue collection of local governments by way of combining all the various rules/laws concerning revenues generating into one written code such as law on taxation of local government (local tax law) and permitting local government to pass rules/laws to set their own tax kind and rate under the local tax law. And that authority may not be intervened by central government. The Japanese set an example of combining various separate laws and created one which set the authority for local government in collecting taxes.

(3) Add more kind of local tax revenues by way of sharing/splitting part of the personal and corporate income tax that currently being collected by the central government to the local government by way of letting the local government collecting them as local taxes. By following