

Wisarut Rattanasuvan 2014: Personal Income Tax on the Income Distribution in Thailand.
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There is a major problem with regard to income distribution in Thai society. It is very important that this issue is addressed, in order to achieve a reduction in levels of income inequality. Direct taxes, especially a Personal Income Tax (PIT), are tools which can be employed by the government in pursuit of these objectives. PIT collection is based on individuals' income and imposes a progressive tax rate structure. This study had two objectives. The first aim was to analyze the average tax burden which is imposed by PIT. This involved classifying taxpayers into 5 income level groups and comparing their average tax burdens to see how progressive the structure of the tax is. The second objective was to study the impact of PIT on income distribution among households by comparing Gini coefficient figures before and after accounting for PIT. As the existing PIT rates were terminated during the time period in which this research was conducted, the investigation included analysis which was based on the new PIT rates imposed on income derived from tax year 2013 onwards. The data used in this study was collected from the Household Socio-Economic Survey (SES): 2003 – 2012.

The results of the study showed that, on average, the tax burden which was imposed by PIT was progressive with respect to income levels. The high income level group had a higher average tax burden compared to the low income level group. The exploration of the impact of PIT on income distribution in Thailand demonstrated that the before-tax Gini coefficient was slightly higher than the after-tax Gini coefficient. This indicates that PIT can be used to reduce income inequality, but that the changes may not be significant. Moreover, based on the new PIT rates, it accounted for the after-tax Gini coefficient of the new tax structure, which is higher when compared to the pre-reform tax structure. The findings implied that the government's policy toward PIT reform worsened issues related to income distribution.

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