

### Abstract

The aim of studying this “Income Tax Expenditures in the Revenue Code” is to concentrate on the policy and legal issues of the fiscal structures of the country in connection with the activity of government spending that called “Tax Expenditures”, defined as revenue loss resulted from granting special preferences in several forms, often called tax incentives or tax subsidies, which deviate from the normal tax structure and are designed to favor a particular industry, activity or class of persons according to the policies in social and economic plans of the government. This tax expenditure, therefore, is one of the government’s fiscal instruments, which has been used as government spending policy to achieve the same goals that the direct budget spending aims at or directs to, but, noticeably, it can be deemed as indirect spending and its application can shorten normal process. It is clear that the tax expenditure does not have actual purpose for the sake of tax collection or even involves the tax administration but for the government spending of the tax revenue to achieve its social and economic purposes, which may called in brief as “government spending through tax system”.

This thesis is based on documentary research with international comparative study. The core documents used are the official reports of the Organisation for Economic Co-operation and Development (OECD), the World Bank and the International Monetary Fund (IMF) as well as the master piece writing of Professor Stanley S. Surrey who initially laid down the ‘Tax Expenditures Theory’ and relevant principles of law and practices, which have been adopted to be used in the USA and firmly situated over there until now.

The result found from the study of Thailand’s case is that the government has spent many tax expenditures through the income tax system by annexing them in to the Revenue Code for a long time which has resulted in continuously and automatically spending large amount of the government expenditure in each year until the present time without recognition and analysis on real substance of the government expenditure, which constitutes problems, either in term of principle or practice, to policy and administration of the taxation and budgeting systems. However, the Constitution of the Kingdom of Thailand B.E. 2550, Section 167, has firstly recognized the existence of the tax expenditures but its principles and practices still be urgently needed to be made understanding for due adaptation to meet its will, principle and international standard.