

ABSTRACT

This thesis concerns the problems of gambling taxation in Thailand. It focuses on the question whether government's lottery taxation and horse racing betting taxation are consistent with the "principles of good tax" in the aspects of fairness and efficiency. Practices of foreign countries relating to these issues are also considered.

From the studies, the author believes that collecting revenue from government's lotteries and organizers of horse racing betting each has two main problems:

First, government's lottery taxation raises the problem of discrimination between distributors of government's lotteries. While distributors of special lotteries issued under fundraising for public benefit projects enjoy tax exemption, distributors of regular lotteries who are juristic person are liable for corporate income tax. This discrimination is unreasonable since both kinds of lotteries are actually issued for the same purpose. The other problem associated with government's lottery taxation is narrowed tax base resulted from the exemption of income tax for lottery winners. This practice decreases national revenue and constitutes unfairness.

Second, collecting revenue from the organizers of horse racing betting constitutes problems concerning fairness. The Gambling Act, B.E. 2478 imposes higher taxes and fees for organizers operating business in Bangkok than for those operating business in other areas. Location, however, is not a proper reason to vary taxes and fees. Moreover, horse racing betting taxation raises efficiency problem in the case that bettors evade income tax liabilities.

In this thesis, the author provides solutions for the said problems. The author suggests that taxation on all kinds of government's lotteries should be conducted in the consistent way according to the "principle of good tax" which composed of revenue generation, fairness, and efficiency. All official distributors of government's lotteries should be able to benefit from income tax exemption. This will also encourage private companies to openly operate as distributors of government's lotteries which, in turn, will reduce government's cost and prevent these companies from doing business by using natural

persons as covers. The author also suggests that income tax exemption for lottery winners should be discontinued in order to increase national revenue, widen tax base, and promote fairness in revenue collection. Withholding tax scheme should be used to prevent tax evasion. In addition, stamp duty for receipt issued for government lottery prize should be exempted, so that the duty collecting measure would be the same for both kinds of lotteries.

For horse racing betting, fees and taxes for organizers in Bangkok should be reduced to be equal to those applicable to organizers in other provinces. Moreover, in order to relieve the organizers, who are liable for many kinds of taxes, from tax burden without making negative effects concerning fairness, excise tax should be reduced. As to the problems of tax evasion by the horse racing bettors, withholding tax scheme should be exercised. Lastly, the author suggests that when collecting revenue from gamble, the expenses deductible at the lump-sum rate deduction of because most gamblers spend a lot of money in gambling.