

Tax revenue during Covid-19 pandemic in Thailand

Tax revenue from private consumption and personal and corporate income will not reach the levels seen during the pre-pandemic period until a vaccine is successfully developed, says the Revenue Department.

Internally, the Revenue Department has changed its attitude on taxpayers, taking a more friendly approach instead of chasing after them to willingly comply with tax liabilities.

Tax revenue in the second quarter of the fiscal 2020 calendar, which started in October 2019, saw a 29% year-on-year decline as strict lockdown measures imposed to curb a domestic outbreak made the Revenue Department implement measures to alleviate negative effects on taxpayers, said director-general Ekniti Nitithanprapas.

These included a delay in personal income tax filings, speeding up the process of tax refunds and reducing the withholding tax rate to 1.5% from 3%.

Tax revenue reported in the third quarter of fiscal 2020 was up by 5.7% year-on-year.

A recovery was evident in some economic indicators, especially tax revenue collected from private consumption via the value-added tax, which saw 2.8% year-on-year growth, despite VAT revenue from imported products reporting an 18% contraction, he said.

Due to the global crisis caused by the COVID-19 pandemic, the Thai government has implemented a number of important initiatives aimed at supporting the Thai economy and affected industries.

As part of these initiatives, the Ministry of Finance of Thailand has enacted several important short term and medium term tax relief measures to support individual and corporate entities in Thailand, to ease the hardships faced by many during these uncertain times.

It will be difficult for the economy to recover quickly without a successful vaccine as the nation still relies heavily on revenue generated from the tourism sector, said Mr Ekniti.

Revenue collection for fiscal 2020 that ended on Sept 30 tallied 1.83 trillion baht, slightly above the collection target of 1.82 trillion.

However, the amount was lower than the initial collection target of 2.12 trillion baht.

For fiscal 2021, the Revenue Department has a collection target of 2.085 trillion baht.

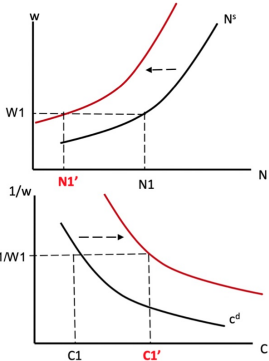
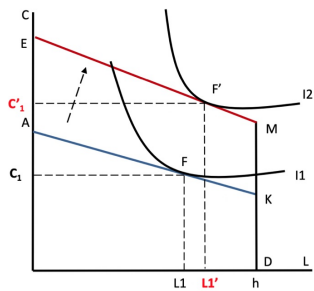
Reference:

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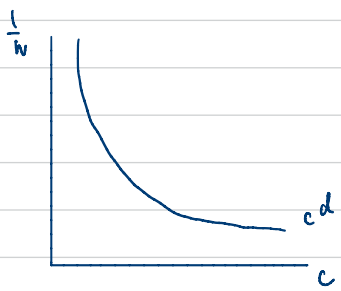
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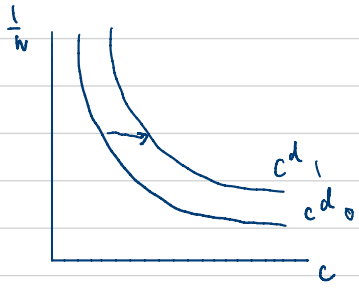
An increase in $\pi - T$ (by KM) causes the consumer to increase both C and L .

The government helps private consumption during COVID-19 pandemic. Therefore, the consumer has more money to spend in the market because $\pi - T$ increases. Consumption and leisure increase, as a result.

consumer demand curve



• effect of a increase in $\pi - T$



$(\pi - T) \uparrow$ "positive income effect"