FURTHERING BUSINESS ENVIRONMENT REFORMS IN THAILAND

Efficient Tax Administration

March 2023

WORLD BANK GROUP

DISCLAIMER

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- A note to OPDC that identifies reforms to improve the tax filing process and enable automation

- Key findings of agreed areas of improvement for the Tax Audit Process in Thailand

ACKNOWLEDGEMENTS

ACRONYMS

BOI	Board of Investment
CIT	Corporate Income Tax
CRM	Compliance Risk Management
ISORA	International Survey on Revenue Administration
LTO	Large Taxpayer Office
MNEs	Multinational Enterprises
OEDC	Organzation for Economic Co-operation and Development
OPDC	Office of the Public Sector Development Commission
PE	Permanent Establishment
PIT	Personal Income Tax
RD	Revenue Department
SSO	Social Security Office
SMEs	Small and Medium-Sized Enterprises
WBG	World Bank Group

This note represents the fourth deliverable under a program of technical assistance that the WBG has agreed to provide to the Government of Thailand in business environment reforms. It identifies ways in which the RD can improve:

- The training of tax auditors;
- The tax filing process and enable tax automation in Thailand; and
- The tax audit process

The note summarizes the findings from face-to-face and online discussions with senior and technical officials in the Revenue Department (RD), auditors dealing with SMEs and with large taxpayers, taxpayers, and software solution providers. The authors collected data and conducted analyses between September 2022 to February 2023. The authors gathered substantial knowledge and information about the current tax administration in Thailand.

In addition to the review of auditor training and tax automation, the WBG team also undertook an assessment of the tax audit process in Thailand. This note includes the WBG team's findings, which were also based on interviews with the RD staff and with taxpayers and their advisers.

Recommendations

This report makes specific recommendations to improve the training of tax auditors, to enable automation of the tax computation, and to improve the tax audit process. These are presented below in order of those that can be implemented in the short-term (within the next six months to a year), medium-term (the next 12 to 24 months) and longer-term (more than 24 months).

I. Short Term

Auditor Training
1. The RD should incorporate the locally developed materials in its nationally coordinated program of training and development. In doing so it should maintain local ownership and commitment to training. As a first step, RD should build a catalogue of all training initiatives and materials that have been developed at the local level.
2. The RD should incorporate materials it has developed on audit practice, commercial practice, investigation techniques and related skills into the core training program.
3. The RD should ensure that the enhanced performance management process it is rolling out includes a regular assessment of individuals' training needs.
4. The RD should ensure that the formation of its internal capability in the field of international taxation is sustained and that the engagement with external providers is based on verifiable skills transfer. In addition, the RD should make use of other training resources that are available externally at no cost.

Automation of the Tax Computation
5. The RD should revisit the requirement that an external auditor signs off the taxpayer's declaration at the end of the tax return. This requirement reduces the value of automation.

The Tax Audit Process
6. The LTO should pilot the use of the use of a compliance risk register.
7. The RD should better coordinate its work with that of the SSO.

II. Medium Term

Auditor Training

8. Tier 1 of the RD's core training program needs to be expanded to include business fundamentals, ethics, and negotiations, if it is to give new auditors a sound grounding in good audit practice.
9. The RD should develop a more detailed and explicit career path for its auditors.

   Automation of the Tax Computation
10. The RD should review the design of tax forms to make them easier to understand by non-specialists and it should clearly sign-post aspects of the return that apply to a small sub-set of the taxpayer population.
11. Context-sensitive references and guidance in the online version of the form should be developed to ease its completion.

   The Tax Audit Process
12. The RD should develop a department-wide compliance risk register, informed by the lessons learnt from the LTO pilot.
13. The RD should apply the other principles of modern Compliance Risk Management (CRM) to its management of tax compliance risks. Specifically, this will involve a more systematic approach to the initial risk assessment, the analysis of the compliance results achieved and how they correlate with the initial risk assessment. This is fundamental to the continuous improvement of risk analysis and case selection that is built into modern CRM.
14. The RD should adopt a risk-differentiated approach to case management. Cases that are high risk should be subject to an audit from the outset, without the need to undertake lesser preliminary steps such as an advisory visit.
15. The RD needs to institute effective quality control of auditors' work that provides the Department and line managers with meaningful and actionable feedback.

III. The Long Term

   Auditor Training
16. The RD should maintain and improve the quality of its large tax program and consider cooperative compliance approaches.

   Automation of the Tax Computation
17. The RD should consider the adoption of a simplified system for small businesses.
18. The RD should create a positive climate for the increased provision and uptake of reliable accounting software with a tax add-on.

   The Tax Audit Process
19. The LTO population will be the first taxpayer segment to be affected by the recommendations to improve the uptake of e-invoicing in Thailand. The RD can use this as an opportunity to understand how e-invoicing will impact its approach to risk identification and verification activity.

Findings

I. Auditors' training

The Revenue Department has put in place a tiered training program for its auditors that provides initial training for new recruits and then offers more in-depth training as auditors gain experience and are dealing with more complex cases. This includes training in specialist areas such as international tax issues.

Recent performance data suggests there is scope to improve the quality of RD's tax audit work. The OECD's 2021 survey of tax administrations shows not only that Thailand has a relatively low audit hit rate (the percentage of audits giving rise to a tax adjustment) of 40% but also that those audits make a modest contribution to overall revenue (less than 5%).

The scope of the tier-one training is limited and relatively brief in comparison with programs elsewhere. The scope of the first stage of core training needs to be expanded if it is to give new auditors a sound grounding in the good audit practice. This expansion of training scope will address some of the negative feedback from businesses. The gaps in core training are being addressed by local offices through their own training initiatives. However, the centre of the Department has no visibility of the costs involved and there is a risk of duplication of effort and inconsistency of content. RD should incorporate locally developed materials in its nationally coordinated program of training and development. In doing so it should aim to maintain local ownership and commitment to training. As a first step, RD should catalogue all the training initiatives and materials that have been developed at the local level. RD should ensure that the enhanced performance management process it is rolling out includes a regular assessment of individuals training needs. RD staff dealing with more complex businesses, especially those in the Large Taxpayer Office (LTO), have a good external reputation. The Revenue Department is looking to build more internal capacity to train its staff to address the complex and high-risk issues associated with international tax issues. The note identifies some additional resources that the Department can make use of in that effort. The note also recommends that the Revenue Department develop explicit career paths for its auditors, to help it to retain talented staff with the potential to reach senior positions.

II. Linkages between Accounting Software and Tax Filing

Thailand faces an unprecedented opportunity to promote the e-filing of taxes, capitalizing on the digital dividend of the COVID-19 pandemic. The Revenue Department can use digital tools, which have increased during the pandemic, and compliance by design processes to streamline and automate the filing process for SMEs. The RD is in a good position to identify entry points for streamlining reforms and using the international best practice can help RD redress the prevailing issues preventing SMEs from adopting e-filing of taxes.

Currently, software packages that businesses use to maintain their accounting records do not enable the automatic calculation of taxable income for inclusion in the tax return. Initially, stakeholders and experts in RD ascribed this to the complexity of the tax system in Thailand and the need to make multiple adjustments to accounting profits for tax purposes. Many tax systems require the accounting profits to be adjusted for tax purposes but as these are mechanical rules they can be encoded and applied automatically by a software application. In fact, the RD has made a start on doing this, which suggests it should be possible to codify the rules.

The note discusses how the current tax compliance climate in Thailand is a barrier to greater take up of automated tax compliance processes. The note describes the elements of an overall strategy to create a more positive climate for improved take-up. These build on the work RD has undertaken to codify the computational rules and propose a simplified approach for SMEs. The RD should revisit the requirement that external auditors "sign off" the taxpayer's declaration in the tax return. Improved design of the tax returns, coupled with context-sensitive online guidance will help taxpayers to fille accurately online. These changes should form part of a wider strategy to encourage the digitalization of the tax process and link with the effort to widen the take-up of the e-invoicing system. This effort is the subject of a separate workstream in this WBG engagement, which will be reported in early 2023.

III. Tax Audit Process

The risk assessment and case selection process in the RD is static and does not comply with international good practices. The feedback from operational results and compliance outcomes to the design of risk criteria and compliance interventions that is an essential feature of modern CRM is missing. The RD does not make use of a Compliance Risk Register, another feature of modern CRM. Compliance risk assessment activity is conducted centrally and locally but in the absence of a Compliance Risk register, there is no mechanism to coordinate the top-down and bottom-up elements of the process. This risks duplication of effort. It is not currently possible to assess how well the central and local elements of risk assessment perform in terms of case selection. A Compliance Risk Register is something that the LTO could pioneer relatively easily, given its small population of taxpayers.

The LTO population will be the first group of taxpayers to be affected by the recommendations on expanding the take up of e-invoicing in Thailand. This will provide an opportunity to understand how improved take-up can benefit compliance risk assessment and verification activity.

The quality control of audit case work within the RD is very limited and insufficient to provide meaningful feedback to frontline managers.

There is scope to better coordinate the work of RD and SSO's audits of payroll.

บทสรุปผู้บริหาร

รายงานฉบับนี้เป็นการส่งมอบงานฉบับที่สี่ ภายใต้โครงการความช่วยเหลือทางเทคนิคที่กลุ่มธนาคารโลกจะดำเนินการส่งมอบ
ให้แก่รัฐบาลไทยเพื่อเป็นข้อเสนอแนะในการปฏิรูปสภาพแวดล้อมทางธุรกิจ โดยมีข้อเสนอเป็นแนวทางสำหรับกรมสรรพากรที่
สามารถจะนำไปใช้พัฒนาการดำเนินงานได้ ดังนี้

- การฝึกอบรมผู้ตรวจสอบบัญชี[1]
- ขั้นตอนการยื่นภาษีและการใช้งานระบบภาษีอัตโนมัติในประเทศไทย
- กระบวนการตรวจสอบภาษี

รายงานฉบับนี้ได้ทำการสรุปข้อค้นพบจากการหารือร่วมกันกับเจ้าหน้าที่อาวุโสและเจ้าหน้าที่ด้านเทคนิคของกรมสรรพากรที่
รับผิดชอบในด้านการตรวจสอบภาษีของธุรกิจขนาดกลางและขนาดย่อม ธุรกิจขนาดใหญ่ รวมถึงผู้เสียภาษี และผู้ให้บริการ
ซอฟต์แวร์ทางบัญชีอีกด้วย ทั้งนี้ ทีมงานธนาคารโลกได้ดำเนินการเก็บรวบรวม และวิเคราะห์ข้อมูลในระหว่างเดือนกันยายน
พ.ศ. 2565 ถึงเดือน กุมภาพันธ์ พ.ศ. 2566 ซึ่งสามารถรวบรวมข้อมูลและองค์ความรู้ในด้านการบริหารภาษีในปัจจุบันของ
ประเทศไทยไว้ได้จำนวนมาก

ในการนี้ นอกจากจะพิจารณาการฝึกอบรมผู้ตรวจสอบบัญชีและระบบภาษีอัตโนมัติของประเทศไทยแล้ว ทีมงานธนาคารโลก
ยังได้ทำการประเมินกระบวนการตรวจสอบภาษีอีกด้วย โดยรายงานฉบับนี้จะนำเสนอข้อค้นพบที่ได้จากการสัมภาษณ์
เจ้าหน้าที่ของกรมสรรพากร ผู้เสียภาษี และที่ปรึกษาด้านภาษีด้วย

ข้อเสนอแนะ

รายงานนี้ให้คำแนะนำเฉพาะเพื่อปรับปรุงการฝึกอบรมผู้ตรวจสอบบัญชี ระบบภาษีอัตโนมัติ และเพื่อปรับปรุงกระบวนการ
ตรวจสอบภาษี ข้อเสนอแนะเหล่านี้ แสดงไว้ด้านล่างตามลำดับที่สามารถดำเนินการได้ในระยะสั้น (ภายในหกเดือนถึงหนึ่งปี
ข้างหน้า) ระยะกลาง (12 ถึง 24 เดือนข้างหน้า) และระยะยาว (มากกว่า 24 เดือน)

I. ระยะสั้น

การฝึกอบรมผู้ตรวจสอบบัญชี

1. กรมสรรพากรควรรวบรวมเอกสารประกอบการฝึกอบรมที่สำนักงานสรรพากรพื้นที่แต่ละพื้นที่ได้พัฒนาขึ้นมาบรรจุ
รวมไว้ในโปรแกรมการฝึกอบรมที่ส่วนกลางระดับประเทศ โดยมีวัตถุประสงค์เพื่อให้เกิดความเป็นเจ้าของในระดับ
พื้นที่และเกิดความมุ่งมั่นในการฝึกอบรม เริ่มจากการที่กรมสรรพากรควรรวบรวมเอกสารประกอบการฝึกอบรมที่มี
การริเริ่มและพัฒนาขึ้นจากระดับสำนักงานสรรพากรพื้นที่

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[1] โครงการความช่วยเหลือนี้ มีวัตถุประสงค์เพื่อพัฒนาหลักสูตรฝึกอบรมและพัฒนานักตรวจสอบภาษีของกรมสรรพากร อย่างไรก็ดี เนื่องจาก
เอกสารขอบเขตของงาน (TOR) ใช้คำว่า "ผู้ตรวจสอบบัญชี" (auditors) แทนคำว่า "นักตรวจสอบภาษี" (tax auditors) รายงานฉบับนี้จึงใช้ "ผู้
ตรวจสอบบัญชี" เพื่อให้ตรงกับเอกสารขอบเขตของงานโครงการ

2. โปรแกรมการฝึกอบรมหลักตามสายงานของกรมสรรพากรควรเพิ่มเนื้อหาการฝึกอบรมเกี่ยวกับแนวปฏิบัติในการ ตรวจสอบ แนวปฏิบัติเชิงพาณิชย์ เทคนิคการไต่สวน และทักษะที่เกี่ยวข้อง

3. กรมสรรพากรควรตรวจสอบให้มั่นใจว่ากระบวนการพัฒนาปรับปรุงประสิทธิภาพในการปฏิบัติงานของเจ้าหน้าที่ที่ ดำเนินการอยู่นั้น ครอบคลุมถึงการประเมินความต้องการในการฝึกอบรมรายบุคคลของเจ้าหน้าที่อย่างสม่ำเสมอ ด้วย

4. กรมสรรพากรควรพิจารณาตรวจสอบให้มั่นใจว่า กรมสรรพากรเองมีความสามารถในการจัดเก็บภาษีระหว่าง ประเทศอย่างยั่งยืนจากภายในองค์กร โดยการพึ่งพาผู้ให้บริการภายนอกนั้นจะอยู่บนพื้นฐานของการถ่ายทอดทักษะ ให้แก่บุคลากรของกรมสรรพากร นอกจากนี้ กรมสรรพากรสามารถใช้ประโยชน์จากการฝึกอบรมอื่น ๆ ที่ไม่มี ค่าใช้จ่าย ที่มีอยู่ภายนอกองค์กรอีกด้วย

ระบบอัตโนมัติในการคำนวณภาษี

5. กรมสรรพากรควรทบทวนระเบียบที่กำหนดให้ผู้ตรวจสอบบัญชี (ของบริษัท) จะต้องลงนามรับรองในแบบคำร้อง ของผู้เสียภาษีในการขอคืนภาษี เนื่องจากเป็นการบั่นทอนกระบวนการภาษีอัตโนมัติ

กระบวนการตรวจสอบภาษี

6. ศูนย์บริหารภาษีธุรกิจขนาดใหญ่ (LTO) ควรเป็นหน่วยงานนำร่องในการพัฒนาการขึ้นทะเบียนความเสี่ยงในการ ปฏิบัติตามภาษี (Compliance Risk Register)

7. กรมสรรพากรควรพัฒนาการประสานงานร่วมกันกับสำนักงานประกันสังคมในการตรวจสอบบัญชีเงินเดือน ผู้ประกันตน

II. ระยะกลาง

การฝึกอบรมผู้ตรวจสอบบัญชี

8. โปรแกรมการฝึกอบรมหลักตามสายงานระดับปฏิบัติการของกรมสรรพากรควรจะต้องมีการขยายขอบเขตเนื้อหา ของการฝึกอบรมเพื่อสร้างพื้นฐานและแนวทางการปฏิบัติในการตรวจสอบที่ดีให้แก่ผู้ตรวจสอบบัญชีใหม่

9. กรมสรรพากรควรจัดทำเส้นทางความก้าวหน้าในสายอาชีพ (Career Path) สำหรับผู้ตรวจสอบบัญชีที่มีความ ละเอียดและชัดเจนมากยิ่งขึ้น

ระบบอัตโนมัติในการคำนวณภาษี

10. กรมสรรพากรควรทบทวนการออกแบบแบบฟอร์มเพื่อให้ผู้เสียภาษีที่ไม่ได้มีความเชี่ยวชาญทางด้านภาษีสามารถ เข้าใจได้ง่ายขึ้น และระบุลักษณะการคืนภาษีที่ชัดเจนยิ่งขึ้น ซึ่งจุดนี้จะเกี่ยวข้องกับกลุ่มผู้เสียภาษีกลุ่มเล็ก ๆ เพียง บางส่วนเท่านั้น

11. กรมสรรพากรควรจัดให้มีความช่วยเหลือและคำแนะนำที่สอดคล้องกับบริบทที่แตกต่างกันเอาไว้ในแบบฟอร์ม ออนไลน์ เพื่อที่จะช่วยให้การกรอกแบบฟอร์มนั้นง่ายยิ่งขึ้น

กระบวนการตรวจสอบภาษี

12. กรมสรรพากรควรขยายผลการขึ้นทะเบียนความเสี่ยงในการปฏิบัติตามภาษี โดยถอดบทเรียนที่ได้รับจากโครงการนำร่อง โดยศูนย์บริหารภาษีธุรกิจขนาดใหญ่ (LTO)

13. กรมสรรพากรควรนำหลักของการบริหารจัดการความเสี่ยงในการปฏิบัติตามภาษี (Compliance Risk Management - CRM) สมัยใหม่มาใช้ในการจัดการความเสี่ยงด้านภาษี โดยเฉพาะอย่างยิ่ง การใช้แนวทางการประเมินผู้เสียภาษีที่มีความเสี่ยงเบื้องต้นที่เป็นระบบมากยิ่งขึ้นและการคัดกรองข้อมูลผลการปฏิบัติตามภาษี ซึ่งเป็นพื้นฐานของการพัฒนาการวิเคราะห์ความเสี่ยงและการคัดกรองผู้เสียภาษีในการตรวจสอบภาษีอย่างต่อเนื่องที่มีอยู่ใน CRM สมัยใหม่

14. กรมสรรพากรควรนำแนวทางการจัดการความเสี่ยงที่แตกต่าง (risk differentiated approach) มาใช้ในการบริหารแต่ละผู้เสียภาษี (case management) โดยผู้เสียภาษีที่มีความเสี่ยงสูงควรถูกตรวจสอบบัญชี โดยไม่จำเป็นต้องดำเนินการทีละขั้นตอนที่เริ่มจากขั้นตอนเบื้องต้น เช่น การตรวจแนะนำ

15. กรมสรรพากรจำเป็นต้องจัดตั้งการควบคุมคุณภาพงานของผู้ตรวจสอบบัญชีมีประสิทธิภาพ ซึ่งสามารถให้ข้อเสนอแนะต่อผู้บริหารและผู้ตรวจสอบบัญชีนำไปปฏิบัติได้

III. ระยะยาว

การฝึกอบรมผู้ตรวจสอบบัญชี

16. กรมสรรพากรควรรักษามาตรฐานและปรับปรุงคุณภาพของการฝึกอบรมการตรวจสอบภาษีสำหรับธุรกิจขนาดใหญ่และคำนึงถึงแนวทางการสร้างความร่วมมือในการปฏิบัติทางภาษีให้ถูกต้องด้วย

ระบบอัตโนมัติในการคำนวณภาษี

17. กรมสรรพากรควรพิจารณาการนำระบบที่เรียบง่ายมาใช้เฉพาะสำหรับธุรกิจขนาดเล็ก

18. กรมสรรพากรควรสร้างบรรยากาศเชิงบวกในการจัดหาและนำซอฟต์แวร์ทางบัญชีที่เชื่อถือได้มาใช้ โดยจัดให้มีฟังชั่นเพิ่มเติมทางภาษีมากขึ้น

กระบวนการตรวจสอบภาษี

19. เนื่องจากธุรกิจขนาดใหญ่ภายใต้ความรับผิดชอบของ LTO จะเป็นผู้เสียภาษีกลุ่มแรกที่จะได้รับผลกระทบหากมีการนำข้อเสนอแนะในการส่งเสริมการใช้เอกสารใบกำกับภาษีอิเล็กทรอนิกส์มาใช้ในประเทศไทย กรมสรรพากรสามารถใช้โอกาสนี้เรียนรู้และทำความเข้าใจถึงผลกระทบของการใช้เอกสารใบกำกับภาษีอิเล็กทรอนิกส์ในการระบุความเสี่ยงและกิจกรรมในการตรวจสอบความถูกต้อง (verification activity) ของกรมสรรพากร

ข้อค้นพบ

I. การฝึกอบรมผู้ตรวจสอบบัญชี

กรมสรรพากรได้จัดโปรแกรมการฝึกอบรมสำหรับผู้ตรวจสอบบัญชีตามลำดับขั้น โดยจะมีการฝึกอบรมเบื้องต้นสำหรับเจ้าหน้าที่บรรจุใหม่ จากนั้น เมื่อผู้ตรวจสอบบัญชีมีประสบการณ์มากขึ้นและต้องดูแลกรณีธุรกิจที่มีความซับซ้อนมากยิ่งขึ้น ก็จะได้รับการฝึกอบรมในเชิงลึกมากขึ้นตามไปด้วย ทั้งนี้ รวมถึงการฝึกอบรมในสาขาเฉพาะทาง เช่น ภาษีระหว่างประเทศ เป็นต้น โดยข้อมูลผลการดำเนินงานล่าสุดชี้ให้เห็นว่า กรมสรรพากรยังสามารถปรับปรุงคุณภาพงานด้านการตรวจสอบภาษีเพิ่มขึ้น

ได้ จากผลสำรวจการบริหารการจัดเก็บภาษีของ OECD ในปี พ.ศ. 2564 พบว่าประเทศไทยมีอัตราการตรวจสอบภาษีที่
ค่อนข้างต่ำ (ร้อยละของการตรวจสอบภาษีที่นำไปสู่การปรับภาษี (tax adjustment)) อยู่ที่ร้อยละ 40 เท่านั้น และยังพบว่า
การตรวจสอบเหล่านั้น มีส่วนสนับสนุนรายได้ทางภาษีโดยรวมเพียงเล็กน้อยเท่านั้น (น้อยกว่าร้อยละ 5)

ขอบเขตเนื้อหาของโปรแกรมการฝึกอบรมหลักตามสายงานระดับปฏิบัติการของกรมสรรพากรมีจำกัดและมีระยะเวลา
ค่อนข้างสั้นเมื่อเทียบกับโปรแกรมการฝึกอบรมอื่น ๆ โดยทีมงานธนาคารโลกพิจารณาว่าควรมีการขยายขอบเขตเนื้อหาของ
การฝึกอบรมเพื่อสร้างพื้นฐานและแนวทางการปฏิบัติในการตรวจสอบที่ดีให้แก่ผู้ตรวจสอบบัญชีใหม่ ซึ่งการขยายขอบเขต
เนื้อหาของโปรแกรมการฝึกอบรมดังกล่าว จะช่วยแก้ปัญหาในบางประเด็นที่ภาคธุรกิจได้ระบุมา อย่างไรก็ตาม สำนักงาน
สรรพากรพื้นได้มีการจัดการฝึกอบรมของตนเองเพื่อเป็นการอุดช่องว่างดังกล่าว โดยที่กรมสรรพากรส่วนกลางไม่ได้รับรู้ถึง
ค่าใช้จ่ายที่เกิดขึ้นและโอกาสที่อาจจะเกิดความซ้ำซ้อนหรือความไม่สอดคล้องกันของเนื้อหาการฝึกอบรมที่สำนักงานสรรพากร
พื้นที่ได้พัฒนาขึ้นเอง ดังนั้น กรมสรรพากรจึงควรนำเนื้อหาการฝึกอบรมที่สำนักงานสรรพากรพื้นที่ได้พัฒนาขึ้น มาบรรจุรวม
ไว้ในโปรแกรมการฝึกอบรมหลักที่ส่วนกลาง โดยมีวัตถุประสงค์เพื่อให้เกิดความเป็นเจ้าของในระดับพื้นที่และเกิดความมุ่งมั่น
ในการฝึกอบรม เริ่มจากการที่กรมสรรพากรควรรวบรวมและเรียบเรียงเอกสารประกอบการฝึกอบรมที่ริเริ่มและพัฒนาขึ้นโดย
สำนักงานสรรพากรในระดับพื้นที่ นอกจากนี้ กรมสรรพากรควรตรวจสอบให้มั่นใจว่ากระบวนการพัฒนาปรับปรุง
ประสิทธิภาพในการปฏิบัติงานของเจ้าหน้าที่ที่ดำเนินการอยู่นั้น ครอบคลุมถึงการประเมินความต้องการในการฝึกอบรม
รายบุคคลของเจ้าหน้าที่อย่างสม่ำเสมอด้วย อีกทั้ง ผู้ตรวจสอบบัญชีที่ทำงานเกี่ยวข้องกับธุรกิจที่มีความซับซ้อนโดยเฉพาะ
อย่างยิ่งศูนย์บริหารภาษีธุรกิจขนาดใหญ่ (LTO) ต้องมีความน่าเชื่อถือ มีชื่อเสียงที่ดี โดยกรมสรรพากรควรเพิ่มความสามารถ
ภายในขององค์กรในการฝึกอบรมเจ้าหน้าที่ให้สามารถจัดการกับปัญหาที่ซับซ้อนและมีความเสี่ยงสูง เช่น กรณีที่เกี่ยวข้องกับ
ภาษีระหว่างประเทศ และรายงานฉบับนี้ยังให้ข้อเสนอแนะว่ากรมสรรพากรควรจัดทำเส้นทางความก้าวหน้าในสายอาชีพ
(Career Path) สำหรับผู้ตรวจสอบบัญชีที่มีความละเอียดและชัดเจนมากยิ่งขึ้น เพื่อรักษาเจ้าหน้าที่ที่มีความสามารถและมี
ศักยภาพในการที่จะก้าวไปสู่ตำแหน่งระดับสูงต่อไป

II. ความเชื่อมโยงระหว่างโปรแกรมซอฟท์แวร์ทางบัญชีกับการยื่นแบบภาษี

ในช่วงการแพร่ระบาดของโควิด-19 ทำให้เกิดการพัฒนาของระบบดิจิทัล ซึ่งส่งผลให้ประเทศไทยมีโอกาสในการส่งเสริม
สนับสนุนการยื่นแบบภาษีทางอิเล็กทรอนิกส์อย่างที่ไม่เคยมีมาก่อน กรมสรรพากรสามารถใช้เครื่องมือทางดิจิทัลที่มีการ
พัฒนาขึ้นมามากมายในช่วงที่มีการแพร่ระบาด ปรับปรุงขั้นตอนการกำกับดูแลให้มีประสิทธิภาพ และสนับสนุนให้มี
กระบวนการยื่นแบบภาษีอัตโนมัติสำหรับธุรกิจขนาดกลางและขนาดย่อม ทั้งนี้ เป็นโอกาสดีที่กรมสรรพากรจะเริ่มปฏิรูประบบ
การบริหารการจัดเก็บภาษีอย่างมีประสิทธิภาพและใช้แนวปฏิบัติที่ดีที่สุดในระดับสากล (international best practice) มา
เป็นแนวทางในการช่วยให้กรมสรรพากรแก้ไขปัญหาอุปสรรคในการยื่นแบบภาษีทางอิเล็กทรอนิกส์สำหรับธุรกิจขนาดกลาง
และขนาดย่อม

ปัจจุบัน ซอฟต์แวร์ที่ภาคธุรกิจใช้ในการจัดทำบัญชีนั้นยังไม่สามารถคำนวณรายได้ที่ต้องเสียภาษีให้ได้โดยอัตโนมัติเวลาที่ทำ
การยื่นแบบ เบื้องต้นผู้มีส่วนได้ส่วนเสียและผู้เชี่ยวชาญของกรมสรรพากรได้กล่าวถึงความซับซ้อนของระบบภาษีในประเทศ
ไทย ที่จะต้องมีการปรับแก้ผลกำไรทางบัญชีหลายครั้งเพื่อให้เป็นไปตามวัตถุประสงค์ทางภาษี ซึ่งถือเป็นเรื่องปกติทั่วไป ที่ใน
ระบบภาษีจะต้องมีการปรับปรุงแก้ไขผลกำไรทางบัญชีเพื่อวัตถุประสงค์ทางภาษี แต่หลักเกณฑ์ต่าง ๆ เหล่านี้ มีกลไกที่ชัดเจน
จึงควรที่จะสามารถนำมาเขียนเป็นซอฟต์แวร์ทางบัญชี และสามารถนำซอฟต์แวร์ไปใช้ในรูปแบบอัตโนมัติได้ ซึ่งในความเป็น

จริง กรมสรรพากรก็ได้เริ่มดำเนินการแล้ว ทำให้เชื่อได้ว่ากรมสรรพากรจะสามารถดำเนินการเขียนโค้ดสำหรับหลักเกณฑ์ต่าง ๆ ลงในซอฟต์แวร์ทางบัญชีได้

รายงานฉบับนี้ได้ระบุว่า สภาพการปฏิบัติทางภาษีของประเทศไทยในปัจจุบันมีจุดใดที่เป็นอุปสรรคในการใช้กระบวนการ ปฏิบัติทางภาษีอัตโนมัติบ้าง นอกจากนี้ รายงานยังอธิบายองค์ประกอบของยุทธศาสตร์ในภาพรวมเพื่อสร้างสภาพแวดล้อมที่ เอื้อต่อการใช้กระบวนการปฏิบัติทางภาษีอัตโนมัติให้มากขึ้น ซึ่งเป็นการต่อยอดจากงานที่กรมสรรพากรได้ดำเนินการแปลง รหัสกฎการคำนวณต่าง ๆ และเสนอแนวทางที่สะดวกและง่ายขึ้นสำหรับธุรกิจขนาดกลางและขนาดย่อม กรมสรรพากรควร ทบทวนระเบียบที่กำหนดให้ผู้ตรวจสอบบัญชี (ของบริษัท) จะต้องลงนามรับรองในแบบคำร้องของผู้เสียภาษีในการขอคืนภาษี เนื่องจากเป็นการบั่นทอนกระบวนการภาษีอัตโนมัติ ควรมีการปรับปรุงแบบแสดงรายการภาษี ควบคู่ไปกับคำแนะนำออนไลน์ ที่คำนึงถึงบริบทที่แตกต่างกันจะช่วยให้ผู้เสียภาษีสามารถกรอกข้อมูลภาษีออนไลน์ได้อย่างถูกต้อง การเปลี่ยนแปลงเหล่านี้ ควรเป็นส่วนหนึ่งของยุทธศาสตร์ในภาพรวมที่จะส่งเสริมกระบวนการภาษีไปสู่ระบบดิจิทัลและเชื่อมโยงกับความพยายามใน การขยายการใช้ระบบเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ ซึ่งเป็นงานอีกส่วนหนึ่งที่ทีมงานธนาคารโลกจะนำเสนอในรายงาน ฉบับต่อไป

III.   กระบวนการสอบบัญชีภาษีอากร

กระบวนการประเมินความเสี่ยงและการเลือกรายการผู้เสียภาษีมาสอบของกรมสรรพากรนั้นค่อนข้างคงตัว ไม่ยืดหยุ่น ซึ่งขัด กับแนวปฏิบัติที่ดีในระดับสากล นอกจากนี้ คุณสมบัติที่สำคัญของการบริหารจัดการความเสี่ยงในการปฏิบัติตามภาษี (Compliance Risk Management- CRM) สมัยใหม่ ยังขาดหายไป ไม่ว่าจะเป็นการตอบรับผลการดำเนินงานและผลการ ปฏิบัติตามภาษีไปสู่การออกแบบหลักเกณฑ์ความเสี่ยงและการแทรกแซงเพื่อให้เกิดการปฏิบัติตามภาษี โดยกรมสรรพากรยัง ไม่มีการขึ้นทะเบียนความเสี่ยงในการปฏิบัติตามภาษี (Compliance Risk Register) ซึ่งเป็นอีกคุณสมบัติหนึ่งของ CRM สมัยใหม่ แม้ว่าทั้งส่วนกลางและสำนักงานพื้นที่จะมีการประเมินความเสี่ยงในการปฏิบัติตามภาษี แต่หากขาดการขึ้นทะเบียน ความเสี่ยงในการปฏิบัติตามภาษีจะส่งผลให้ขาดกลไกในการเชื่อมโยงการทำงานในกระบวนการตรวจสอบภาษี ทั้งจากบนลง ล่างและจากล่างขึ้นบน ซึ่งเสี่ยงต่อการทำงานที่ซ้ำซ้อน ในปัจจุบัน ทีมงานธนาคารโลกยังไม่สามารถประเมินองค์ประกอบของ การประเมินความเสี่ยงในส่วนกลางและสำนักงานพื้นที่ได้ว่ามีประสิทธิภาพมากน้อยเพียงใดในการคัดกรองรายการผู้เสียภาษี ทั้งนี้ การขึ้นทะเบียนความเสี่ยงในการปฏิบัติตามภาษีสามารถเริ่มต้นได้ง่ายโดยเริ่มจากศูนย์บริหารภาษีธุรกิจขนาดใหญ่ (LTO) เนื่องจากมีจำนวนผู้เสียภาษีน้อยราย

ธุรกิจขนาดใหญ่ภายใต้ความรับผิดชอบของ LTO จะเป็นผู้เสียภาษีกลุ่มแรกที่จะได้รับผลกระทบหากมีการนำข้อเสนอแนะใน การส่งเสริมการใช้เอกสารใบกำกับภาษีอิเล็กทรอนิกส์มาใช้ในประเทศไทย กรมสรรพากรสามารถใช้โอกาสนี้เรียนรู้และทำ ความเข้าใจถึงผลกระทบของการใช้เอกสารใบกำกับภาษีอิเล็กทรอนิกส์ในการระบุความเสี่ยงและกิจกรรมในการตรวจสอบ ความถูกต้อง (verification activity) ของกรมสรรพากร นอกจากนี้ ทีมงานธนาคารโลกพิจารณาเห็นว่าการควบคุมคุณภาพ การทำงานของผู้ตรวจสอบบัญชีภายในกรมสรรพากรมีข้อจำกัดอย่างมากและไม่เพียงพอต่อการจัดทำข้อเสนอแนะที่เหมาะสม ให้แก่ผู้บังคับบัญชา และทีมงานธนาคารโลกพิจารณาเห็นว่า กรมสรรพากรควรพัฒนาการประสานงานร่วมกันกับสำนักงาน ประกันสังคมในการตรวจสอบบัญชีเงินเดือนของผู้ประกันตน

INTRODUCTION

About this note

Under the agreed program of technical assistance, the WBG has undertaken to advise on tax auditor training in Thailand.[2] This note updates the WBG team's findings about the current state of tax auditor training and makes recommendations for improvement. The recommendations reflect the linkages between the overall program and the review of the tax audit process, among other areas.

This note also examines the barriers to automation of the tax computation[3]. The analysis of how accounting profits translate into reported taxation figures takes account of the impact on SME taxpayers. It is worth highlighting the important link between the effort to automate direct tax processes and the effort to improve the take up of e-invoicing and automation of the VAT processes.

The note concludes with an assessment of the tax audit process in Thailand. Although this was not informed by a detailed review of a sample of completed cases, a reasonably detailed overview of the audit process was obtained.

Methodology

The WBG established the current state of tax auditor training and the tax audit process in Thailand through:

- Discussions with senior officials in the RD, responsible for training and staff development;
- Discussions with front-line audit teams in the LTO and local offices; and
- Interviews with a wide range of external stakeholders, including large and small businesses, providers of accounting packages and advisers to taxpayers.[4]

Note: These interviews and discussions were intended to be supplemented by an analysis of data about audit performance, information about the design of the audit process contained in the audit handbooks and a review of the role played by the Inspectors General in assuring the quality of the RD's audit work. It would also have been desirable to conduct a review of a sample of completed audits and audit reports. Unfortunately, confidentiality concerns precluded the WB team from obtaining access to these materials and the audit handbooks. Limited statistical data was provided by the RD about the results of its audit activity. The parallel role of the Social Security Office in auditing the compliance of employers with their payroll obligations has been reviewed.

By way of background, Annex 1 includes an organization chart of the RD and a brief description of the departments involved in managing and overseeing tax audits. Overall, the RD employs a little over 5,000 staff in the audit function.[5] The majority of these work in the 12 regions but 300 work in the Large Business Tax Administration Division (LTO). Regions are made up of Area Offices with responsibility for a geographical area. For example, the office responsible for central Bangkok has 15 audit teams of between six and seven people. Auditors are stratified according to their experience and qualifications. Entry-level auditors are called practitioners and the next level of auditors are known as professionals. Above both, these are the senior professionals and the ration of senior professionals to practitioners/professionals is 1:8. Finally there are experts

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[2] The full scope is described in the Reimbursable Advisory Services proposal.
[3] of the translation of accounting profits of firms in Thailand into the figures to be reported for taxation
[4] A summary of the stakeholders consulted is provided in Annex 2.

[5] The figure of full-time equivalents employed on audit, investigation and other verification activity reported in ISORA was 5,211 in 2020.

and the RD employs one expert for every 25 senior professionals. The section on training below provides more information about the first three tiers of the auditor.

Officials responsible for planning, development, implementing, quality assuring and evaluating tax auditor training are based in the Tax Supervision and Audit Standards Division. The Division is responsible for the design of the audit process and audit standards. It develops the regulations and procedures governing the tax audit process. The Division is also in charge of formulating the department's audit strategies, work plans and objectives and monitoring all revenue offices and their compliance with procedures, including the use of information technology for audit operations.

TAX AUDITOR TRAINING IN THAILAND

The importance of tax auditing for Thailand

Audit and verification continue to be core capabilities of modern tax administrations. Tax administrations have come to understand that effective tax compliance strategies must embrace a variety of tools to maximise voluntary compliance. These include interventions such as taxpayer education, system and process redesign and improvements in taxpayer services that are all designed to make it easy for taxpayers to comply, and hard for them not to. Nonetheless, an effective tax audit and verification system is still an essential component of an effective tax compliance strategy. It is necessary to detect and correct non-compliance on a continuous basis, which acts as a deterrent and reassures compliant taxpayers that their peers will be required to pay their fair share. Tax audits are a critical part of the feedback loop in the risk management model established by tax administrations to mitigate the risks associated with non-compliance (**Error! Reference source not found.**).
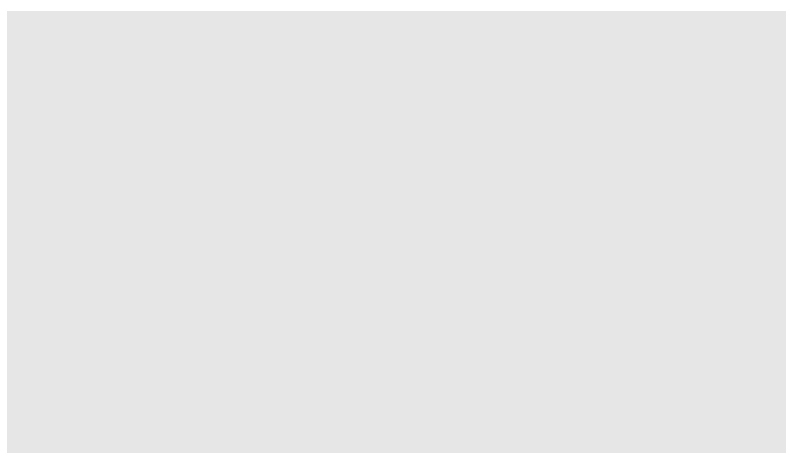
Figure 1: Risk-based assessment (James, 2009)[6]

Consequently, tax administrations devote a significant share of their resources to their tax audit programs. Typically, audits and related activities will account for 30 percent of staff usage in tax administrations.[7] According to our analyses, the RD allocates around one-quarter of its staff to the audit function.

Recent performance data suggests there is scope to improve the quality of the RD's tax audit work. The OECD's 2021 survey of tax administrations shows not only that Thailand has a relatively low audit hit rate of 40% (the percentage of audits giving rise to a tax adjustment), but also that those audits make a modest contribution to overall revenue (less than 5%).[8] While these figures need to be interpreted with care, it is notable that in 2019 over 70% of the additional assessments resulted from audits conducted by the LTO. This suggests that the larger number of auditors in local offices may be less effective. This is supported by the qualitative evidence about auditor capability that is discussed in Section 9 below. It is against this background that the review of tax auditor training in the RD was conducted.

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[6] James, S. (2009). *Handbook of Tax Simplification.* World Bank.
[7] See figure 9.5, page 162, of Tax Administration 2021, OECD, Paris 2021. This provides information about tax administration in 59 advanced and emerging economies, including Thailand.
[8] Ibid, page 118. The figures are from 2019, so pre COVID19. 2020 figures are available in the 2022 edition of the Tax Administration Series and are similar, although the LTO's share of the total fell as a result of the pandemic to less than 40%. The reported hit rate may under report the number of cases that give rise to an adjustment (see Section 7 below) but that does not alter the relatively low yield figure.

Current State of Auditor Training in Thailand

The core training for the RD auditors is structured in 3 tiers:

- Tier 1 courses are for new entrant practitioners (total of 7 courses of 108 hours duration).
- Tier 2 courses are for the professional level (8 courses, 102 hours required). This tier is taken at an interval after the initial training and the length of that interval depends on the level of accounting qualification the auditor joined with – if they join with a Bachelor's degree in accounting, it will take six years; an auditor with a Masters will reach the next level in four years and if they have a PhD, two years.
- Tier 3 courses are for the senior professional level (total of 2 courses, 24 hours required). Auditors will reach this level after a further 4 years and are subject to an examination at the end.

A fuller description of the training program and the content of the courses is included in Annex 3 to this note.

Practitioner Training (Tier 1)

The RD requires at a minimum that new recruits have a Bachelor's degree in accounting and some are qualified in accounting at either Masters or Doctorate level. Because all new recruits already have a background in accounting, this background knowledge shortens the time needed to train recruits as tax auditors. In 2006 the Forum on Tax Administration published an information note on "Strengthening Tax Audit Capabilities".[9] This discusses initial training of auditors and acknowledges that new staff who are already professionally qualified can start undertaking audits within three months of joining a tax administration.[10] Nonetheless, there are aspects of the tax audit process that are unlikely to have been explored in depth in an academic accounting course. Tax auditors to be effective must be able to perform multiple functions within a short period of time – selection of cases for audit (unless there is a centralised audit section process), collection of information / evidence, investigation of financial accounts / transactions, recording of statements, cross-examination of witnesses, and writing of audit report. Each of these functions is complex and requires training. Further, the work also requires multiple skills – accounting, audit, statistical analysis, economic analysis, knowledge of banking and other laws (like company law, tax treaties, law relating to contracts, property, money laundering etc), and legal drafting. A team-based approach in which audit is performed by a team of auditors having functional specialisation can make the audits more effective and robust. Tax auditors, particularly those dealing with small and medium sized enterprises (SMEs), are often dealing with taxpayers that lack reliable accounting records and whose transactions are difficult to verify from third party sources. When direct verification of the taxpayer's actual income is not possible, tax administrations use indirect methods to arrive at the correct figure of taxable income. These techniques include industry benchmarks, business economics methods that recalculate the sales based on known purchases and mark ups and comparison of the declared income with the taxpayer's lifestyle.[11]

The full Tier 1 training program is described in Annex 3. The amount of time allotted to teach audit techniques in the Tier 1 training program is just six hours. A fuller description of the content of this element of the course is provided in Box 1 below.

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[9] https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/37589900.pdf
[10] Ibid, page 53.
[11] For more information about the nature and use of indirect tax audit methods see this IMF technical note:
https://www.imf.org/en/Publications/TNM/Issues/2016/12/31/Revenue-Administration-Taxpayer-Audit-Use-of-Indirect-Methods-2374

The course covers a wide range of subjects, going beyond the audit process itself to cover related topics, such as fact gathering and report writing. In just six hours of taught content and 12 of practice, trainee auditors are unlikely to be fully equipped to undertake an effective audit, including the use of indirect methods. This contrasts with 24 hours that are devoted to explaining the differences between accounting standards and tax reporting requirements. The Tier 1 course also includes 30 hours of training on the revenue code, but this is a relatively short time in which to absorb the principles of administrative tax law, personal and corporate income taxes, VAT and supplementary tax obligations such as withholding tax.

Concern that the initial training of tax auditors could be insufficient is indicated by feedback from taxpayers and practitioners. Small business taxpayers and their advisers stated that they experience significant variations in the skill levels of auditors. Less experienced auditors lacked a good understanding of audit techniques and commercial practice. Auditors' knowledge and understanding of tax law is also variable. As a result, there is a lack of consistency of approach by auditors and some cases are settled on an arbitrary basis. More generally, the approach to tax audits in Thailand is adversarial and non-compliance is assumed by auditors from the outset. In some extreme cases, the testimony from respondents suggests that auditors may use the audit case for personal gain.

The scope of the tier-one training is limited, and relatively brief in comparison with programs elsewhere.[12] The examples in Annex 5 show that the overall time taken to induct new auditors is generally a lot longer than in Thailand. Some important topics are not touched on during this initial training. There is no part of the current curriculum that provides a basic introduction to the fundamentals of running a business and contemporary commercial practice. The training course does not appear to cover the soft skills involved in successful audits, such as communication and negotiation. Integrity and ethics are not covered formally in the course. Tax auditors should also have a good understanding of the basic principles of company law if they are auditing corporations.[13]

Higher Tiers of Core Training and Additional Training Programs

The second and third tiers of core training cover topics such as audit techniques and accounting standards that were encountered in tier one in greater depth. They also introduce some specialised subjects, such as international taxation and investment promotion (tax incentives). In addition to the three-tier courses as part of the formal audit training, there are three functional courses based on tax auditors' roles and responsibilities.

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[12] See the FTA report from 2006 just referred to. Annex 5 includes examples of training programs for graduates run by the tax administrations in other countries.

[13] Tax administrations tend not to publish full details of their internal training programs but the "Handbook on Tax Administration" (Alink and van Kommer, IBFD 2011, Chapter 7) provides a useful model of training programs for tax administration staff. Even at the entry level, this model anticipates that staff will receive training in commercial awareness, communication, debt collection, integrity and company law, alongside a good grounding in the relevant tax laws (administrative provisions, income taxes and VAT).

The time commitment of these three courses is varied (12 hours and 18 hours). There are also two optional courses available.

The RD also develops an annual personnel development plan, which sets out a program of specific courses tailored to the needs of staff in the department in that year. Examples of recent development plans are included in Annex 4. Some of the courses are very specific to the fiscal year in question, helping selected members of staff to understand the immediate operating priorities. Others are clearly tailored to the needs of the LTO, such as the transfer pricing and FinTech courses that were run in 2018. With 300 members of staff expected to take part, coverage of the LTO audit staff was high. In addition, some courses cover topics that are of relevance to the general body of auditors, such as the 2018 courses on the impact of new electronic forms of payment and electronic audit techniques. The 2018 program also included a course that specifically aimed at helping staff improve SMEs' understanding of their tax obligation and their voluntary compliance. The 2020 program included training on integrity, teamwork and governance. There was also a course addressing recent trends in SMEs' commercial operations and the analysis of financial statements. Both the 2020 and 2022 programs included courses designed to improve audit and investigation techniques. However, the coverage of these courses is limited, in some cases to just 30 people.

The RD's current structured approach to training is not yet complemented by a well-developed career path for its auditors. Auditors can expect to transition through the training tiers to higher levels of responsibility, depending on ability. However, this career path is quite basic. Operational offices in the regions and the LTO have a mix of staff at tiers one, two and three. Staff rotation does not deliberately aim to allocate the most effective auditors to the highest-value cases, most obviously in the LTO. Although abler staff are more likely to gravitate towards the LTO, there is no pay lead and staff working there enjoy no additional seniority. There is no explicit career path for auditors showing how they can move through the LTO to roles as subject matter specialists, or senior managers. Like many tax administrations, the RD cannot match the salaries that advisory firms in the private sector offer to tax specialists. Retaining talented staff can be challenging. Thus, having a clearly stated strategy for developing talented staff and demonstrating how they can move up to the more senior and rewarding roles in the tax administration can help to offset salary premiums offered by the private sector.

Locally Developed Training

Recognizing the limitations of the initial training of auditors, local offices have developed their own materials. Managers and auditors who were interviewed as part of this study explained that the locally developed training placed more emphasis on practical aspects and included case studies. The centrally managed training programs tend to be more theoretical and less interactive. Some of the courses are very short (just half a day, for example). Locally produced materials are also tailored to reflect the specific characteristics of the taxpayer population dealt with by that local office. Formal training is complemented by on-the-job training by managers and the RD has a mentoring scheme in place.

While local commitment to training is to be welcomed, the current approach has some inherent risks and drawbacks. There is no real visibility of these local training initiatives at the centre of the RD. Senior HR managers believe that the RD invests less than other government agencies in training but do not know how much time and effort is devoted to training at the local level. If local offices develop materials in isolation from one another, there is a risk of duplication of effort. This is particularly true for case studies, which are time-consuming to develop and maintain. Staff in local offices may believe that their population of taxpayers has unique features, but this needs to be verified. It is more likely that taxpayers in specific sectors and taxpayer segments have common characteristics. There is a need to ensure that locally developed materials are consistent with RD's overall compliance strategy and its technical view of the relevant law.

Performance Management and Training

The RD is in the process of rolling out a system of formal face-to-face feedback on performance. This will supplement the written reporting process with a discussion of results achieved and competencies, which account for 30% of the overall rating of individuals. Managers are being trained on how to provide feedback and

this is an important component in the Department's plans to improve leadership within the organization. The discussion of competencies is an ideal opportunity to identify training needs.

Improving Auditor Training in the RD

Feedback from small businesses suggests that implementation of training and quality control of audits are lacking. The numbers of audit staff are on the low side by international standards, and external stakeholders have the impression that the RD auditors have heavy workloads. The current approach to quality control of audits and case management is explored in more depth in the final section of this note.

Tier 1 of core training needs to be expanded if it is to give new auditors a sound grounding in good audit practice. The expansion of the training scope will address some of the negative feedback from businesses and practitioners. This should include more extensive training in audit techniques, including indirect methods and business economics. New auditors should also spend more time working through case studies. The RD should consider formally assessing the auditor's capabilities at the end of the course. The syllabus should cover commercial awareness, soft skills, integrity and ethics. It should also include courses on statistical analysis and economic analysis. A course on common audit findings, common audit mistakes and common tax evasion practises would be a useful addition.

Some of the gaps in the basic training of auditors are being filled by local initiatives but these need to be better coordinated and managed. Currently, there is no visibility of these initiatives and the materials they produce at the centre of the RD. Consequently, the RD does not fully understand how much resource is being invested in training overall. There is also a lack of oversight to ensure that there is no duplication of effort and that training materials help deliver consistent treatment of taxpayers across the country. The RD should incorporate locally developed materials in its nationally coordinated program of training and development. In doing so it should aim to maintain local ownership and commitment to training. As a first step, the RD should catalogue all the training initiatives and materials that have been developed at the local level.

The LTO has a good reputation but needs to respond to changes in the international environment. The introduction of the proposed global minimum tax will increase the importance large multinational enterprises (MNEs) attach to the quality of tax administration in the countries where they operate. So, the RD will need to maintain and improve the quality of its large tax program and may want to consider cooperative compliance approaches. This requires good commercial understanding and a focus on the verification of systems, which would carry additional training implications.[14]

In the field of international taxation, the RD's focus on training the trainers through international experts is sensible. However, it is important for the RD to ensure that the formation of its internal capability is sustained and that the engagement with external providers is based on verifiable skills transfer. In addition, the RD should make use of other available training resources. For example, the WBG has published practical guidance on transfer pricing that addresses the needs of developing countries.[15] The UN also publishes a practical manual on transfer pricing.[16] The WBG has recently made available online training for transfer pricing specialists and more information on this is provided in **Error! Reference source not found.**2.

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[14] The OECD has outlined a framework for the design of cooperative compliance programs: https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/co-operative-compliance-a-framework-9789264200852-en.htm. A recent publication of the Vienna University of Economics and Business provides information about current programs and offers advice on implementation: https://law-store.wolterskluwer.com/s/product/cooperative-compliance/01t4R00000OVRsq

[15] https://openknowledge.worldbank.org/handle/10986/25095

[16] https://www.un.org/development/desa/financing/sites/www.un.org.development.desa.financing/files/2021-04/TP_2021_final_web%20%281%29.pdf

The annual personnel development plans demonstrate a serious commitment on the part of the RD to the continuous development of its staff but cover topics that should be part of the core program. Some of the materials developed include aspects of audit practice, commercial practice, investigation techniques and related skills that need to be understood by all of the Department's auditors. The RD should incorporate these materials into the core training program.

The RD should ensure that the enhanced performance management process it is rolling out includes a regular assessment of individuals training needs. For auditors, this assessment will provide an opportunity to ensure that gaps in their capabilities, whether of a technical nature or involving the softer skills that are an essential part of good audit practice, are addressed. This will increase the demand for training, so the RD should ensure it has developed the training materials (case studies and courses) discussed earlier, and the capacity to deliver them, before mandating training needs assessment as part of the formal feedback process. This could form a supplementary phase of the rollout of face-to-face feedback from managers. This discussion of training needs could also help structure and prioritize the on-the-job training provided by managers and mentors.

A documented competency framework for auditors would help provide a structure for the discussion of performance, capabilities and training needs. Given that the RD already has a training profile for each level of auditor in the Department, that could form the basis for a competence framework.

For the reasons discussed earlier, explicit and clear career paths can help tax administrations to manage and retain talent. The RD should develop such a policy as part of its overall strategy for attracting and retaining good staff in the audit function.

IMPROVING THE LINKAGES BETWEEN ACCOUNTING SOFTWARE AND TAX FILING

The case to promote e-filing of taxes

Thailand has the opportunity to promote the e-filing of taxes, capitalizing on the digital dividend of the COVID-19 pandemic. Electronic filing of tax returns can speed up the filing procedures and reduce compliance costs, particularly for SMEs. Several countries have implemented electronic platforms, which can enable access to information on how to comply with payroll, income tax and social security systems. These interfaces have also facilitated the transfer from business to the government of relevant tax-related information. Furthermore, governments have adapted the software to assist in tax filing to address the needs of small businesses. The Thai Revenue Department can use this experience to capitalize on the wave of digitalization from the COVID-19 pandemic. The use of digital tools, which have increased during the pandemic, and compliance by design processes, bring new opportunities to streamline and automate the filing process for SMEs. The RD is in a good position to identify pain points for SMEs which have traditionally increased the burden of paying taxes for SMEs. Identifying entry points for streamlining reforms and using international best practice can help RD redress the prevailing issues preventing SMEs from adopting e-filing of taxes.

Since October 2021, RD had introduced a new electronic tax filing and payment system[17] for all types of tax filing, supporting service users who are taxpayers, tax agents, and service providers. Take-up of e-filing and the benefits to taxpayers and the RD in terms of cost of compliance and accuracy of returns will be maximized if electronic filing can be part of a more automated overall process of tax reporting. Ideally, it should be possible to automate the translation of the financial results of a business into the figures that need to be included in the tax return. Currently, tax reporting in Thailand involves significant manual intervention. There is little appetite in the business community for software applications that will automate the process. This part of the report discusses why this is the case and how the barriers to automation could be overcome.

Problem Statement

Taxpayers and practitioners say that the tax system in Thailand is too complex for automated tax computations. This level of complexity is driven by the multiple adjustments required to translate the accounting profit into the amount that should be declared in the tax return. The adjustments need to be made manually to arrive at the correct figure to enter into the tax return. Taxpayers tend to do this manually using spreadsheets and the process does not lend itself to automation.

Analysis

It is not unusual for tax systems to require businesses to adjust their accounting profits to compute their taxable income. Many countries have rules similar to those present in Thailand that either limit deductions for certain classes of expenditure or grant super deductions for some costs in order to encourage investment in activities such as staff training and research. If rules are clear and codified, they can be incorporated into a tax module that extracts the relevant data from the accounting software package and makes the necessary adjustments for automated filing.

The RD can do more to codify the prevailing rules to compute taxable income and support automated calculations and simplified tax filing. The RD provides guidance to taxpayers on its website and publishes extensive answers to frequently asked questions. To assess how readily the computational rules can be understood by SMEs, the WB team used the published guidance to answer some commonplace questions that

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[17] https://efiling.rd.go.th/rd-cms/

SMEs are likely to have to answer. The results are reproduced in Annex 6. It is worth noting that this is not a comprehensive survey of the computational rules. However, RD has codified the rules for translating accounting profits into taxable profits. The matrix of rules is quite complex, but the process demonstrates that the computational rules can be codified and that suggests it should also be possible to automate the calculation.

Improved guidance and simplified wording could help taxpayers understand the more complex aspects of the return. Interviewees suggested that the design of the tax return itself might be part of the problem. They argued that the language used in the return form is highly technical and hard for the lay taxpayer to understand. There is some justice in this statement. For example, the "[Income Tax Return for Companies or Juristic Partnerships under section 68 and section 69 of the Revenue Code. For Accounting Period commencing on or after 1 January 2016](#)" (form CIT 50) is 8 pages long and quite complex. The form makes a lot of references to related laws, decrees, and revenue codes, requiring technical knowledge of accounting and the tax code. However, most of the entries simply replicate figures that can be extracted directly from the financial accounts of a corporation. Several aspects of the return will not be relevant to the majority of taxpayers. Improved guidance and simplified wording could help taxpayers complete the return accurately.[18] Returns, such as the VAT tax return (PP 30 - 3 pages long) and the Specific business tax return (PT 40 - 1 page) are much simpler. Withholding tax returns - PND1, PND2, PND3, PND53, and PND54 - are only 1 page long and the calculations are also straightforward. So, while there may be scope for improvement, it does not appear that the design of the tax returns is the fundamental barrier to automation of the tax computation.

However, the tax compliance climate in Thailand, rather than the computational rules, may be the dominant barrier to automation of the tax return process. While improving computational rules may be useful, the root cause of the problem is the tax compliance climate in Thailand. This is characterized by a lack of trust between the tax authorities and taxpayers, which does not create a strong incentive for businesses, other than large businesses, to invest in good accounting and tax control systems. In the SME segment, levels of tax morale and compliance are low. Many small businesses do not have robust accounting systems and anecdotal evidence suggests levels of tax evasion are high. This perception means that auditors from the RD will tend to assume that businesses are non-compliant. Unfortunately, this reinforces a non-compliant attitude of defensiveness amongst business owners. Respondents see little value behind investing in improving tax compliance if they are going to be treated as non-compliant anyway.

Taxpayers and advisers also commented on the high frequency with which the RD issues regulations affecting the computation of taxable profits. Initially, it was not clear why this was the case, as the underlying tax law in Thailand is reasonably stable. The explanation appears to be that the regulations are issued in order to achieve two quite different purposes:

- Set out the computational rules which businesses should apply when calculating their taxable income; and
- Identify (and deter) bad practices that RD has detected SMEs using to evade taxes.

This demonstrates that there is a need to communicate more clearly when guidance affects the way in which taxable income is computed and when the message is about evasion. In the latter case, there should be no direct impact on how tax is computed; the concern is with ensuring the underlying accounts are accurate and truthful in the first place.

Currently, the tax rules in Thailand do not distinguish between businesses according to their size, which suggests a missed opportunity for further simplifying tax declarations. All businesses, however small, must follow the computational rules imposed by primary law and the RD regulations. While these have been codified

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[18] Guidance in the form of context sensitive guidance that "pops up" when a taxpayer is completing an online form can be especially effective in simplifying the process.

by the RD, the exercise confirmed that the rules are quite complex.[19] It may be possible to reduce the complexity for the majority of taxpayers by more clearly identifying rules that are only relevant to taxpayers engaged in a particular activity or having other special characteristics. The majority of taxpayers can ignore these special regimes when computing their liabilities. Moreover, very small businesses, while large in number, probably contribute relatively little in terms of mainstream tax revenue (CIT and personal income tax (PIT) on business profits). It is also reasonable to assume that there is a relatively small difference between accounting profits and taxable income in these cases. For this reason, many tax administrations allow small businesses to prepare their tax declarations on a simplified basis. Recently published data from the International Survey on Revenue Administration (ISORA) shows that 25% of participating administrations allowed small businesses to comply on a simplified basis. In high-income countries, this proportion rises to 33%.[20]

The requirement for the return to be "signed off" by an external auditor imposes an additional barrier to automation of the tax return process. The company tax return referred to earlier concludes with a declaration on the part of the director, partner or manager concerning potentially uncommercial transactions, undisclosed debtors and creditors and other aspects of compliance. This declaration must then be subjected to review by an external tax auditor who records a formal opinion about it on the return. It is far from clear that this has any significant impact on observed compliance.[21] It is also not clear that this aspect of the return process is mandated by primary law.[22] Requiring an external auditor to be directly involved in the finalization of the return makes it less likely that taxpayers will invest in applications that can automate the tax filing process. If they are paying for the opinion in support of their declaration, they may as well ask the auditor to complete the computation at the same time. Several taxpayers and tax advisers that the WBG team spoke to were of the view that the requirement for external sign-off of the tax return is a barrier to automation.

A new and emerging generation of IT savvy businesses is making increased use of accounting systems to improve business management. These taxpayers are much more likely to adopt automated processes for tax computation and filing if the climate is right. This group could be early adopters of an automated system. Adoption of systems that help businesses automate their accounting and tax compliance processes will be further accelerated as more taxpayers embrace the e-invoicing system. The WBG team is examining ways in which the RD could secure increased take-up of e-invoicing as part of a separate workstream of this engagement.

The Way Forward

The RD's own work confirms that it is possible to codify the rules governing the adjustment of accounting profit for tax purposes. The RD should also review the design of the forms to make them easier to understand by non-specialists and more clearly sign-post aspects of the return that will only be relevant to a small sub-set of the taxpayer population. Context-sensitive help and guidance in the online version of the form would help ease the completion of the form. The RD should revisit the requirement that an external auditor signs off the taxpayer's declaration at the end of the tax return. The WB team found little evidence that this positively impacts compliance, but it does act as a barrier to automation. The RD should consider the adoption of a simplified system for small businesses. Such a system would require a minimal number of adjustments. Access to a simplified system could be made conditional on the SME using a reliable accounting system. Overall, the impact on revenue of these measures is likely to be positive: for smaller businesses the adjustments do not have a

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[19] This is consistent with the findings on paying taxes in Thailand from 2019, which show that the time taken to comply with tax obligations in the country totals 229 hours each year. This compares with a regional average of 181 hours and 159 hours in high-income OECD economies. "Doing Business Reform Memorandum: Thailand", WBG August 2019.

[20] "ISORA 2018, Understanding Revenue Administration" IMF 2021: https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2021/11/03/Understanding-Revenue-Administration-464865

[21] In the section on the audit process, we will see that tax auditors are often looking to minimize the chances that their clients will be selected for audit.

[22] The provisions in the revenue Code concerning companies and juristic partnerships oblige these legal persons to supply audited accounts in support of their tax returns but do not require the return itself to be auditied.

material impact on the measure of income for tax purposes and improved compliance will more than compensate for any slight reductions.

More broadly, the RD should create a positive climate for the increased provision and uptake of reliable accounting software with a tax add-on. This would have several complimentary elements:

- Taxpayers using reliable systems will be less likely to become the subject of audits and will receive refunds more quickly and with reduced levels of checking.
- There is an opportunity to adopt an integrated approach to improved tax compliance and digitalization across both direct and indirect taxes. The proposals being developed as part of the e-invoicing workstream of this WBG engagement, envisage a progressive requirement to make e-invoicing mandatory. As this will ensure that the RD has access to almost all the transactional data of a business, linking the roll out of e-invoicing with other elements of digital tax compliance, including the filing of business tax returns, will create value for all stakeholders.
- To enable increased take-up of automated computation and filing, the RD should make improvements to the online filing process, strengthening its internal logic to help prevent errors while enabling online correction and amendments of returns.
- To the extent necessary, simplify business tax returns, using language that is intelligible to the ordinary taxpayer and ensures online versions of the form include context-sensitive guidance on how to complete each entry.

TAX AUDIT PROCESS

The Current Tax Audit Process

The audit process starts with case selection based on a risk profile assessment. The initial risk assessment is conducted centrally by the Tax Auditing Standards Division. This initial analysis makes use of internal data held by the RD taken from tax filings and past compliance history. This is complemented by information from other government agencies and from financial institutions.[23] The system also compares business results with norms for the relevant industrial sector. Around 100 risk rules are used to generate a risk profile. The profile will suggest whether any compliance intervention should be designed to educate and assist or take the form of an enforcement action.[24] The application of the risk rules is an automated process, but this simply identifies which of the rules have been triggered. This list of triggered rules is supplemented by a more detailed report on the risks in the case, and the relevant tax code provisions in play, that is prepared manually. This is a resource intensive process, with reports typically taking a day to complete, or up to a week in more complex cases.

The initial risk assessment undertaken centrally is followed by a further review at the local office. The local audit team will include a planning function that undertakes this additional review, which takes into account information available at the local level and the staff's knowledge of the area. This will include a review of the risk rules triggered, and historic data about tax payment history, business results reported and any prior audits. This local review may identify new risks that are not highlighted in the report prepared at the centre. Once cases have been selected for verification, audit team leaders allocate the cases to team members in line with each auditor's skills and experience. The verification process usually starts with an effort to validate the concern and will only escalate from the advisory style of intervention if there is a more serious irregularity of the taxpayer and the auditor cannot agree. In many cases, the taxpayer will agree to amend their return[25]. Only a minority of cases will proceed to a formal audit. This may explain the relatively low hit rate reported in the ISORA survey[26], as it appears the number of cases counted as giving rise to an adjustment was treated as meaning only those that involved an audit summons.

It was not possible to review a representative sample of completed cases including formal audits. Discussions with staff from the Tax Auditing Standards Division and auditors indicated that examination of underlying records, including banks statements and other primary documents takes place in more serious cases. If necessary, the RD auditors will reconstruct the correct business results using business economics. Currently, electronic invoices are of limited assistance because taxpayers who issue them may also issue manual invoices. Purchase and sales ledgers cannot be automatically reconstructed from e-invoices as a result and take up of the scheme is still limited. The WBG team was not able to directly assess the extent and quality of these audit practices in the RD.

The LTO has adapted the RD risk management process to reflect the characteristics of the large taxpayer population. In addition to the 100 risk rules developed centrally, it applies further risk criteria tailored to the large taxpayer segment, such as stock market listing, whether a regulated business or not and so forth. The

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[23] Banks report information about withholding tax deducted from interest payable to depositors but there are some exceptions for smaller deposits and summary information may only be provided in respect of savers who have opted to accept the 15% withholding tax as their final liability.

[24] RD makes use of four types of intervention: a. Advice on tax audit (lightest measure): Its purpose is to advise taxpayers on accounting and tax computation. If they do not cooperate, the authorities will change to a more serious approach; b. Analyze and verify the tax return (stronger than a.); c. Operational inspection (stronger than b. but designed to encourage taxpayer to self-correct); and d. Issuing a summons for tax inspection (strongest measure).

[25] Taxpayers can amend their returns within three years of submission.

[26] https://read.oecd-ilibrary.org/taxation/tax-administration-2022_5711f734-en#page136

central risk assessment plays a smaller role in the audit planning process that the LTO follows. The risk rating goes beyond a mechanical application of the rules to include a professional assessment by LTO staff of the compliance risks posed. In the LTO, at the end of the risk assessment process taxpayers are categorized as high or low risk.

The LTO does not risk assess entities under common ownership together as a matter of course. Furthermore, the LTO does not have oversight of all of the entities that form part of the same economic group. The LTO is allocated cases according to criteria that are applied on an entity-by-entity basis. However, the LTO can request that it assumes responsibility for smaller subsidiaries. Taxpayers can also make this request. The LTO is organized by sector (51 teams dealing with 51 industry sectors) but there is coordination between teams where entities are transacting with one another in an integrated group.

At the conclusion of the case, the auditor will prepare a report for their supervisor that describes the proposed settlement. Once approved the case can be settled. The majority of cases are settled by agreement with the taxpayer. Disputes are referred to the legal department in the local office. The details of the settlement are recorded using standard templates that differ according to the type of compliance intervention undertaken. The report details the findings in the case and the specific reasons for any adjustment made to the tax due. However, very little of the detail in these reports is captured in the RD's IT system. From the IT system, it is possible to see how much was collected in each case and in some cases[27] the reasons for the adjustment but not how the tax due is allocated between those reasons. It is not possible for the RD to analyze the results and correlate them with the specific risks that were identified during the case selection process. The LTO has its own system but that does not analyze the additional tax assessed according to the specific reasons giving rise to an adjustment.

Auditors in the RD are expected to complete a certain number of cases each month and obtain an adjustment in most of them. Auditors are expected to complete four cases each month and secure a monetary adjustment in 80% of cases. While most of these cases will not involve a formal audit, auditors usually complete more than four cases a month and secure an uplift in the tax payable in the vast majority of them. Senior managers in the Tax Auditing Standards Division explained that the primary measure of success for the RD and its operational offices is the overall revenue collection and the RD has a good track record of delivering the target revenue. This is consistent with the perceptions of taxpayers and their advisers, who commented that many RD auditors appear to be very revenue focused and determined to secure some form of a tax adjustment. How this impacts the quality and integrity of case management is hard to assess, in the absence of any direct review of auditors' casework. The RD's own quality control mechanisms are limited.

Quality control of audit cases is largely left to line managers. Within the RD, the Inspectors General are responsible for quality assurance of the operational offices and they report directly to the Director General. Their remit covers the overall management of operational offices in the regions, of which audit is just one part. The WBG team was able to review an example of one of these reports and the section on casework was limited to three sentences. The findings cited a failure to fully observe procedure and deadlines but provide no detail. More detail is contained in the supporting summary of the cases examined but the number of cases involved is very small (in this case just three advisory audits). This is insufficient to support statistically valid conclusions about the quality of work at the regional level, let alone at lower levels of the organization.

The work of the Social Security Office is not central to the current program of assistance but there is scope to improve coordination with the RD. The scope of the SSO's reviews extends well beyond employers' compliance with their payroll obligations. However, to the extent that the SSO is concerned with the payment of social security contributions and the accuracy of the payroll, there is an overlap with the oversight functions of the RD. From the taxpayer's point of view, this means that two government agencies could review the same issue for the same period. That is burdensome for them and wasteful for the government. Moreover, the hit rates achieved by the SSO in its work on social security contributions are low (between 2019 and 2021 it declined from

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[27] Staff are encouraged but not required to include this information.

20.63% to 11.18%). At a minimum, the SSO would benefit from sharing the RD's risk rating of employers and both organizations could share the results of their audit activity. Ideally, the two organizations should coordinate their activities to avoid duplication of effort. There may be scope for the RD to undertake payroll reviews on behalf of the SSO, leaving it free to focus on the other aspects of employer compliance for which it is responsible.

Analysis

The centralised risk selection criteria are not dynamic and not subject to a process of continuous improvement. The RD advised the WB team that the 100 rules have remained largely unchanged in recent years, although there have been some refinements of individual rules and new risk rules have been added when new data becomes available.[28] The static nature of the risk criteria reflects the absence of any effective feedback from the results of compliance interventions to the design of the risk criteria. The management information systems used by the RD do not capture detailed information about compliance interventions. The results recorded on the system are limited to the amount of the overall settlement. It is therefore not possible to undertake a meaningful analysis of how closely the risk profile corresponds to the facts found during the audit.

The centralised risk selection process is complemented by a further review at the local level. Both processes are resource intensive and are likely to involve some duplication of effort. Effective risk identification does involve a combination of a "top-down", or strategic, review of risks and a "bottom-up", or case-based approach. However, the compliance risk register, discussed below, plays a vital role in coordinating these views of risk and ensuring that they are synthesised to provide as rich a picture as possible of the overall risk landscape. The register also helps to ensure that the two approaches to risk are coordinated and additive and avoid duplication. Modern tax administrations base their assessment of tax compliance risks on a systematic review of data and in the more populous taxpayer segments, especially SMEs, the selection of cases is largely data-driven. This helps to ensure that the selection process is objective and demonstrably so, which helps ensure that taxpayers are treated fairly. Currently, there is a perception externally that case selection at the local level is subjective and so may be unfair. The absence of a system to systematically track how cases are risk assessed at the outset and how this correlates with eventual outcomes makes it hard to verify or counter this perception.

Comparing the correlation between the overall risk profile of cases and audit settlements would provide indication of effectiveness of the risk rules in place. The data needed to undertake this exercise has not been provided to the WBG team. In the meantime, the comparative performance of the RD's audit function (see section 7 above) suggests that audit productivity outside the LTO is low and poor case selection is likely to be a contributing factor. Discussions with tax advisers indicate that the risk rules used by the RD are well understood externally, which is hardly surprising given their static nature. Advisers guide taxpayers to make filings that are least likely to trigger the risk rules. This is just one of the reasons why it is usual for risk rules to be dynamic in nature, so that they can keep pace with changes in taxpayer behaviour.

The RD's current approach to Compliance Risk Management (CRM) lacks the feedback process that is an integral part of good practice in this aspect of tax administration. That good practice is encapsulated in the diagram below.[29]

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[28] RD has recently obtained acces to data held by the land registry and this is now reflected in the risk rules.

[29] OECD. 2004. GUIDANCE NOTE: Compliance Risk Management: Managing and Improving Tax Compliance, and OECD. 2009. Information Note: Managing and Improving Compliance: Recent Developments in Compliance Risk Treatments. OECD Publishing, Paris. https://www.oecd.org/tax/administration/33818656.pdf, and https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/hnwi/42490764.pdf.
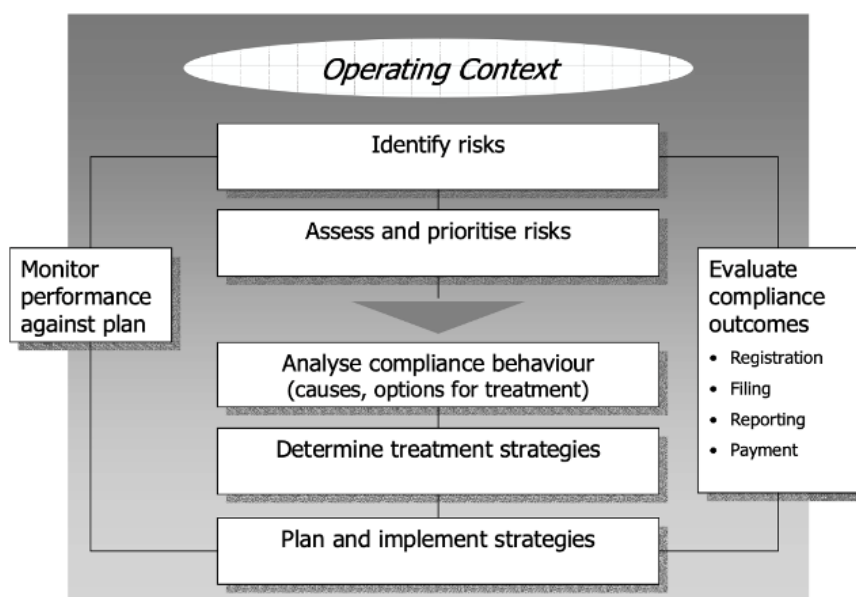
The diagram shows how feedback from the implementation of operational plans, including audit programs and their impact on compliance outcomes, is an essential part of the CRM process. If compliance interventions do not achieve the desired results, the process encourages the re-evaluation of the basis on which risks have been identified and compliance interventions selected. In this way, the process embeds the principle of continuous improvement in the CRM cycle. It ensures that the compliance strategy of the tax administration is responsive to changes in taxpayer behavior and the wider environment. The RD's auditors already capture more detailed information about compliance outcomes in their final case summaries but that is not used by the RD in the systematic way that the CRM process requires.

While the LTO has a relatively sophisticated approach to the risk assessment of the entities it deals with, the process is not systematic. In part, this is because it does not deal with entities under common ownership as a single economic group as a matter of course. However, the LTO lacks a process to understand the risks it is managing overall. The LTO does not have a central risk register that provides a typology of risks and an oversight of the tax at risk in relation to each risk. Compliance Risk Registers form an essential part of the modern approach to CRM.

It is good practice for all the entities within an economic group to be risk assessed and managed as a whole. There are several reasons for that. When an entity is part of a wider group, it is not possible to fully understand its operations unless their place in the overall business model of that group is understood. Entities within a group will use common systems and follow common practices. It is more efficient to assess these and their tax compliance implications in a single process, rather than on an entity-by-entity basis. From the taxpayer's point of view, it is much easier if the business has a single point of contact with the tax administration, with whom it can discuss all the tax affairs of the group.

A Compliance Risk Register is a comprehensive list of the compliance risks identified by the tax administration. It is important that everyone labels and defines compliance risks in the same way. If different teams have different ways of describing and defining risks, it will be impossible to collect basic, but vital information about them. For example, it will be impossible for the RD to know with accuracy which taxpayers present the same risk, how much revenue is at stake and whether there are some common features that will help identify the risk in other cases. The compliance risk register ensures that the management of individual risks is coordinated across the whole organization. The register makes it possible to track the impact of treatment strategies designed to address the risks. Annex 7 lists some of the information commonly found in a compliance risk register. With its relatively small population, the LTO could implement a compliance risk register relatively easily, using spreadsheets, or a simple database application, examples of which are available as open-source software.

Not only would this sharpen up CRM in this important taxpayer segment, but it could also serve as a model for the RD as a whole.

The WB team has only been able to obtain a high-level overview of the audit process. There is a system in place to track the progress of cases and overall workloads but the data from that system has not been made available to the WBG. Nonetheless, it is clear from the foregoing analysis that critical elements of modern CRM have yet to be adopted by the RD.[30] The recommendations in the next section largely focus on the steps the RD can take to address this shortcoming. They also discuss how these can be coordinated with the recommended development of the e-invoicing program in Thailand.

Recommendations

The RD should apply the principles of modern CRM to its management of tax compliance risks. Specifically, the RD should:

- Ensure that the risk assessment of cases selected for compliance interventions captures the nature of the risk(s) identified in the case, including where possible an estimate of the tax at risk, and a risk score [31]. This information should be captured on the RD's information systems. Similarly, the information already captured by auditors at the conclusion of an intervention about the nature of any irregularities found and the tax collected as a result. This will enable the RD to systematically correlate compliance outcomes achieved with the initial risk assessment. This process is fundamental to the continuous improvement of risk analysis and case selection that is built into CRM.
- Develop a compliance risk register, as this plays a central role in the CRM process. The LTO offers an opportunity to pilot the use of a compliance risk register. The number of taxpayers managed by the LTO is limited but they make a disproportionate contribution to both overall revenue and compliance adjustments. Because the numbers of taxpayers are relatively small, the register can be built using readily available office applications.
- The LTO population will also be the first taxpayer segment to be affected by the recommendations to improve the uptake of e-invoicing in Thailand. The RD can use this as an opportunity to understand how e-invoicing will impact its approach to risk identification and verification activity.

The RD tends to follow a standard approach to all taxpayers, escalating from an advisory intervention to more coercive actions as the case dictates. Modern approaches to CRM tend to differentiate taxpayers according to the degree of risk that they present. This is consistent with the principles of responsive regulation, which try to ensure that the type of intervention chosen is consistent with the taxpayer's compliance behavior. The LTO already undertakes a basic risk differentiation of its taxpayers into high or low risk. The RD should apply this approach more generally and consider allocating cases with a specific risk score. This will make it easier to calculate how well the risk score correlates with the eventual compliance outcome. Equally, it will also help the RD to identify cases that are high risk and so should be subject to an audit from the outset, without the need to undertake lesser preliminary steps.

The RD needs to upgrade its quality control of auditors' work. Having a function that is independent of the line management of auditors review the quality of their work is good practice. However, the scope of the Inspectors General review is limited in content and very limited in terms of the numbers of cases reviewed. A more systematic approach should be adopted and applied to sufficient cases to provide statistically reliable feedback

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[30] The IMF provides a free online training course on tax compliance risk management which can be found here: https://www.imf.org/en/Capacity-Development/Training/ICDTC/Schedule/OL/2023/VITARA-CRMOL23-01

[31] In some tax administrations this is high level (high, medium low, for example) in others it is a numeric score based on the risk rules triggered, sometimes adjusted by a weighting system that gives more priority to certain risks.

to the managers of audit teams in Area Offices. Annex 8 includes a relatively simple set of questions that can be used to assess audit quality on a consistent basis.

The RD should better coordinate its compliance activity with that of the SSO. This could help to avoid duplication of effort and reduce the compliance burden on employers.

Source: https://www.rd.go.th/english/6015.html
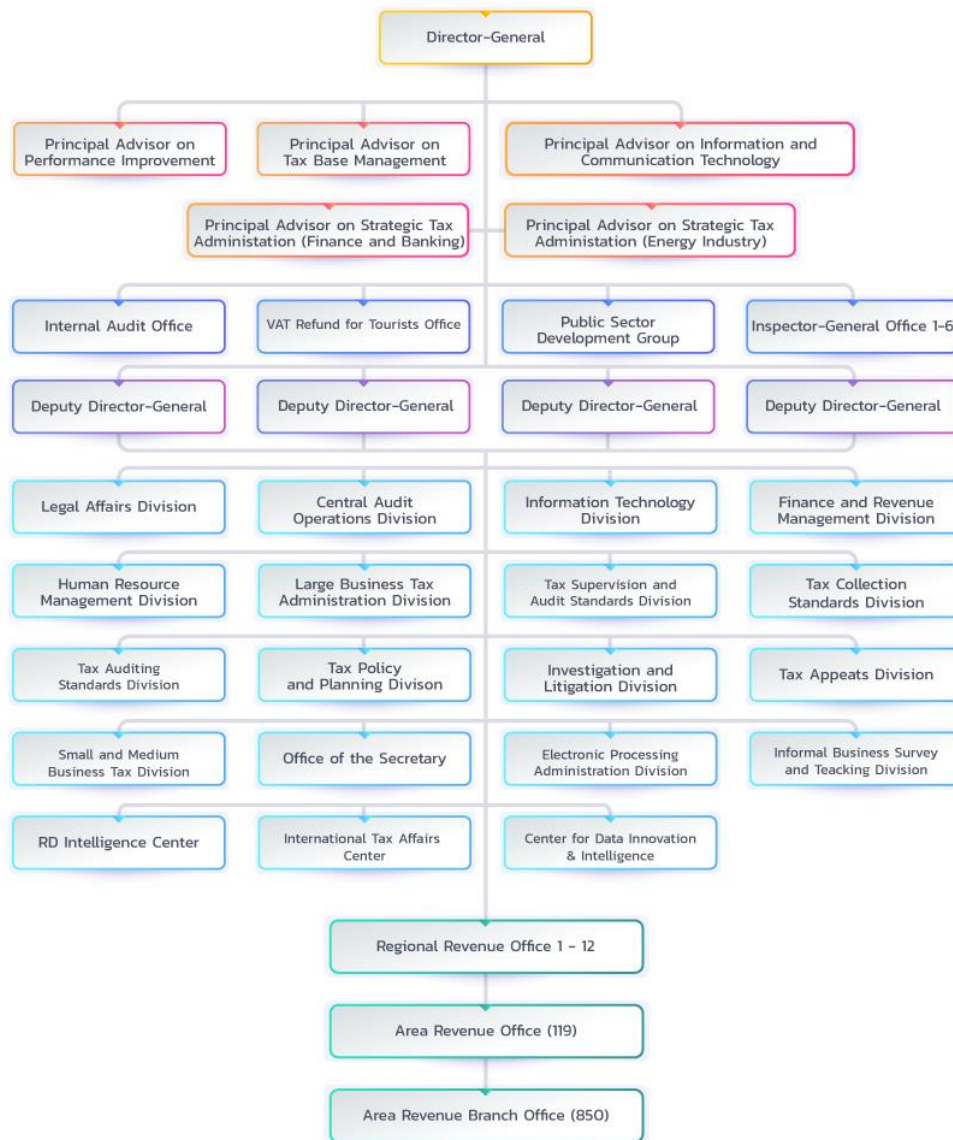
Brief description of Offices and Divisions involved in managing and overseeing tax audits

Tax Supervision and Audit Standards Division is responsible for developing supervision and audit standards, regulations and procedures for the tax supervisory system and tax audit. The Division is also responsible for formulating strategies, work plan, and objectives, as well as evaluating, monitoring and ensuring that all revenue offices are complied with them, including utilizing information technology in all supervision and audit operations. The office is also responsible for providing advice and academic support to revenue offices.

Central Audit Operations Division is responsible for investigating and processing cases which cover several areas or are assigned specifically. The office is also responsible for the underground economy, processing cases initiated by other agencies, auditing for verifying tax invoices, and value-added tax assessment. This includes compiling data used in tax administration purposes for offices nationwide and preparing plans for the investigation, seizure, and confiscation of documents for tax audit purposes.

Large Business Tax Administration Division is responsible for administering tax collection, tax supervisory, tax delinquent, and tax audit on the taxpayer under its jurisdiction as well as evaluation of its administration, including the processing of tax returns, refunding taxes, analysing and auditing transfer pricing issues, providing legal information and tax rulings, conducting legal actions, issuing tax certificates, processing tax appeals, and considering fines and interests cancellation/ reduction.

Regional Revenue Office is responsible for planning and evaluating tax collection according to the Revenue Department's policy, as well as planning and controlling tax delinquent collection of Area Revenue Offices, supervising, monitoring and ensuring that Area Revenue Offices and Area Revenue Branch Offices under its responsibility are managed according to plans and meet the Revenue Department's objectives.

Area Revenue Office is responsible for planning and evaluating tax collection as well as supervising, monitoring, and ensuring that Area Revenue Branch Offices under its responsibility are managed according to plans and meet the Regional Revenue Office's and the Revenue Department's objectives. The office is also responsible for supervising, monitoring, and performing audit on taxpayers under its responsibility as well as collecting tax delinquent, proceeding with legal actions, processing tax refunds, providing tax rulings, processing tax returns, providing tax information, and supervising and monitoring the operation of Area Revenue Branch Office.

Area Revenue Branch Office is responsible for collecting tax payments, refunding tax, and performing any other assigned duties. It is also responsible for inspecting small individual taxpayers, canvassing potential tax sources and taxpayers, processing tax delinquent, financial and revenue accounting operations, and providing information and advice to taxpayers.

Informal Business Survey and Tracking Division is responsible for planning, and setting up strategies and regulations for the investigation of non-compliance businesses as well as inducing them into the tax system. The office is also responsible for analysing tax sources and complaints on tax evasion.

Inspector-General Office is responsible for inspecting, analysing and evaluating the performance of offices under the Revenue Department's jurisdiction through the implementation of information technology. The office is also responsible for ensuring that all offices are complied with the regulations and able to work effectively.

Source: Annual Report 2021, Revenue Department

18-22 July 2022

Stakeholders	Type of Organization	Interviewed Questions	Summary of interviewees' responses
Revenue Department	Government	1. Please tell us the organizational information (e.g. organizational structure, number of staff, reporting lines, relevant laws and regulations, etc. 2. What are the current practices and barriers to automating the translation of accounting profit into taxable profit? 3. Could you describe the step-by-step tax audit process (e.g. what is outlined in the official document/guideline vis-à-vis the actual practice)? 4. What is the process of hiring tax auditors? What are the performance management systems in place? What is the career development program in place? How is audit quality monitored? 5.Please describe the training program for auditors. Does this cover accounting, tax administration law and tax law? What audit techniques are they taught? Is there a program of continuous professional development? Do staff undergo a training needs assessment on a regular basis? 6. What training is in place for auditors dealing with large taxpayers to familiarize them with more complex tax	**Barriers to automating the translation of accounting profit into taxable profit** • Parts of the process can be automated and the Revenue Department (RD) has taken steps to enable this. However, complete automation is not possible. This is because aspects of the tax return must be signed off by the taxpayer's auditors, including, for example, the inventory valuation. • It was not clear how this fits with the process of self-assessment, which is the basis on which the tax system operates in Thailand, as in other countries. If the taxpayer is ultimately responsible for the accuracy of the figures and for obtaining any third-party sign-off, why does this affect the filing process? RD can verify that all necessary checks and sign-offs have been completed in cases that present a risk of non-compliance. • RD is aware that taxpayers complain that the tax return form is complex to complete, taking around 10 hours. It was agreed that the design of the form was relevant to the identification and removal of barriers to enabling automation of the tax filing process. • The analysis will need to identify the underlying causes of problems, here and in the audit process, as some may arise from poor practice/understanding on the part of taxpayers. **Audit Process and RD Auditor Training and Development** • RD selects cases for audit based on a process of data analytics and risk scoring. The data used include third-party data from SSO, Customs and other sources. Based on the analysis, potential risks of non-compliance are identified for auditors to address and they have a set of integrated audit tools available for the purpose. • The starting point for the audit will be the risks identified in the case selection process. The risk criteria are refined in light of actual audit outcomes.

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		issues and international aspects such as tax treaties and transfer pricing? 7. What are the reforms around tax auditing that RD is considering or currently implementing? 8. From your experience, what is your impression about tax auditing process in Thailand? What is the country's technical capability? 9. Is the tax audit process in Thailand efficient and commercially viable? 10. To whom the audit teams report operationally and what are the key performance metrics used? 11.What is the dispute management procedure? 12. Is there discretion in managing the tax system specified in the administration law? 13. What is the structure of responsibility in the LTO, is it classified by industry or other characteristics of the firm or tax filing procedures? 14. How many auditors are there in the LTO and how many audits are completed each year? What are the current workloads for these auditors (e.g. one person is responsible for auditing how many firms)? Are entities under common ownership dealt with holistically?	• The first step will be an examination of the underlying accounting records to assess their reliability. Auditors have a good grasp of accounting principles and practice – the minimum entrance requirement is a Bachelor's degree in accounting, or similar. They are able to test the records, looking for evidence of weaknesses (unexplained bank deposits, inexplicable cash flow, etc.). • If it is necessary to recompute the profits, auditors will use various techniques to do so: what is the scale of the business (e.g. size of premises, range of goods sold). Auditors are supported in this task by a handbook that describes the techniques to be used and they also learn from experience. • Newly recruited auditors undertake initial training in tax law and audit techniques. As they acquire more experience they can move up to the next level, that of a specialist auditor. This involves additional training but no examination. The time taken to reach this level depends on the level of qualification that the auditor joined RD with. If first degree only, it will take 6 years; an auditor with a master's will reach the next level in 4 years and a PhD in 2 years. A further level of training is provided to senior specialists, usually after a further 4 years. Auditors undergoing this top level of training have to undergo an exam at the end of the process. RD will provide more information about the three training programs (outline syllabus). • The courses usually take the form of taught classes, supplemented by field training. {The exact duration of the training programs was not clear but we can check when the syllabus id provided.} The training makes use of case studies and role play to give trainees insight into the challenges they will face when conducting real casework. • The three-stage training program for auditors is augmented by additional training that is identified as needed by RD and set out in the Department's training plans. This process has been disrupted by COVID but example training plans from past years will be provided to illustrate the types of topics covered. • The quality control of audits has three elements. The majority of audits are conducted in the local office network. The auditor prepares a report setting out the findings of the audit and proposed settlement and this is submitted to the line management (Head of Division) for approval. Separately, there is an independent quality control process that examines whether the audit has addressed the risks identified during the case selection process and compliance with the instructions in

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		15. How were the auditors rated in terms of their expertise from the perspective of co-workers and external stakeholders? 16. What are the training programs for these auditors?) 17. What are the training activities (e.g. case study, workshop, etc.)? 18. When laws/regulations change, what are the things that you have to do?)	the audit handbook. Finally, the Inspector General of the Revenue Department undertakes a review of cases. • The performance review of auditors includes an assessment of their training needs. RD has developed online training programs for its auditors, to supplement the formal training program described earlier. RD also has a mentoring system in place, as well as on-the-job training by line management. • When new regulations are put in place, or court decisions affecting Rd practice are handed down, RD provides explanations for its technical staff. These can take the form of video clips available on the internet, or online real-tile briefings, during which staff can table questions to the experts. The Legal Division takes the lead in providing this guidance. • The LTO is structured differently and focuses on key industry sectors (finance, automotive, pharma, etc.). Team leaders will be sectoral specialists and that includes having a good understanding of modern supply chains in sectors like automotive). • In the international field, RD has secured support from OECD/ADB to train LTO auditors in transfer pricing audit techniques and other international tax issues. In-house expertise in these areas is limited. • In terms of career development, the most obvious trend is for LTO staff to leave for the private sector. Career paths depend very much on the individual, their capabilities and the views of line management. There is no "typical" path and it is not clear how auditors perceive their career opportunities in RD. • The relationship between accounting standards (IFRS) and taxable profits was discussed. IFRS is now more forward-looking that it once was but the rules of the tax code less so, which creates an increasing gap between the accounting profit and the taxable profit. Internationally, the trend has been towards greater harmonization between the taxable profit and accounting profits. But there are exceptions: tax incentives for example and anti-avoidance rules designed to limit the scope to anticipate/manipulate losses. These differences are much more likely to be material for large firms. The issue is largely one to tax policy. • The external view of RD's auditors is likely to vary from individual to individual, depending on their experience and expertise. RD is sometimes asked how it is able

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			to undertake such detailed audits, which probably reflects positively on the skills of its auditors. • RD does look to undertake post-audit monitoring, particularly in larger cases. The purpose is to ensure that errors identified during the audit have been corrected for the future.
Social Security Office	Government	1. What is the cope of SSO's audit and how does it fit with RD's audit? 2. What is the training program of SSO auditors who audit employers on SS contributions?	• SSO is responsible for collecting contributions to the social security fund and to the workers' compensation fund. The two contributions are computed and collected on different bases. • Audits are not coordinated with RD, as they fall under a different Ministry. Findings of audits are not routinely shared either. Moreover, the interests of the two agencies differ – a higher salary figure increases the SS contributions due, but reduces the taxable profit. • SSO does use the data provided to RD to help assist its own audits. Data sharing means it is hard for employers to report different figures to SSO and RD. There are criminal sanctions in the regulations for cases of fraud (fine 20k BHT/six months in prison). In more serious cases the court may be asked to impose a tougher penalty. Generally speaking, SSO thinks it is hard for employers to deceive both SSO and RD simultaneously. When SSO settles a case, it does not report the results to the RD.
Big 4 (EY Company Limited and KPMG)	Accounting and consulting firm	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return?	• There are differences in standards between accounting and tax in Thailand. Accounting firms follow an accrual basis (accounting standpoint). There are some rules and adjustments (amortization period) needed for tax computation. RD is trying to bridge the difference between the 2 standards. • Barriers to automating the translation of accounting profit into taxable profit may be that the cost of software which needs to be customized to fit the business outweighs the benefits received. • Given that most of the clients are large businesses/ multinational businesses, experience with LTO staff is positive – they have a good understanding of business and commercial practice.

Stakeholders	Type of Organization	Interviewed Questions	Summary of interviewees' responses
		4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	
GreenPro KSP Consulting Co., Ltd.	Accounting and consulting firm	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	**Computing Taxable Profits in Thailand** The tax system in Thailand is too complex. Regulations vary according to the size of the business. Small businesses can't comply with regulations design for large enterprises, so regulations are tailored for them. However, RD also tries to counter tax evasion through regulation, producing many highly detailed sub-regulations designed to counter abuse. This is an obstacle to automation. There is a need for the private sector and government to collaborate to create a better compliance climate. This will involve a change in attitude on both sides. Currently, RD assumes that all taxpayers are non-compliant. SMEs struggle to understand the system and will tend to comply with RD requests for additional tax payments. **Audit Practices and Regulations** It is difficult to generalize. Some RD auditors are professional in their approach, undertaking a rigorous record examination and making a reasoned case for any proposed adjustment. However, in a significant minority of the cases, Greenpro is involved in (10-20 out of 400) the RD officer has proposed an arbitrary adjustment, sometimes hoping to secure an under-the-table payment. **Tax Auditor's Capabilities** The picture is mixed. Some are capable but others are focused on reaching a revenue (cash to bank) target and propose arbitrary adjustments, sometimes based on crude comparisons with other businesses. RD suffers from a shortage of trained personnel.

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			The focus on yield targets and heavy workloads conspire to degrade the quality of work. Even auditors with good skill levels may not apply them under pressure to settle cases and bring in the cash. High staff turnover, especially at junior levels, is also an issue. Taxpayers find themselves having to explain matters all over again when the officer they are dealing with changes.
Double Pine Co.,ltd.	Accounting software firm	1. What are the current barriers to automating the translation of accounting profit into taxable profit? 2. What are the difficulties users face when trying to revise returns that have been submitted online?) 3. What are the potential reforms to simplify or remove the rules and improve the filing process?	Business owners struggle to understand the tax rules. These should be more straightforward and capable of being encoded in software applications. Businesses need to comply with two standards: accounting standards and tax rules. RD has the power to define the tax rules and business owners find it difficult to challenge their interpretation. There are multiple rules affecting the computation of taxable profits and RD keeps generating new rules but the rationale for these is not always clear. Moreover, the rules do not keep pace with developments in business practice and with inflation. Foreign investors find the Thai system hard to comprehend. This can create unwelcome uncertainty about tax treatment. RD's capacity to answer taxpayers' queries is limited. RD's system of knowledge management and FAQs needs to be easier to use-they should develop this capability with input from end users. RD has developed a tax application for businesses to use but it is not cloud-based. Users have to load the application on their device and when they replace their computer, the application has to be installed from scratch. It is possible to submit tax filings online but not updates and corrections; they must be filed on paper and in person. So, the process is not fully electronic. The online tax return does not automatically calculate the entries that are the arithmetic result of earlier entries and does not prevent users from making obvious errors. As a result, users have to undertake a lot of calculations offline as they complete the return. There are a lot of rules governing disallowable expenses. RD has improved its understanding of business in recent years and is alive to the tricks taxpayers employ to evade taxes (e.g. phoney suppliers created to generate false expenses). On the other hand, some of their applications don't cater for commonplace situations. For example, the E-tax system does not allow for cancelled orders and refunds.

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			At the industry level, the Association of Thai Software Institutions (ATSI) does interact with government departments, including RD, to discuss the approach to digitalization.
THE KLINIQUE	Micro, Small, and Medium Enterprises (MSME)	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	The discussion started with the differences between the measure of profit for accounting purposes and the taxable profit. The tax system in Thailand is complex and many accountants are unfamiliar with the rules and how they affect the measure of profits. Moreover, the accounting standards are subject to change more frequently than the tax rules, but accountants don't always appreciate how this affects the adjustments needed to correctly report income for tax purposes. Larger businesses will have in-house experts that can address these issues but smaller firms lack that capability and RD will find errors. There is also a problem that results from the way large firms pressurize smaller suppliers to issue invoices close to FY end. The managers inside the large firms want to show they have spent their allocated budget, and so request an invoice to cover any underspend. But there is no real transaction and there is a consequential mismatch between the invoiced turnover and the actual turnover of the supplier. A move to e-invoices could help to eliminate this problem. When it comes to automation of the tax computation, one difficulty is that IT developers are unfamiliar with both rules of accounting and the tax system. Thailand's standards are based on IFRS, but translated into Thai and so known as TFRS. When changes are made to IFRS there is a delay while these are translated and incorporated into TFRS. There are two standards in operation: full application of IFRS rules which applies to quoted and large businesses and a separate standard for SMEs. Not all practitioners keep abreast of changes in the standards and how this may affect tax reporting. The number of SMEs being audited is relatively small but officers conducting the audits are not always fully qualified (TAs rather than CPAs). Heavy workloads do not help the situation. There is also more pressure on RD to hit its revenue targets when the economy is struggling.

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			Looking ahead, RD should make more use of digital tools to make it easier to comply and harder not to. This would also enable them to expand the tax base.
Thailand Federation of Accounting Professions (TFAC)	Federation	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	Business understanding in the LTO is generally good and sectorization encourages auditors to develop an in-depth knowledge of how businesses in different industries operate. Business knowledge at the local office level is varied. The LTO makes adjustments that are based on sound legal analysis. The larger taxpayers and MNEs will challenge proposals that cannot be justified. In local offices the quality of decision-making is more variable, depending on the capability of the individual auditor. RD follow clear protocols for the opening of audits. The conduct of audits can be variable, depending on the seniority and experience of the auditor. However, taxpayers have a relatively positive view of RD auditors. Appeals and disputes are not handled as quickly as businesses expect. The appeal committee includes officials from other government departments and the provinces. RD suffers from resource constraints and this can delay their intervention, which may be two or three years after the period in question. RD is still paper-based and they want to see original documentation, which can take time to dig out and provide in paper form. Audit scope sometimes proves to be wider than RD indicated opt the outset. In some cases, this is justified by the identification of violations during the initial stages of the audit but in some cases, the scope is broadened despite no evidence of violations. Taxpayers are deterred from making refund claims by the prospect of an audit. However, businesses with robust systems will claim and are happy to be audited.
Thai Bankers' Association (TBA)	Association	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process?	There was strong agreement that tax certainty will be an increasingly important factor in investment decisions as the international community moves towards a global minimum tax rate. Tax incentives help but Thailand is not as competitive as it was. There is a need to focus more on technology and less on tax incentives. BOI non-tax incentives are more important too. The quality of tax administration affects tax certainty and can be a positive factor if rules are clear and the process is efficient. Clearer rules will

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		3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	encourage increased compliance. It would help if the difference between the accounting measure of profits and the tax measure was narrowed. Automation of the tax computation is only possible if the rules are clear. Complexity increases the cost of producing a tax compliance software package and businesses, especially small businesses, are not willing to incur the expense. Thailand's accounting standards are based on IFRS. RD could work with industry and the professions to codify the differences between IFRS and tax reporting. There has been some progress in addressing areas of doubt and this could be built on. The guidance could be improved by using an example to illustrate how the rules apply in practice. RD does publish FAQs and around 10 years of replies to queries can be accessed on its website. RD has begun to digitalize the tax process, but the process is incomplete. For example, supplementary filings have to be submitted in paper form. Thailand needs to grow its tax base. As more and more transactions are in electronic form, there is scope to increase the formalization of the economy. RD should also make greater use of data it already receives to prefill or do away with reporting requirements.
Premier Professional Consulting Co., Ltd.	Enterprise resource planning (ERP) consulting firm	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and	RD has a good understanding of good practice in training and development, although there may be some gaps. Taxpayers' experiences suggest that implementation may be lacking (LTO auditors well rated by performance in local offices much less so). This may come from the workloads and shortage of personnel, the focus on tax yield targets, and the variability of experience and training of front-line staff conducting compliance activities. Business owners struggle to understand the tax rules. These should be more straightforward and capable of being encoded in software applications. Businesses need to comply with two standards: accounting standards and tax rules. RD has the power to define the tax rules and business owners find it difficult to challenge their interpretation. There are multiple rules affecting the computation of taxable profits and those tax rules change quite often per economic condition which makes it hard for developing affordable software for SMEs.

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		commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	
The Board of Investment of Thailand	Government	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? How does this affect the investment environment? How effective are tax incentives in Thailand in influencing investors' location decisions?) 3. What are the potential reforms to simplify or remove the rules and improve the filing process?	The tax administration process can be detrimental to investors. RD officers have variable skill levels, which can be problematic. They also ask for different levels of proof in support of claims for tax incentives. Obtaining refunds can be a slow process, which is a problem for exported who naturally have an excess of input tax to reclaim. SMEs do not always understand their tax obligations. MNEs are usually well advised and knowledgeable. When it comes to incentives and tax exemptions, BOI and RD sometimes take different positions. This creates uncertainty for investors and damages BOI's reputation if it has promised an incentive that RD refuses to grant. In a recent case, RD challenged the carry forward of expenses that had been agreed by BOI and the Court found for RD. In another case, BOI said that investment support would be treated as a (non-taxable) donation but RD treated it as revenue. If BOI grants tax benefits that give rise to a refund, the taxpayer will be audited. RD effectively cancels tax benefits promised by BOI in some cases and investors concede to avoid the audit being widened to cover the whole business. BOI and RD are not aligned on these tax issues. This reflects a failure to engage with one another during the policy formulation process. To address this, RD and BOI created a working group to develop a common position on contested issues. Unfortunately, the agreed interpretation was not disseminated to RD officials. Following the Court case referred to earlier, business listens to RD not BOI when it comes to tax. RD tend to talk when they disagree but there is a need for more structured/regular dialogue.

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			BOI encourages businesses to adopt good management practices including robust accounting, as this supports growth and eventual IPO (although not all business owners are aiming at flotation). RD should partner with banks to provide more support for businesses. Banks are reluctant to support businesses when they do not trust the accuracy of their financial statements. RD's tendency to punish mistakes discourages businesses from seeking support and advice. Thai businesses see government regulation overall as overly burdensome. Government agencies are not good at sharing information; they operate in silos. The system of government is highly centralized and provincial governors lack clout. Improving tax certainty should be a priority for Thailand, given the proposed global minimum tax. BOI would like to discuss that with RD.
Federation of Thai Industries	Federation	1. From your experience, what is your impression about accounting and tax systems Thailand? 2. From your experience, what is your impression on tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practice? What audit techniques do they use? 5. How much discretion do auditors have and is this exercised consistently and fairly?	Thailand could benefit from good practice in tax administration elsewhere. A standardized approach would be desirable. Currently, people in the private sector don't fully understand the tax system. Officers within RD have different levels of understanding too and are not always commercially aware. This complicates the compliance process. RD should look for ways to simplify the process and should engage with the private sector to that end. The current tendency to blame one another should be replaced by a dialogue that aims to achieve mutual understanding. RD's working assumption used to be that all taxpayers were engaged in evasion but they are more open-minded now, perhaps excessively so. Engaged with RD recently to discuss a major project and they worked constructively to address the tax issues and provide certainty about the tax treatment. RD is also better at consulting about proposed regulations before they are issued, to ensure they can be followed in practice. Consultation is now a constitutional requirement. Figures for foreign direct investment show that Thailand is an attractive destination. Foreign direct investors are well advised to partner with local advisers to understand what tax incentives are available and how to comply with the tax system.

Stakeholders	Type of Organization	Interviewed Questions	Summary of interviewees' responses
		6. What are the potential reforms to simplify or remove the rules and improve the filing process?	Differences between accounting profits and taxable profits do give rise to problems. The rules are complex and hard to follow, especially for SMEs. E-filing does not eliminate this underlying complexity. The rules governing accruals are different for accounting and tax purposes. Schemes designed to encourage taxpayers to regularize past errors have achieved low take-up (15%) despite the promise that past years would be left undisturbed. Taxpayers are fearful of Rd and so unwilling to engage. It does not help that the language used on revenue forms is highly technical and difficult for ordinary taxpayers to understand. There is scope to simplify the process for SMEs and reduce their dependence on intermediaries. Some Improvements have been made already; for example, the PIT 091 is now much easier to complete and can be filed electronically. The system has some internal checks that help prevent users from making basic errors. But RD needs to make its systems usable on a smartphone as they are much more ubiquitous than PCs. Some aspects of the system have failed to keep pace with business practices. The VAT system is 30 years old and assumes delivery precedes invoicing/payment but this is not true for e-commerce.

Main findings:

- LTO is generally well regarded and there is evidence of RD looking to build a positive relationship with large taxpayers and foreign investors.
- RD is doing a lot to build its international tax capacity.
- Experience of SMEs and their advisers is much less positive.

ถ้าเลือกได้ท่านอยากให้กรมสรรพากรทำอะไรเพื่อเพิ่มประสิทธิภาพใน การประกอบธุรกิจของท่าน?

Mentimeter

ลดช่องว่างภาษีcitกับpit
ขยายฐานภาษีไปยังผู้ที่อยู
ลดความซับซ้อนการตีความ
simplify tax system   ลดความซ้ำซ้อน
ลดความต่างกับบัญชี   ทำให้การตัดสินภาษีชัดเจน
ให้คำปรึกษาเชิงลึก   กฎหมายที่ออกมาเข้าใจง่าย
improveเวลาใช้ตรวจคืนภาษี
ปรับกฎหมายให้ง่าย ให้ความรู้ภาษีอากร
เพิ่ทประสิทธิภาพการคืนภาษ

6

ประสบการณ์ของท่านด้านความสามารถของผู้ตรวจสอบภาษี

Experiences with and capabilities of tax auditors

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1. นักตรวจสอบภาษีของกรมสรรพากรมีความเข้าใจที่ดีเกี่ยวกับกฎหมายภาษีอากรทั้งในประเทศและต่างประเทศ
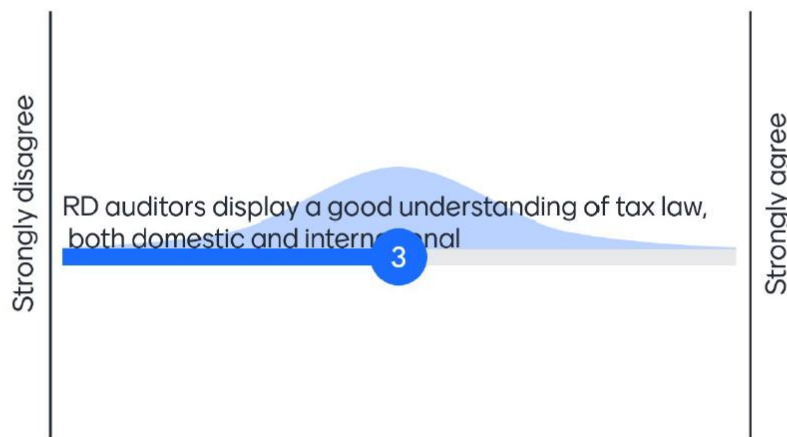
2. นักตรวจสอบภาษีของกรมสรรพากรมีความตระหนักในด้านการค้าและมีความรู้เกี่ยวกับลักษณะของอุตสาหกรรมต่างๆ

Strongly disagree

RD auditors are commercially aware and knowledgeable about the characteristics of different industries

2.6

Strongly agree

8
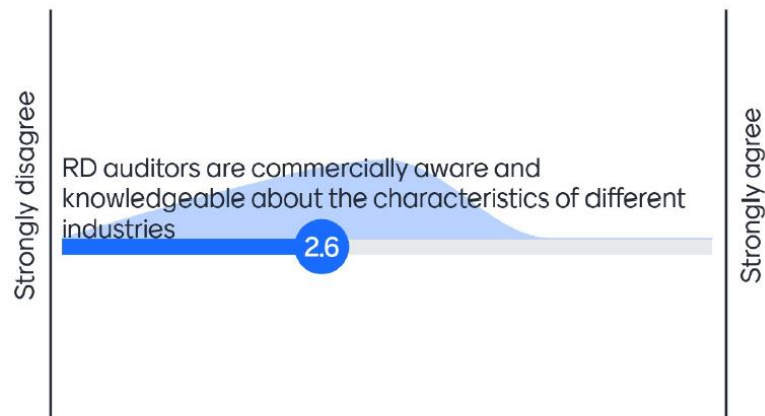
3. นักตรวจสอบภาษีของกรมสรรพากรมีการอธิบายเหตุผลเมื่อมีการเสนอให้ปรับการเสียภาษี โดยพิจารณาจากข้อเท็จจริงและมีเหตุผลประกอบทางกฎหมายที่ดี

Strongly disagree

RD auditors make a reasoned case for proposed adjustments, based on the facts of the case and sound legal arguments

3.1

Strongly agree

8
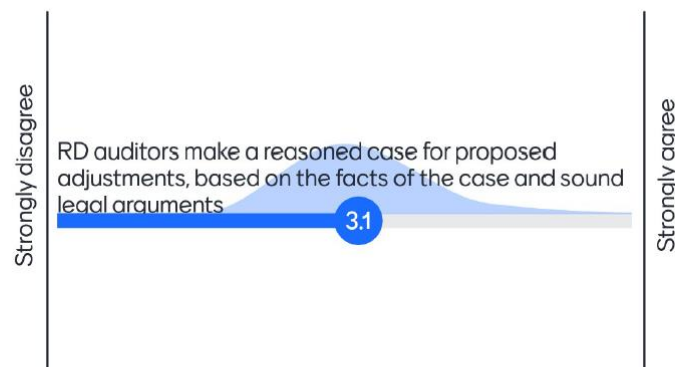
กระบวนการตรวจสอบทางภาษี

Tax Audit Process

1. กรมสรรพากรมีการอธิบายขอบเขตและเหตุผลในการตรวจสอบภาษีอย่างชัดเจนก่อนเริ่มกระบวนการตรวจสอบ
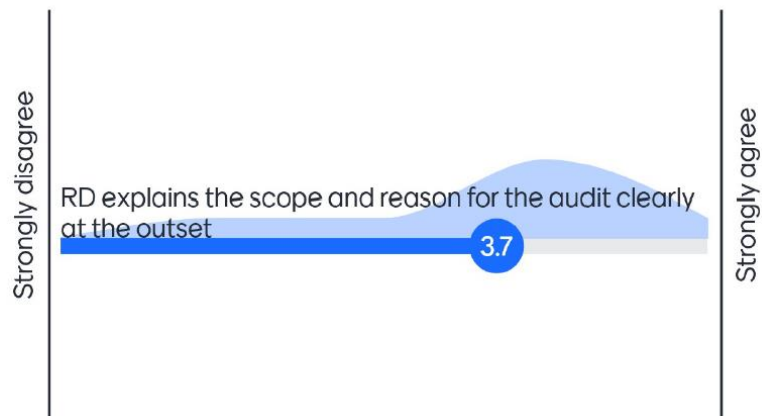
2. กรมสรรพากรดำเนินการตรวจสอบภาษีอย่างเป็นมืออาชีพและทันท่วงที
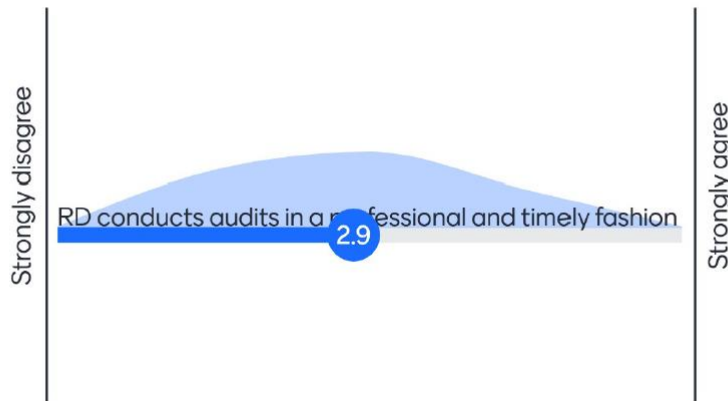
3. หากมีข้อพิพาท ภาคธุรกิจสามารถได้รับการพิจารณาคดีอย่างยุติธรรมและทันท่วงทีผ่านกระบวนการอุทธรณ์
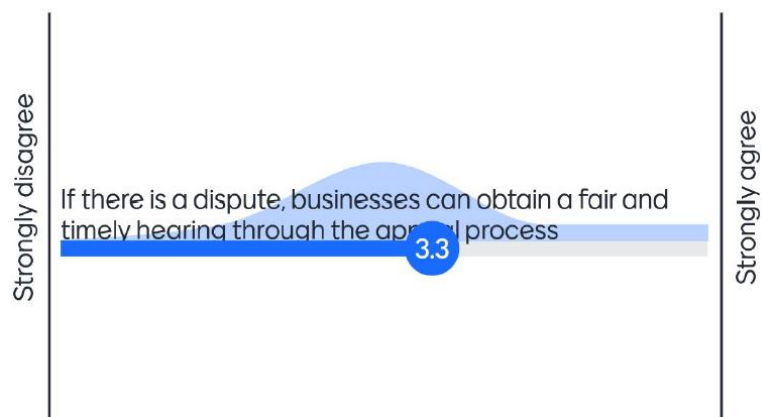
ภาษีและบรรยากาศการลงทุน

Tax and the investment climate

สิทธิประโยชน์ทางภาษีที่มีอยู่ในปัจจุบันทำให้ประเทศไทยเป็นสถานที่น่าลงทุน

Strongly disagree

The tax incentives available make Thailand an attractive investment location.

3.9

Strongly agree

2. การบริหารภาษีในประเทศไทยก่อให้เกิดบรรยากาศการลงทุนที่ดี

Strongly disagree

Tax administration in Thailand contributes to a positive investment climate

3.4

Strongly agree
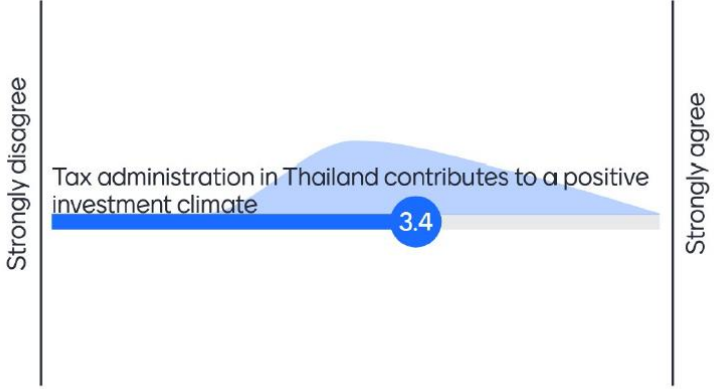
3. ความแน่นอนทางภาษีเป็นสิ่งสำคัญและจะทวีความสำคัญยิ่งขึ้นหากมีการนำอัตราภาษีขั้นต่ำทั่วโลก 15% มาใช้

Strongly disagree

Tax certainty is important and will be more so if the global minimum tax of 15% is implemented

4.3

Strongly agree

26 September – 12 October 2022

Stakeholders	Type of Organization	Discussion Topics / Interviewed Questions	Summary of interviewees' responses
Revenue Department	Government	**Audit Process** • Understand the tax audit process for SMEs in Thailand (step-by-step) • Understand the linkage with the Social Security Office (SSO) audit process • Understand dispute management when audit outcomes are not agreed • Understand the tax audit process and challenges for large businesses **RD Auditor Training and Development** • Recruitment of tax auditors (process/qualifications) • Performance management system: What are their personal KPIs? Discuss in detail annual performance assessment and competency assessment • Career path: Number of people at each tiers? How many people progress each year? • Tax auditors' skill development: discuss tax audit handbook • Focus group interview to get tax auditor's feedback on training and career development **Barriers to automating the translation of accounting profit into taxable profit**	**Tax audit process**: The process mapping is not possible since RD refuses to disclose the detail of each step. Potential areas for improvement include: 1) Case selection: the key element of compliance risk management (CRM) is missing. There is no feedback from the settlement (audit outcomes) to the initial risk assessment. Currently, the RD's systems only capture the total settlement and there is a check box to capture reasons for adjustments but there is no breakdown. Consequently, results can't be compared with initial risk assessment other than at the aggregate level. 2) Quality control: Quality Control is largely the role of line management. Internal Audit checks the propriety of RD management (e.g. budget control) but not audit quality. Inspector Generals of RD also review the work of the regions and local offices and focus on three areas: tax audit, tax legislation and technical issues. These reviews are based on the examination of cases that are selected at random and will consider whether the work has been conducted in accordance with the relevant standards and regulations. However, the number of audit cases reviewed is too limited based on three randomly selected cases for each office. More investigation and information are required to assess the effectiveness of the quality control system. 3) Coordination with the Social Security Office (SSO): SSO audits involve the verification of employers' compliance with their obligations to contribute to the social security fund and the workers' compensation fund. There is limited coordination and information sharing between RD and SSO. For example, SSO does not know how many of the cases it

Stakeholders	Type of Organization	Discussion Topics / Interviewed Questions	Summary of interviewees' responses
		• Discuss RD's initiatives on reconciling accounting profit and taxable profit: How complete is the tax dimension/tax software – does it still need manual adjustment? • Discuss legislative framework, requirements, processes, and related statistics of the online tax filing system (PIT/CIT/VAT)	reviews are also subject to an audit by RD covering the same period. This duplication is an avoidable cost for businesses. **Tax auditor's training**: In updating to the findings from the Mission in July, the local offices also develop training materials which include case studies. However, training activity undertaken locally is not reported back to the HR department. Therefore, there is a scope to improve the coordination to understand the total cost, link to training need assessment, retain local ownership and input, avoid duplication of effort, and ensure consistency. As RD is strengthening its performance management system - the managers are trained to give face-to-face feedback which could potentially lead to more demand for training. Therefore, another area for improvement is making training needs assessment a part of the formal process. **Tax filing process and enable automation**: RD has codified the rules, so-called tax dimensions which require maintenance and updating as the rules change. The potential area for improvement is to clearly distinguish the process and compliance which could be done by creating simpler rules for SMEs and ensuring limited human intervention in the tax computation and filing process (at least not for SMEs).
Social Security Office	Government	What is the cope of SSO's audit and how does it fit with RD's audit?	• The meeting was held to help WB understand the process that SSO follows when it decides to verify employers' compliance with their obligations to contribute to the social security fund and the workers' compensation fund. • Some risk factors were discussed when the WB team met with the SSO in July but case selection is based on a narrower set of indicators. Cases will be selected if there are indicators of non-compliance (late filing, or late payment), if there has been a complaint about the employer (paying below the minimum wage, or employing under or overaged staff) and also if the contribution to the compensation fund is less than was forecast for the period.

Stakeholders	Type of Organization	Discussion Topics / Interviewed Questions	Summary of interviewees' responses
			• Initially employers will be requested to provide documentation in the form of their payroll records and declarations provided to the Revenue Department (RD). The latter include forms PND1 and 1A (summary of payment to employees), the financial statements and PND50. This enables the SSO to verify that the payroll declarations made to them are consistent with the figures provided to RD. SSO does not verify the figures by reference to underlying records, such as bank statements. Most cases will be settled following a review of the selected documents, but some may require a field visit. A field visit will be undertaken in cases that result from complaints about the employer. • SSO does not know how many of the cases it reviews are also subject to an audit by RD covering the same period. Case level information is not shared between the Departments. SSO officials believe it would be beneficial to undertake joint audits of employers with RD. They also believe it would be helpful to have access to RD's risk rating of employers.
Double M Technology Management Co., Ltd.	ERP software development	1. From your experience, what is your impression of accounting and tax systems in Thailand? 2. From your experience, what is your impression of the tax code, policy, filing and tax auditing process? 3. Are audits conducted in a timely and efficient manner? Are auditors able to clearly explain the reasons for an audit and the grounds on which they are proposing any adjustments to the submitted tax return? 4. Do auditors have a good understanding of business and commercial practices? What audit techniques do they use? 5. How much discretion do auditors have? Is this exercised consistently and fairly? 6. What are the potential reforms to simplify or remove the rules and improve the filing process?	**The objectives are to obtain additional information and validate the preliminary findings during the mission. The responses are consistent with the previous mission in July.** In summary: 1. Computing Taxable Profits in Thailand, the interviewees agree that tax rules should be simplified for SMEs. The requirement for the return to be "signed off" by an external auditor imposes an additional barrier to the automation of the tax return process. 2. Interviewees believe that the private sector and government to collaborate to create a better compliance climate. 3. On audit practices and tax auditor's capabilities, it is difficult to generalize. Some RD auditors are professional in their approach, undertaking a rigorous record examination and making a reasoned case for any proposed adjustment. However, in a significant minority of the cases, the RD officer has proposed an arbitrary adjustment, sometimes hoping to secure an under-the-table payment.
PEAK	Accounting software development		
GreenPro KSP Consulting Co., Ltd.	Accounting and consulting firm		

Workshop: presentation with key findings of agreed areas of improvement for the Tax Audit Process in Thailand.

Tuesday, 7ᵗʰ March 2023. 15.30 – 16.30 hours.
Zoom meeting:
https://worldbankgroup.zoom.us/j/97790000462?pwd=SWsxQXJQb1dQekdyMGdWSlFpcnlPZz09
Meeting ID: 977 9000 0462 | Passcode: BL0mt8#ZKv

Simultaneous translation provided.

Background

Private stakeholders complain that the lack of transparency of the tax system makes it difficult for companies to comply with their tax obligations, increases their exposure to lengthy audits, and fosters informality – especially for small companies that cannot afford to hire lawyers or accountants to inform them on their tax liabilities. This element of the project will establish the "as is" process for CIT and VAT refund audits. Changes that bring the process into line with international good practice will then be proposed.

objectives

1. To present key findings of agreed areas of improvement for the Tax Audit Process in Thailand.
2. To obtain feedback and suggestions

Agenda

Time	Activities	By
15.30 – 15.35	Opening and welcoming remarks	(OPDC) Jaime Frias (World Bank)
15.35 – 15.40	Roundtable self-introduction	All
15.40 – 16.10	Presentation: key findings of agreed areas of improvement for the Tax Audit Process in Thailand.	Jonathan Pemberton World Bank
16.10 – 16.25	Q&A	All
16.25 – 16.30	Summary and Closing	Jaime Frias World Bank

ที่มา

ผู้มีส่วนได้ส่วนเสียในภาคเอกชนให้ความเห็นว่า การขาดความโปร่งใสของระบบภาษีทำให้บริษัทต่าง ๆ ปฏิบัติตามภาระภาษี ได้ยาก อีกทั้งยังเพิ่มความเสี่ยงในการตรวจสอบภาษีที่ใช้เวลานาน ส่งผลให้การดำเนินธุรกิจนอกระบบในประเทศไทยมีความ แพร่หลาย โดยเฉพาะอย่างยิ่ง สำหรับบริษัทขนาดเล็กที่ไม่สามารถจ้างทนายความหรือนักบัญชีเพื่อให้ข้อมูลเกี่ยวกับภาระภาษี ของบริษัท การศึกษาเพื่อพัฒนากระบวนการตรวจสอบภาษีในประเทศไทยภายใต้โครงการนี้ จึงได้ศึกษากระบวนการที่ เกี่ยวข้องในการตรวจสอบภาษีนิติบุคคลและการขอคืนภาษีมูลค่าเพิ่มในปัจจุบัน เพื่อจัดทำข้อเสนอแนะเพื่อพัฒนา กระบวนการตรวจสอบภาษีดังกล่าวให้สอดคล้องกับแนวปฏิบัติที่ดีของนานาประเทศ

วัตถุประสงค์

1. เพื่อนำเสนอข้อค้นพบในการปรับปรุงกระบวนการตรวจสอบภาษีในประเทศไทย
2. เพื่อรับฟังข้อคิดเห็นและข้อเสนอแนะ

กำหนดการประชุม

เวลา	กิจกรรม	โดย
15.30 – 15.35 น.	เปิดการประชุมและกล่าวต้อนรับ	Jaime Frias ธนาคารโลก
15.35 – 15.40 น.	แนะนำตัว	ทุกคน
15.40 – 16.10 น.	การนำเสนอ: ข้อค้นพบในการปรับปรุงกระบวนการตรวจสอบภาษีในประเทศไทย	Jonathan Pemberton ธนาคารโลก
16.10 – 16.25 น.	ถาม-ตอบ และ เปลี่ยนข้อคิดเห็น	ทุกคน
16.25 – 16.30 น.	สรุปผลและปิดการประชุม	Jaime Frias ธนาคารโลก

PARTICIPANT LIST

Agency	Full name
Office of the Public Sector Development Commission (OPDC)	1. Ms. Areepan Charoensuk, Deputy Secretary-General 2. Mr. Natta Bhachaiyud, Director 3. Ms. Nicha Sathornkich, Director 4. Wanisara Sukhawat, Public Sector Development Expert 5. Mr. Kunan Bangphoomi, Public Sector Development Officer 6. Ms. Poruedee Khlungkorn, Public Sector Development Officer
Revenue Department (RD)	**Tax policy and planning division** 1. Mr. Krit AkarapongpIsai, Tax economist, senior professional level acting in expert level 2. Mr. Thakorn Supreeyaporn, Tax economist, senior professional level 3. Mr. Nathawat Atukyothin, Tax economist, senior professional level **Tax audit standards division** 4. Ms. Warawan Kitwicha, Director 5. Mr. Sirichai Thongdee, Tax Audit Officer, Senior professional level

Agency	Full name
	Inspector-General office 6. Ms. Janyaporn Sitthiworachart, tax audit officer, senior professional level **Area Revenue Office** 7. Mrs.Padtamawadee Akrapongpisai, Tax audit officer, Senior professional level 8. Ms. Tularat Techoho, Tax audit officer 9. Ms. Jitthima Phongsai, Tax audit officer 10. Ms. Pattamaporn Pontecha, tax audit officer 11. Mr. Chatavate Srinieng, tax audit officer **Tax supervision and audit standards division** 12. Ms. Duanpen Supawattanakul Tax Audit Officer Senior Professional Level 13. Mr. Radit Thongbiyai, Tax audit officer
World Bank Group (WBG)	1. Jaime Frias, Senior Economist 2. Jonathan Leigh Pemberton, Senior Tax Consultant 3. Kwanpadh Suddhi-Dhamakit, Country Officer 4. Sakulrat Bovornsantisuth, Analyst 5. Anchidtha Roonguthai, Private Sector Development Consultant 6. Thanapat Ruengsri, Economist 7. Parichart Atcharerk, Program Assistant 8. Piathida Poonprasit, Program Assistant

SYNTHESIS

- During the opening and welcoming remarks, OPDC explained the rationale of the project which is to improve the enabling business environment in three areas: (i) Trade Facilitation (ii) Efficient Tax administration and (iii) Public Procurement Efficiency. The improvements proposed will aim to simplify the overall business environment for the private sector in Thailand. Under the efficient tax administration component, the analyses identify ways in which the RD can improve:
    - The training of tax auditors;
    - The tax filing process and enable tax automation in Thailand; and
    - The tax audit process

  The chair encouraged and welcomed feedback from RD
- The presentation today aims at presenting the finding and recommendations to strengthen the tax audit process in Thailand. The WB team also thanked the RD for continuing support in making the study successful.
- The WB team explained the methodology of the study which relied on interviews with senior managers and frontline staff in the RD, complemented by meetings with taxpayers and their advisers. Given the limitation on accessing key information due to confidentiality concerns, details mapping of the audit process was not possible. Nonetheless, the evidence provided to the WB team produced a consistent picture of the audit process and how it is managed. The WB team also looked at the role of the SSO, which undertakes audits of payroll compliance. While it is not the main focus of this study, there is

clearly scope for greater coordination with the RD, which would reduce the compliance burden on employers and save resources.

- Based on the OECD's modern Compliance Risk Management (CRM) framework which is the standard model for international good practices, the WB team found that:
  - o RD undertakes risk assessment for case selection twice, centrally and at the local level. There is clear scope for duplication of effort, but data needed to assess the effectiveness of the process is not collected or analyzed systematically.
  - o Modern CRM is data-driven and uses the data about the results of compliance interventions to ensure case selection is continuously improved and responsive to changes in taxpayer behaviour.
  - o In the RD, the risk management process lacks meaningful feedback mechanisms
  - o Risk rules are numerous (100) but static
  - o Data about results captured systematically is insufficient to ensure effective feedback to the risk rating process (although case summaries appear to include detailed information about reasons for adjustments to tax and amounts collected).
  - o There is no compliance risk register, even in the LTO, so the RD lacks an overview of the typology of risk, how risk is distributed (by taxpayer type, sector etc.) and of the tax at risk in relation to different risks.
  - o Outside the LTO, there is no differentiation of approach according to the risk profile of the taxpayer. Cases follow a standard pattern of escalation from an advisory approach, to a full audit where more serious irregularities have been established.
- Based on the interviews with taxpayers and their advisors, the WB team found that:
  - o Feedback from businesses and advisers suggests audit quality is variable and not likely to positively impact the future compliance of taxpayers.
  - o Some advisers' perception is that the focus on revenue affects the approach of auditors, who appear determined to find some reason for making an adjustment.
  - o Quality control is primarily a matter for line management.
  - o The Inspectors General do provide an independent (of line management) view of the quality of audit work, but the scope of this review is very limited in both content and the number of cases reviewed (just three in the example we saw). This is insufficient to provide meaningful feedback to operational managers and sufficient assurance to senior management.
- Based on the findings, the WB team recommended the following to strengthen the audit process in Thailand:
  - o The RD should apply the principles of modern Compliance Risk Management (CRM) to its management of tax compliance risks. Specifically, this will involve a more systematic approach to the initial risk assessment and the capture of data about the compliance results achieved. This is fundamental to the continuous improvement of risk analysis and case selection that is built into modern CRM.
  - o The RD should develop a compliance risk register, as this plays a central role in the CRM process. The LTO offers an opportunity to pilot the use of a compliance risk register.
  - o The LTO population will also be the first taxpayer segment to be affected by the recommendations to improve the uptake of e-invoicing in Thailand. The RD can use this as an opportunity to understand how e-invoicing will impact its approach to risk identification and verification activity.
  - o The RD should adopt a risk-differentiated approach to case management. Cases that are high risk should be subject to an audit from the outset, without the need to undertake lesser preliminary steps such as an advisory visit.
  - o The RD needs to upgrade its quality control of auditors' work.
  - o The RD should better coordinate its work on the employer's payroll with that of the SSO.
- **Discussion**
  - o OPDC posed 2 questions: (1) Given that the RD has risk screening tools (e.g. 52 factors based on the previous study), how can these tools be furthered to incorporate modern CRM?

Thailand would like to have recommendations (with an implementation timeline) on how to improve the audit process (2) what are the technological auditing tools in other countries
- WBG replied that the RD has some components of modern CRM (100 risk rules) but the feedback loop is missing. However, the WB team did not have access to the information on the risk rules, the risk register, or audit case files. The WB team noted that the study focuses on the auditing process and the technological tools are not the focus of this study.
- In terms of sequencing the reform, the LTO will be the place to start (e.g. piloting risk register) before scaling up to medium size and small businesses.

o The RD informed that the RD is in the process of upgrading the system to collect result information, so ensuring there is a feedback loop. The RD clarified that the RD consider the case based on risk level (low, medium, and high). The case with high risk will trigger a full audit.

o The RD requested that the WBG shares risk indicators/risk criteria/risk scoring in other countries.
- The WB team replied that countries use a mix of factors the RD has already employed. The key thing missing is the feedback loop so that the risk indicators are continuously updated corresponding to economic conditions and the business environment. feedback would also help RD to have a fuller understanding of the risk factors identified at the local level and how well these complement those used centrally. RD also need to develop a compliance risk register and can pilot it at the LTO.

o OPDC asked about what information RD should disclose to the general public when auditing (e.g. risk rules) and criteria for tax returns.
- The WB team replied that RD should not publish the risk rules. RD can tell the general public about the mechanism that drives risk screening criteria, and that the process is data-driven. Publishing the specific criteria used for case selection may encourage some taxpayers to "game the system". For example, Australia did publish information about the business ratios (gross profit rate etc.) that it used to assess risk in different sectors of the SME population. Some more profitable businesses began to report results that were closer to the "norm", to pay less tax. The practice was discontinued as a result.

o OPDC asked that other than EI which can be used as a tax control tool, are there any other tools?
- The WB team replied that a well-developed EI is a powerful tool for VAT control based on international experience. Some countries have started to use computer-assisted audit tools to verify large-scale electronic records of firms.

o The RD asked about international experience in audit replying fully on digital technology.
- The WB team replied that countries are using technology to automate some aspects of verification. This can help test the basic reliability of records but more complex issues still require analysis by tax auditors, for example, transfer pricing risks.

o OPDC asked about cross-border financing transactions between related parties
- The WB team replied that internal finance is often used for tax planning purposes by MNEs. However, this is a tax policy issue primarily and Action 4 of the original BEPS program suggests how countries can limit their exposure by capping the amount of interest that is deductible for tax purposes.

o The RD asked whether tax dimensions and tax auditor training will be covered in the report.
- The WB replied that these topics are covered in the previous deliverable.

- **Next steps:** the WB team reiterated the limitation on accessing several key information. The implementation timeline will be provided as appropriate.

The RD's Audit Process Lacks Key Elements of CRM

1. RD undertakes risk assessment for case selection twice, centrally and at the local level. There is clear scope for duplication of effort, but data needed to assess the effectiveness of the process is not collected or analyzed systematically.
2. Modern CRM is data driven and uses the data about the results of compliance interventions to ensure case selection is continuously improved and responsive to changes in taxpayer behavior.
3. In the RD, the risk management process lacks meaningful feedback mechanisms:
   - Risk rules are numerous (100) but static
   - Data about results captured systematically is insufficient to ensure effective feedback to risk rating process (although case summaries appear to include detailed information about reasons for adjustments to tax and amounts collected).
4. There is no compliance risk register, even in the LTO, so the RD lacks an overview of the typology of risk, how risk is distributed (by taxpayer type, sector etc.) and of the tax at risk in relation to different risks.
5. Outside the LTO, there is no differentiation of approach according to the risk profile of the taxpayer. Cases follow a standard pattern of escalation from an advisory approach, to full audit where more serious irregularities have been established.

The Focus on Revenue May Compromise Audit Quality

1. Feedback from business and advisers suggests audit quality is variable and not likely to positively impact future compliance of taxpayers.
2. Some advisers' perception is that the focus on revenue affects the approach of auditors, who appear determined to find some reason for making an adjustment.
3. Quality control is primarily a matter for line management.
4. The Inspectors General do provide an independent (of line management) view of the quality of audit work, but the scope of this review is very limited in both content and number of cases reviewed (just three in the example we saw). This is insufficient to provide meaningful feedback to operational managers and sufficient assurance to senior management.

Recommendations

1. The RD should apply the principles of modern Compliance Risk Management (CRM) to its management of tax compliance risks. Specifically, this will involve a more systematic approach to the initial risk assessment (which should include some numeric information about the case and the risk score) and the capture of data about the compliance results achieved. This is fundamental to the continuous improvement of risk analysis and case selection that is built into modern CRM.
2. The RD should develop a compliance risk register, as this plays a central role in the CRM process. The LTO offers an opportunity to pilot the use of a compliance risk register.
3. The LTO population will also be the first taxpayer segment to be affected by the recommendations to improve the uptake of e-invoicing in Thailand. The RD can use this as an opportunity to understand how e-invoicing will impact its approach to risk identification and verification activity.
4. The RD should adopt a risk -differentiated approach to case management. Cases that are high risk should be subject to an audit from the outset, without the need to undertake lesser preliminary steps such as an advisory visit.
5. The RD needs to upgrade its quality control of auditors' work.
6. The RD should better coordinate its work with that of the SSO.

The Revenue Department formulates the personnel development policy for its personnel to become professional in tax administration under good governance with good quality of life principles. The main goal is to develop proficient personnel to advance their career paths. Therefore, the working group has adopted this concept to develop the tax auditing courses corresponding to the main goal; hence two main courses are provided.

The Core Courses are provided to develop the government officials in terms of knowledge, proficiency, and competency-based on the Core Competencies, which are the fundamental skill and knowledge required for the government officials at the practitioner level to perform and achieve key missions and for professional level, to train other officials. In addition, the senior professional level can also recommend, supervise, and regulate the subordinates to perform the work correctly.

Functional Courses are provided to improve the skills and knowledge required for government officials to perform different duties and responsibilities following the particular nature of each person's work. Thus, the knowledge and competency can be applied in operation. The development of the framework is as follows.

Development Plan

Core Courses

Practitioner level

(Duration of the post, 6 years for Bachelor's degree graduation, 4 years for Master's degree graduation, 2 years for Doctoral degree graduation, to be evaluated and promoted to the professional level)

Year	Course No.	Course's name	Duration
2	AD 040101	Revenue Code for the tax auditor	30 hours
	AD 040102	Regulations used in the operation	18 hours
3	AD 040103	Analysis of the financial statements for the tax audit	6 hours
	AD 040104	Techniques of efficient investigation and writing the audit report	6 hours
	AD 040105	Other laws related to the audit	18 hours
4	AD 040106	Differences between accounting and tax standards	24 hours
	AD 040107	Calculation, exemption or reduction of VAT fines	6 hours
(18 working days for the average of 5 – 8 working days per year) The total duration is 108 hours.			

*Remark: Within the first 6 months, newly recruited government officials of the operational level and practitioner level have to be trained in the course for approximately 10 working days; the subjects are not defined in the Core Courses in the first year.

Professional level

(Duration of the post, 4 years to be examined for the senior professional level)

Year	Course No.	Course's name	Duration
1	AD 050101	Workshop on the regulations used in the tax audit according to the Revenue Code (summons)	30 hours
2	AD 050102	Workshop on the discrepancy of tax and accounting standards	18 hours
	AD 050103	Workshop on other rules related to the tax audit and the operation	6 hours
3	AD 050104	Double Taxation Agreement	12 hours
	AD 050105	Transfer pricing	18 hours

4	AD 050106	Workshop on the export of goods and services and the sales of products outside the Kingdom	6 hours
	AD 050107	Investment Promotion Act	6 hours
	AD 050108	The dissolution of business, partial business transfer, merger, or transfer of the company or corporate partnership	6 hours
(17 working days for the average of 3 – 5 working days per year) The total duration is 102 hours.			

Senior professional level

(Duration of the post, 3 years to be examined for the expert level)

Year	Course No.	Course's name	Duration
1	AD 060101	Workshop on the tax audit	12 hours
2	AD 060102	Workshop on the verification of investigation reports and situation responses.	12 hours
(4 working days for the average of 2 - 3 working days per year) The total duration is 24 hours.			

Functional Courses

The function of summons audit

Course No.	Courses	Duration	Target groups (Tax auditor/regulated by)
AD 140201	Techniques in searching or confiscating the accounting evidence according to Section 3 Quinque of the Revenue Code	12 hours	- Central Audit Operation Division - Large Business Tax Administration Division - Regional Revenue Office, planning and evaluation • Planning and Evaluation of Tax Audit - Area Revenue Offices Practitioner level and professional level

The function of Operational Audit

Course No.	Courses	Duration	Target groups (Tax auditor/regulated by)
AD 140301	Audit the non-eligible tax invoice issuers and the non-lawful tax invoice users	12 hours	- Central Audit Operation Division - Large Business Tax Administration Division - Regional Revenue Office, legal affairs section - Area Revenue Office Practitioner level and professional level

The function of the Tax Audit Standard

Course No.	Courses	Duration	Target groups (Tax auditor/regulated by)
AD 140401	Audit the operation of the tax auditor and certifier	18 hours	- Tax Auditing Standard Division Practitioner level and professional level

Optional Courses

Course No.	Courses	Duration	Target groups (Tax auditor/regulated by)
AD 059901	Adoption of technology in supervising and auditing entrepreneurs (EDP AUDIT)	12 hours	Select to study as necessary
AD 059999	Complex business audit	6 hours	Select the business type following the appropriateness of the agency

Personnel Development Plan of Revenue Department for the fiscal year of 2018

Mission of Supervision and Tax Audit, Human Resource Development Section 1, Human Resource Management Division

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
1	Empowerment of operation based on the working plan, recommendation, and tax audit for the fiscal year of 2018	(2)	1. To provide knowledge and understanding to the trainees on the working plan, recommendation, and tax audit for the fiscal year of 2018. 2. To encourage the trainees to apply the obtained knowledge in planning more efficient tax administration	(1)	(3)	1. Overview and policy in preparing the working plan, recommendation, and tax audit for the fiscal year of 2018. 2. Framework for the direction in preparing the working plan, recommendation, and tax audit for the fiscal year of 2018.	Tax Supervision and Audit Standards Division Regional Revenue Office 1-12	All levels	90	1	3	900,000	✓				To provide knowledge and understanding to create acceptance in the operational plan and build participation between the policy maker and the practitioner. The communication is required for creating the acknowledgement of the working plan, recommendation, and tax audit for the fiscal year of 2018.
2	Impacts of the modern era of Digital Economy and payment system on the taxation	(1)	To provide knowledge and understanding to the officials on the changing economic system and payment system to apply the obtained knowledge in operating	(1)	(1)	1. Electronic payment systems such as e-Wallet, Bitcoin 2. Law of the Bank of Thailand 3. Electronic Transactions Act	Tax Supervision and Audit Standards Division and relevant agencies	All levels	130	1	2	50,000		✓	✓		To increase the efficiency of operation by educating the officials to be prepared for the changes and to get acquainted with the modern

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			concerning the tax administration			4. Structure of new-pattern business and taxation											era of business operation
3	Knowledge sharing of the Community of Practitioners (CoPs) of Tax Supervision and Audit Standards Division	(2)	1. To educate the officials 2. To create opportunities in knowledge sharing altogether 3. To raise the awareness of participation 4. To encourage the knowledge-sharing culture	(2)	(1)	1. Regulations, codes of practice, laws, and working system of the Revenue Department 2. Knowledge or experience in working with people or agencies outside the Revenue Department 3. Knowledge of the operation to be correspondent with the policy of the Revenue Department 4. Significant differences between accounting principles and tax law	Tax Supervision and Audit Standards Division	All levels	60	3	1	36,000		✓	✓	✓	To continually develop the competency and increase the efficiency in the operation of the officials to apply the obtained knowledge in the self-development to become professional
4	Techniques in *Electronic Data Processing* Audit (*EDP* Audit)	(2)	To allow the officials in the Recommendation and Tax Audit Section to learn the	(5)	(2)	The theoretical part and practical parts are as follows:	Regional Revenue Office 11-12 and relevant agencies	Professional level or higher	30	1	5	1,000,000	✓	✓	✓		To serve the Road Map of EDP Audit of the entrepreneurs following the

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			ideas and methods of *EDP* Audit as well as enhance their skills in using software to detect the malfunction of the *Electronic Data Processing*			1. Forensic Accounting for Digital Environment 2. *EDP* Audit 3. Creation of database with the Microsoft Access S SQL Program 4. Techniques in searching and retrieving the data with the Microsoft Excel Program 5. *EDP* Audit processes in the practical part - Circle of revenues 6. *EDP* Audit processes in the theoretical part - Circle of expenses											manual of EDP Audit determined by the Revenue Department for 3 years (2016-2018) under the supervision of Regional Revenue Office 11-12 (KorKhor 0723/MorKor/5 54 dated 17th March 2015). In case of an insufficient number of trainees, more trainees from Area Revenue Office of Bangkok 1-30 or Large Business Tax Administration Division
5	Preparation of the officials in the Recommendation and Tax Audit Section for the *Electronic Data Processing* Audit (*EDP* Audit) for the fiscal year of 2018	(2)	To facilitate the framework and tools in the *EDP* Audit for the officials in the Recommendation and Tax Audit Section to be able to apply the obtained knowledge in the	(1)	(1)	The lecture and the discussion are as follows: 1. Overview and significance of *EDP* Audit 2. Structure of *EDP* Audit manual and	Regional Revenue Office 11-12 and /or relevant agencies	Professional level or higher	30	1	1	24,000	✓	✓	✓		To enable the officials in the Recommendatio n and Tax Audit Section to understand the operational processes, including the problems and obstacles in *EDP*

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			tax audit with efficiency and the same direction			*EDP* Audit processes 3. Questioning on *EDP* Audit 4. Assessment of the reliability of the *EDP* Audit 5. Experiences and techniques used in the *EDP* Audit											Audit for the officials who have passed the training on the techniques in *Electronic Data Processing* Audit (*EDP* Audit)
6	Capacity development of the officials of the Tax Supervision and Audit Standards Division to serve the changes towards the 4.0 era	(3)	1. To enable the trainees to understand their own rules, duties, and responsibilities 2. To allow the trainees to have chances to brainstorm and exchange the experiences in working altogether 3. To allow the trainees to improve and change the operation to serve the changes of the digital world	(1)	(3)	The lecture and the discussion are as follows: 1. Framework of direction and significant policies of the Revenue Department 2. Electronic transactions 3. Electronic payment method 4. Preparation for serving the changes of the digital world towards the 4.0 era	Tax Supervision and Audit Standards Division	All levels	70	1	3	455,000	✓	✓			As the current changes are both in technology and business operation patterns, the officials of the Tax Supervision and Audit Standards Division should acknowledge such changes to apply the obtained knowledge in formulating the policy for the operation to keep pace with the changes
7	Innovation of Financial	(2)	To develop the knowledge and	(1)	(1)	Knowledge of the business with the	Large Business Tax	All levels	300	1	2	100,000		✓			As the Large Business Tax

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	Technology (FinTech)		understanding of the personnel on the changes in technology affecting various forms of financial transaction services			application of modern technology with various forms of financial transaction services	Administration Division, Tax Supervision and Audit Standards Division, Legal Affairs Division, relevant agencies										Administration Division is aware of the significance of such technological changes possibly affecting the taxation of the Revenue Department, it is deemed appropriate to increase the knowledge and understanding of the personnel of the Large Business Tax Administration Division to be prepared for the incurring changes
8	Transfer Pricing PE and the Digital Economy, Transfer Pricing Dispute Resolution and Avoidance, Transfer Pricing Aspects of Intangibles and Cost Sharing	(2)	To enable the officials to know about Transfer Pricing	(1)	(1)	1. Knowledge in Transfer Pricing, such as the permanent establishment and digital economy, dispute resolution and avoidance of intangible assets and cost-sharing 2. Practice from the case study	Large Business Tax Administration Division	All levels	300	1	3	149,000	✓	✓	✓	✓	Transfer Pricing is included in the plan for increasing the efficiency in taxation of the Large Business Tax Administration Division to serve the Transfer Pricing law.

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
9	Knowledge sharing of the Community of Practitioners (CoPs) of the Large Business Tax Administration Division	(2)	1. To promote the arrangement of knowledge sharing forum in the organization 2. To generate the sharing of knowledge, competence, and opinions altogether 3. The trainees can apply the obtained knowledge in furthering the operation to be more efficient and not allow the same errors to occur.	(2)	(1)	1. Determining the issues or topics of knowledge in which the personnel in the agencies have a joint interest in sharing. 2. Summarizing the codes of practice, methods, and operation in which the practitioner has applied the knowledge obtained in operation, such as the guidelines of problem solution, to share and develop and create the database, knowledge, or codes of practice altogether.	Large Business Tax Administration Division	All levels	550	10	1/2	53,000	✓	✓	✓	✓	To promote the arrangement of knowledge sharing forum in the organization.
10	Establishment of paradigm in operating Large Business Tax Administration Division in the Thailand 4.0 era	(2)	1. To revise the preparation of the operational plan of the Large Business Tax Administration Division in the fiscal year of 2018 2. To analyze the success of the activities/projects	(1)	(3)	1. Revise the preparation of the operational plan and analyze the success of the activities/projects operated in the fiscal year of 2018 2. Divide the members into groups for	Large Business Tax Administration Division	All levels	200	2	3	1,200,000				✓	1. Revision of the operational plan for the fiscal year of 2018 to analyze the success, problems, and obstacles of the activities/projects operated in the fiscal year of 2018 and to

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			operated in the fiscal year of 2018 3. To brainstorm and bring the opinions and recommendations to prepare the operational plan for the fiscal year of 2019 4. To encourage the participation of personnel in knowledge sharing of operation and the determination of operational plan for the fiscal year of 2019 5. To improve and change the operation to serve the changes of the digital world			brainstorming and joining in sharing their opinions and recommendations in the operation 3. Apply the results from brainstorming to determine the framework of direction for the preparation of the operational plan 4. Preparation to serve the changes in the digital world that affect the operation											bring such analysis results to determine the operational approaches of various sections by preparing the operational plan for the fiscal year of 2019 to prepare the plan for the achievement as prescribed by the Revenue Department 2. The government officials at the Senior Professional Level or higher of every section are the personnel who regulate the operation and know the problems occurring. Therefore, brainstorming and sharing of opinions and recommendations altogether

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
																	will help create a more efficient operational plan to serve the changes of the digital world.
11	Forensic accounting for the digital world	(1)	1. To know the concept of forensic accounting and the differences between audit and the forensic accounting 2. To study the process of forensic accounting and the fraud audit 3. To study the methods of financial fraud using the accounting method	(1) (4)	(1)	1. Forensic accounting for the digital world 2. Techniques and methods of forensic accounting	Central Audit Operations Division, Tax Supervision and Audit Standards Division, Large Business Tax Administration Division, Tax Auditing Standards Division, Electronic Processing Administration Division, Public Sector Development Group, relevant agencies	All levels	210	2	3	100,000		✓			To enhance the trainees to apply the obtained knowledge in performing relevant operations correctly and efficiently (Telepresence to nationwide agencies)
12	Integration to drive the operation of the Central Audit Operations Division in the digital economy era	(2)	1. To revise the operational plan for the fiscal year of 2018 2. To analyze the success of the activities/projects	(1)	(3)	1. Revise the preparation of the operational plan and analyze the success of the activities/projects operated in the fiscal year of 2018	Central Audit Operations Division	All levels	195	2	3	1,200,000				✓	1. Revision of the operational plan for the fiscal year of 2018 to analyze the success, problems, and obstacles of the

| No. | Project/ Course | Consistent with the plan (1) – (6) | Objectives of the project | Method (1) – (5) | Venue (1) – (3) | Brief content | Target group | | | | | Budget | Operations in Quarter | | | | Reasons of necessity |
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			operated in the fiscal year of 2018

3. To brainstorm and bring the opinions and recommendations to prepare the operational plan for the fiscal year of 2019

4. To encourage the participation of personnel in knowledge sharing of operation and the determination of operational plan for the fiscal year of 2019

5. To create the body of knowledge in operation in correspondence with the changes in the transformation to the Thailand 4.0 era | | | 2. Divide the members into groups for brainstorming and joining in sharing their opinions and recommendations in the operation

3. Apply the results from brainstorming to determine the framework of direction for the preparation of an operational plan for the fiscal year of 2019

4. Creation of a body of knowledge in operation in correspondence with the changes in the transformation to the Thailand 4.0 era | | | | | | | | | | | activities or projects operated in the fiscal year of 2018 to determine the operational plan for the fiscal year of 2019

2. To allow relevant officials to know the problems and obstacles in the operation so that they can brainstorm and exchange opinions and recommendations altogether, which will help create a more efficient operational plan in Thailand 4.0 era

3. To create a team working |
| 13 | Required audit standards | (2) | To enhance the officials to be proficiency in the operation | (1) | (1) | Audit standards:
1. Risks in the audit and internal control

2. Audit planning | Tax Auditing Standards Division and relevant agencies | Practitioner level or higher | 30 | 1 | 2 | 32,000 | | ✓ | ✓ | | To develop knowledge for the officials |

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
						3. Papers of the auditors 4. Sample selection in the audit											
14	Direction and policy of the Revenue Department with the operation of the accounting professions and the tax auditors	(5)	To educate and create the correct and same understanding between the officials and relevant persons to the organization to use in operation and find the solutions to problems	(1)	(3)	1. Policy of the Revenue Department on the recommendations and tax audits in which the accounting professionals and the tax auditors should cooperate and promote 2. Risks in the operation which the accounting professionals and the tax auditors should be aware of	Tax Auditing Standards Division, relevant internal and external agencies	All levels	45	1	3	310,000			✓	✓	To create the correct and same understanding between the officials and relevant persons to the organization to use in operation and find the solutions to problems
15	Development of the body of knowledge in business together with the taxes to promote Thai SMEs in the digital economy era	(2)	1. To develop the business body of knowledge in the digital economy era to the personnel to be prepared to be the Business counsellors of the SMEs operators nationwide 2. Build the network of cooperation, create	(1)	(2)	1. Economic circumstances worldwide and nationwide 2. Environment and Business Ecosystems in the digital economy era 3. Access to the tax benefits for SMEs and other benefits from the operation	Small and Medium Business Tax Division, Tax Auditing Standards Division, *RD* Intelligence Center, central agencies, Regional Revenue Office, and	Practitioner level, Professional level, and Senior professional level	100	2	3	900,000		✓			1. Enhance the efficiency of the officials in conveying the tax and non-tax business knowledge to SMEs 2. Provide the lecturers with promoting and supporting SMEs

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			a good attitude to be the mechanism supporting and promoting the SMEs operators nationwide to have voluntariness in the tax payment			of both public and private agencies from the start of business to the access to capital sources and the strengthening in business operation 4. Creation of personality by professional lecturers	relevant agencies										in each agency nationwide 3. Create a good attitude and voluntariness in performing the tax duties of the entrepreneurs nationwide correctly
16	Use of Corpus	(2)	To allow the RD officials to learn the Corpus work	(1)	(1)	Information and methods in using the Corpus	Relevant agencies	All levels	300	1	1/2			✓	✓		1. Enhance the efficiency of the officials in conveying the tax and non-tax business knowledge to SMEs 2. Provide the lecturers with promoting and supporting SMEs in each agency nationwide 3. Create a good attitude and voluntariness in performing the tax duties of the entrepreneurs nationwide correctly

No.	Project/ Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	Total								**2,339**	**31**		**6,509,000**					

Personnel Development Plan of Revenue Department for the fiscal year of 2020
Recommendations and Tax Audit, Human Resource Management Division

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
1	Adjustment of paradigm towards success	5, 6	1. To adjust the ideas for the officials to know and understand the roles, duties, and responsibilities of the Revenue Department's operation in the digital era 2. To brainstorm and share the experiences 3. To cultivate good governance and good culture in operation to the officials in the organization	1	3	1. Lecture 1.1 Importance of working in a team 1.2 Working in a team and creative conflict management 1.3 Standards and development of morality, ethics, and honesty 1.4 Raising awareness of the responsibilities for public operation 1.5 Establishment of moral organization 2. Grouping for practising 3. Study visit	Central Audit Operations Division	All levels	100	1	4	899,450	✓	✓			To maximize the efficiency in the operation and to apply the operation to achieve the objectives of the Revenue Department

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
2	Coordination and cooperation with relevant agencies in the litigation regarding the offences of using technology as the tool	1, 2, 3	1. To create the correct and same knowledge and understanding between the officials and the operational network 2. To share knowledge and experiences in offending to apply the facts in developing the audit to become efficient 3. To allow the officials and the operational network to have the direction of working in the correspondent approaches 4. To enhance the cooperation among relevant agencies in offending and extending the results of the offence	1	3	1. Progress and electronic offences 2. Analysis of the electronic information and evidence 3. Investigation of current technological evidence 4. Public charity activities	Central Audit Operations Division and relevant agencies	All levels	150	1	3	758,800		✓	✓	✓	It is necessary to build a network between relevant agencies and external agencies to promote the exchange of the news, information, skills, and experiences related to the information in the internet system, information via telephone, and accounting information of the banks for quick operation and the promotion of the Revenue Department's strategies

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
3	Searching for the news at a practical level	3	1. To enhance the trainees to have the knowledge, special proficiency, and skills in searching and investigating the news 2. To enable the operation of the Central Audit Operations Division to be more efficient	1	1	1. Basic knowledge in searching for the news 2. Security in searching for the news 3. Reporting 4. Inspection of the previous matters and documentary/ electronic data investigation 5. Observation 6. Location survey 7. Field trip practice	Central Audit Operations Division	Practitioner level and higher	30	1	10	160,650		✓	✓	✓	To enhance the trainees' knowledge, special proficiency, and skills in searching and investigating the news so that the officials' operations can be successful and more efficient.
4	Design Thinking for the development of innovation in tax audit	1, 3	1. To enhance the officials' understanding and realize the importance of Design Thinking in developing the operation 2. To develop innovation in tax audit	1	3	Lecture and practice of Design Thinking: 1. Criteria of risks according to the type of operation 2. Classifying the sizes of Area Revenue Offices	Tax Supervision and Audit Standards Division, Tax Auditing Standards Division, Central Audit Operations Division, Large Business	All levels	100	1	3	1,116,708		✓	✓		The Revenue Department can bring the results from Design Thinking Workshop to adjust the working process to increase the efficiency in the tax administration

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
							Tax Administration Division, Regional Revenue Offices, Area Revenue Offices under the supervision of Regional Revenue Offices 1-12										
5	Different MORKOR GEN with the same DNA	5, 6	1. To build the relationship, harmony, cooperation, and exchange of knowledge, opinions, and experiences 2. To develop the attitude, values, and behaviours focusing on the operational competency 3. To promote morality and ethics of the government officials as well as raise the awareness of	1	3	1. Lecture 1.1 Working in a team 1.2 Working altogether among people from different generations 2. Action learning 3. Establishment of the moral organization to create good people for the good society	Tax Supervision and Audit Standards Division	All levels	70	1	3	556,950	✓	✓			To build the good relationship and cultivate awareness of the roles and duties of the working team in the agency

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			responsibilities in working														
6	To develop the knowledge and skills of practices in the tax audit	2, 3	1. To provide officials with the knowledge, understanding, and skills appropriate for the rapidly changing circumstances 2. To apply the obtained knowledge in operation efficiently	1	1	1. Tax law promulgated from 2019 onwards 2. Regulations and practical approaches to the taxation 3. Regulations and practical approaches in the tax audit 4. Knowledge of e-service 5. Administrative Procedure Act B.E.2539, relevant ministerial regulations, and consideration of administrative order 6. Consideration of the appeal, exemption, or reduction of fine	Tax Supervision and Audit Standards Division, Central Audit Operations Division, Large Business Tax Administration Division, Small and Medium Business Tax Division, Tax Auditing Standards Division, Center of Investigating and Tracking Non-Compliance Businesses, Tax Appeals Division,	All levels	200	1	5	250,850			✓	✓	Developing the competency and increasing the efficiency in the operation to apply in practice for achieving the objectives of the Revenue Department

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
							Inspector-General Office 1-6										
7	The trend of business and tax for SME Guide	1, 2, 3	1. To further knowledge in the trend of business and tax for creating the opportunities for SMEs to the trainees. This is the extension of knowledge together with the tax for keeping pace with Thai SMEs under the changing economic system and the Thai SMEs' modernization under the changing economic system 2. To educate about the trend of business and tax in promoting SMEs to grow efficiently 3. To build the network of cooperation to create a good attitude as the mechanism to promote SMEs nationwide and to create voluntariness in the tax payment	1	2	1. Trend of business that SMEs should know to increase the opportunities in the business operation 2. Business ecosystems with the adaptation of SMEs 3. Access to tax benefits for strengthening the business operation	Small and Medium Business Tax Division, Tax Supervision and Audit Standards Division, RD Intelligence Center, Center of Investigating and Tracking Non-Compliance Businesses, Area Revenue Office under the supervision of Regional Revenue Offices 1-12	Practitioner level (particularly for Small and Medium Business Tax Division), Professional Level, Senior Professional Level	135	1	3	1,221,432		✓	✓		1. This is to further knowledge to the representatives of the Revenue Department being trained on the project of extension of knowledge together with the tax for keeping pace with Thai SMEs under the changing economic system and the project of SMEs modernization under the changing economic system 2. Optimizing the efficiency of the officials in the trend of business and

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
																	tax to create opportunities for SMEs 3. Creating a good attitude and voluntariness in performing the duties in tax of SMEs
8	Growth Mindset towards the success in promoting SMEs	5, 6	1. To adjust the thinking process and viewpoint of the officials to keep pace with the current changes and to solve the occurring problems systematically 2. To be able to develop the operational process systematically, resulting in the efficient promotion of SMEs 3. To take part in driving the moral organization of the Revenue Department	1	3	1. Adjustment of the thinking process and viewpoint to keep pace with the changes of SMEs 2. Creation of appropriate tools and approaches in promoting SMEs 3. Morality in the development	Small and Medium Business Tax Division , Tax Auditing Standards Division, Electronic Processing Administration Division, Tax Collection Standards Division, Tax Supervision and Audit Standards Division, Center of	All levels	50	1	3	353,350		✓	✓		1. Adjustment of the thinking process and viewpoint of the officials to increase the efficiency in promoting SMEs 2. Creation of approaches in driving the moral organization appropriate to the current situation

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
							Investigating and Tracking Non-Compliance Businesses, RD Intelligence Center										
9	Knowledge sharing of the Community of Practitioners of Large Business Tax Administration Division	2	1. To promote knowledge sharing in the organization 2. To apply the obtained knowledge in operation for more efficiency	2	1	1. Regulations, codes of practice, laws, and working system of the Revenue Department 2. Knowledge or experiences in working with the persons or agencies outside the organization 3. Knowledge of the operation to be correspondent with the policy of the Revenue Department	Large Business Tax Administration Division	All levels	480	4	1/0.5	160,300	✓	✓	✓	✓	Promotion of organizing the forum to share knowledge in the organization
10	Techniques in searching the market price for examining the transfer price	2	To allow the officials to learn and search the market price to examine the transfer price to be used in operation efficiently	1	1	1. Lecture on the knowledge about methods in searching for the market price to examine the transfer price	Large Business Tax Administration Division	All levels	100	1	1	78,600	✓	✓	✓		Increasing the knowledge and understanding for the officials to be prepared for taxation in the digital era

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
						2. Dividing into groups for practicing and learning the techniques in gathering the information for collection and audit											
11	Growth Mindset to create the operational success	5, 6	1. To adjust the ideas for understanding the roles and duties, including the responsibilities in working 2. To enhance the good governance and the good culture in the organization	1	3	1. Good governance and culture in the organization 2. Brainstorming and working in a team	Large Business Tax Administration Division	All levels	200	2	3	1,284,800	✓	✓	✓		Working in a team can increase the efficiency in the coordination for achieving the operational performance following the strategic plan of the Revenue Department
12	Differences between the financial reporting standards for the Non-Publicly Accountable Entities (NPAEs) and tax	2, 3	To provide knowledge and understanding to the officials in the differences between the financial reporting standards for the Non-Publicly Accountable Entities (NPAEs) and tax, as well as applying the obtained knowledge in the operation	1	1	The analysis of the differences is as follows: 1. Properties 2. Liabilities 3. Revenue 4. Expenses	Tax Auditing Standards Division	Practitioner level and higher	20	1	2	71,000		✓	✓		Developing the knowledge and understanding to maximize the efficiency in the operation as well as applying the obtained knowledge in operation to achieve the Revenue Department's objectives

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
13	Keeping pace with the changes in the account of the digital era	2, 5	To enhance the practical knowledge of the officials with external agencies, which are the network of accounting professions and tax audits inconsistent with the changes in the digital era	1	3	1. Framework of direction and policy of the Revenue Department 2. Correction of accounting errors under the context of accounting in the digital era 3. Moral organization	Tax Auditing Standards Division and the network	All levels	45	1	3	374,450			✓	✓	Promotion of the exchange of information, skills, and experiences in working and promotion of the management strategies under the principles of good governance
14	Analysis of the financial statements for the tax audit (AD 040103)	3	To encourage the officials to apply the knowledge in the tax audit operation in various situations correctly and suitably as well as being able to link the issues of unusual analysis on the financial ratio for discovering the facts	1	2	1. Analysis of the financial statements for auditing the details in the financial statements 2. Type of analysis on the financial statements 3. Application of information in consideration of audit processing of results to specify the issues of analysis	Relevant agencies	Tax Audit Officer, Practitioner level	74	1	1	88,200	✓	✓	✓	✓	A core course on the tax audit
15	Techniques in investigation and audit	3	To create the knowledge and enhance the skills in the investigation regarding	1	2	1. Techniques in investigation and questioning the	Relevant agencies	Tax Audit Officer, Practitioner level	74	1	1	88,200	✓	✓	✓	✓	A core course on the tax audit

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	reporting (AD 040104)		the methods of investigation techniques of inquiry, cautions in the investigation, and record of statements correctly and appropriately			investigation authorities 2. Creation of audit reporting structure with efficiency 3. Issues of problems and case study											
16	Other laws concerning the audit (AD 040105)	3	To enhance the knowledge and understanding of the criteria, conditions of tax, and relevant excise to empower the Administrative Procedure Act B.E.2539, administrative order, Official Information Act, Tort Liability Act, Civil and Commercial Code, and Bankruptcy Act related to the tax audit	1	2	1. Laws related to the tax audit 2. Other laws concerning the tax audit and operation	Relevant agencies	Tax Audit Officer, Practitioner level	74	1	3	264,600	✓	✓	✓	✓	A core course on the tax audit
17	Workshop seminar on the regulations used in the tax audit according to the Revenue Code	3	To enhance the skills related to the operation according to the practical approaches of Revenue Department No. MorKor. 78/2560 and the regulations of the Revenue Department on the tax audit according to the	1	2	1. MorKor. 78 on the analysis and examination of the tax form 2. Regulations of Revenue Department on the tax audit according to the	Relevant agencies	Tax Audit Officer, Professional Level	320	2	5	1,546,500	✓	✓	✓	✓	A core course on the tax audit

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	Method (1) – (5)	Venue (1) – (3)	Brief content	Target group					Budget	Operations in Quarter				Reasons of necessity
							Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	(Summons) (AD 050101)		Revenue Code B.E.2550, investigation on the evidence, inquiry, issuance of summons and audit on every tax type, issuance of summons on the witness, tax evaluation and recording along with enhancing the skills and knowledge on the act related to the operation			Revenue Code B.E.2550											
18	Workshop seminar on the tax audit (AD 060101)	3	To increase the knowledge and skills in the operation of tax audit as the supervisor to take care and give advice to the superiors	1	2	1. To control and give consultation in the operation of tax audit 2. Differences between the accounting standards and tax	Relevant agencies	Tax Audit Officer, Senior professional level	82	2	2	237,500	✓	✓	✓	✓	A core course on the tax audit
	Total								2,304	24		9,512,340					

Personnel Development Plan of Revenue Department for the fiscal year of 2022
Professional Development, Recommendations and Tax Audit,
Human Resource Development Section 1, Human Resource Management Division

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
1	Training project in the course of knowledge about e-Service	4	1. To allow the officials to study and learn about the e-Service law to efficiently apply the obtained knowledge in the operation of VAT collection from international service providers and international platforms of online service for the users in Thailand 2. To increase the knowledge on new e-Filing to the officials to efficiently recommend the tax payees.	✓	Online	Public	Lecture on the knowledge about the laws related to the e-Service	Large Business Tax Administration Division	All positions/ levels	200	1	2	11,240		✓	✓	✓	Required agency: Large Business Tax Administration Division Professional skills: 1. Increase knowledge and understanding to the officials on the efficient taxation from the international service providers and international platform of online service for the users in Thailand 2. Increase the knowledge of new e-Filing
2	Training project of knowledge about the laws on	4	To allow the officials to study and learn about the	✓	Online Classroom	Public	Act of petroleum income tax	Large Business Tax	All positions/ levels	120	1	1	58,200		✓	✓	✓	Required agency: Large Business Tax

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	petroleum income tax		laws on petroleum income tax for the operation of the petroleum income taxation correctly and more efficiently					Administration Division										Administration Division

Professional skills:

The officials lack skills and knowledge of the petroleum income tax law (the project from the previous fiscal year, but the training had not been organized). |
| 3 | Development project on the digital skills in the program of MS Office Intermediate to Advanced | 2 | 1. To develop the competency and increase the efficiency in the operation of the officials

2. To enhance the officials to have knowledge and understanding of the data series management with Microsoft Office

3. To enable the officials to apply the | | Online classroom, external training | Public Private | 1. Techniques in the data series management

2. Data analysis with PivotTable and PivotChat

3. Use of calculation formula

4. Data analysis tools | Tax Supervision and Audit Standards Division and relevant agencies | All positions/ levels | 60 | 2 | 5 | 480,000 | | ✓ | ✓ | | Agency required to be developed: Tax Supervision and Audit Standards Division

Digital skills

The officials can increase the knowledge, skills, and competency necessary for the operation. |

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			knowledge in operation related to the tax administration				5. Report preparation/prese ntation											
4	Development project on the Mindset program in Positive Thinking "CAN DO."	1, 7	1. To create a positive attitude, enhance the confidence in working to understand oneself missions to generate cooperation efficiently 2. To create pride in the operational success in each role by applying the CAN DO thinking concept to generate love and engagement in the organization		Online classroo m, external training	Public Private	1. Importance of positive thinking and CAN DO thinking 2. Practice of Action Learning	Tax Supervis ion and Audit Standar ds Division and relevant agencies	All positions/ levels	80	1	3	192,600		✓	✓		Agency required to be developed: Tax Supervision and Audit Standards Division Mindset 1. The officials can understand the principles of Positive Thinking to drive the organization's success. 2. The positive attitude can be built among the officials to apply concretely in operation.
5	Training project on the program to increase the competency in the operation of tax audit of the Central	4	1. To educate and create an understanding of the mission of the Central Audit Operations Division	✓	Online Classroo m	Public	1. Investigation and collection of evidence to be used in the audit, tax assessment, and litigation	Central Audit Operati ons Division	All positions/ Practition er Level, Profession al Level	80	2	4	244,800		✓	✓		Required agency: Central Audit Operations Division

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
	Audit Operations Division		2. To develop the skills and abilities of the Central Audit Operations Division to perform the efficient tax audit 3. To increase the standard in preparing the statements for the tax audit of the Central Audit Operations Division 4. To allow the trainees to learn the recording of tax audits on relevant working systems				2. Regulations and approaches to the tax audit 3. Laws related to the audit and the issuance of summons and new laws 4. Fine, surcharge and approaches in considering the exemption or reduction of fine and surcharge 5. Regulations and approaches in operation on taxation 6. Reporting and summarizing the statements of tax audit											Professional skills: The Central Audit Operations Division has more newly recruited officials and the rotation for operation.
6	Development project on the digital skills in the Data Analytics (Analyzing Tax data with power BI) program	2	To enable the personnel in the Data Analytics program to efficiently	✓	Online classroom, external training	Public Private	Microsoft Power BI Program, Data Filtering, Analyzing Tax data with Microsoft Power BI, conducting report with Microsoft Power	Tax Auditing Standards Division and relevant agencies	All positions/ levels	20	2	3	171,000			✓		Required agency: Tax Auditing Standards Division Digital skills

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
							BI, workshop, creation and use of Dashboard											
7	Development project on the strategic skills in the program of development on the strategic skills for communication	2	To develop the competency in the skills of preparing the public relations and communication media systematically	✓	Online Classroom	Public	1. Digital skills 2. Communication and story-telling skills 3. Systematical thinking 4. Skills of creative thinking and innovation 5. Skills of critical thinking and problem solving 6. Development of Mindset in self-learning and development	Small and Medium Business Tax Division	All positions/ levels	21	1	2	37,000			✓		Required agency: Small and Medium Business Tax Division Strategic skills
	Total									**581**	**10**	**20**	**1,194,840**					

Personnel Development Plan of Revenue Department for the fiscal year of 2022
Professional Development, Core Course of the Tax Audit in the Practitioner Level/Professional Level
Mission of Recommendations and Tax Audit, Human Resource Development Section 1, Human Resource Management Division

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
1	Training project in the course of differences between the accounting and tax standards	4	To enhance the knowledge and understanding of the differences between the accounting and tax standards	✓	Online	Public	Conceptual framework, revenue, land, building and equipment, loan cost, rental agreements, inventory, debtors, investment capital, liabilities estimate, changes in the accounting policy	Relevant agencies	Tax Audit Officer/ Practition er level	240	1	4	36,880	✓	✓	✓	✓	The core course of the tax audit, the total number of participants, excluding the newly recruited personnel
2	Training project in the course of computation, exemption, or reduction of VAT fine (AD 040107)	4	1. To enhance the skills in the VAT computation, including the reduction or exemption of fine 2. To enable the application of the obtained knowledge efficiently	✓	Online	Public	Computation, exemption, or reduction of a fine of VAT and specific business tax	Relevant agencies	Tax Audit Officer/ Practition er level	240	1	1	5,620	✓	✓	✓	✓	Core Course of the tax audit

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
3	Training project in the course of Double Taxation Agreement	4	To enhance the knowledge and understanding of the criteria of international taxation and methods of solving to understand the issues of problems and approaches in the tax audit problem solving and recommend the design correctly and appropriately	✓	Online	Public	Knowledge of the Double Taxation Agreement	Relevant agencies	Tax Audit Officer/ Professional level	369	2	2	22,480	✓	✓	✓	✓	Core Course of the tax audit
4	Training project in the course of Investment Promotion Act	4	To enhance the knowledge and criteria on the Investment Promotion Act to apply the knowledge in solving the tax audit problems and recommending the entrepreneurs correctly	✓	Online	Public	Criteria on the entitlement of tax privileges, accounting system of the BOI and NON-BOI business, privileges received as per the BOI, issues and techniques for the audit	Relevant agencies	Tax Audit Officer/ Professional level	369	2	1	11,240	✓	✓	✓	✓	Core Course of the tax audit
5	Training project in the course of the dissolution of business	4	To enhance the knowledge, criteria, methods, conditions, and computation of net profits for considering the	✓	Online	Public	Dissolution of business, partial business transfer, merger, or transfer of the company or	Relevant agencies	Tax Audit Officer/ Professional level	369	2	1	11,240	✓	✓	✓	✓	Core Course of the tax audit

No.	Project/Course	Consistent with the plan (1) – (6)	Objectives of the project	VDO recording	Method	Venue	Brief content	Target group					Budget	Operation in Quarter				Reasons of necessity
								Agency	Position/ Level	Total Participants	Total classes	Days/ classes		1	2	3	4	
			issues and approaches in audit problem solving as well as recommending the entrepreneurs to fill the forms and paying taxes correctly, appropriately, and efficiently				corporate partnership											
	Total									**1,587**	**8**	**9**	**87,460**					

ANNEX 5: EXAMPLES OF TAX AUDITOR'S TRAINING PROGRAMME IN OTHER COUNTRIES

OECD's Strengthening Tax Audit Capabilities (2006)

- Initial training for newly recruited staff:

> ### Examples
>
> In Japan, new recruits attend a residential tax school for 13 months.
>
> In France, employees spend a year in a dedicated Tax School, followed by six months working in a local tax district.

- On-going training and development:

> ### Examples
>
> In the Netherlands, countrywide summer courses (one and two days) are organised yearly for auditors to upgrade their knowledge on different areas. Practical courses are also organised regionally. These often address new subjects or provide an update on important subjects.
>
> Members of the Dutch Institute of Chartered Accountants, also have the obligation from the institute to perform at least 30 hours of education a year.
>
> In Canada, auditors are responsible for their own learning plan. A learning path, including the training required at each level of auditor in the organization assists audit staff to define their skilling needs, create their learning plan, and ensure their continuing professional development.
>
> The learning framework available to staff consists of:
>
> - Introductory training - provides the new auditor with sufficient knowledge of the organization, auditing and legislation to assist a senior auditor in a field audit where they will undergo on-the-job training
>
> - On-the-job training - the new auditor would assist or be assisted by a senior auditor / coach during the course of an audit. The coach is provided with a guide to ensure all relevant information is covered. Additional training often follows, allowing the auditor to perform, independently at the novice auditor level
>
> - Intermediate / advanced level workload specific training for experienced audit staff. This is linked to workload / operational requirements and personal development, and
>
> - Soft-skills training is provided for all positions.
>
> In Denmark, exchanges occur between the private sector and other government departments. The exchange is not considered as a loss, but as part of the training and development of the staff member concerned.

Source: https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/37589900.pdf

New Zealand's Traning Framework (2006)

- 0-5 months; Total training days (including induction) for period = 26.5

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural

Coach assigned.
 	
Attend interviews with an Investigator
 	
Introduction to the Risk Analysis (RA) template – awareness/identification
 	
Understanding of Audit Customer Profile (ACP) report and GST Refund Audit Selection System (GRASS)
 	
Identify all risks, with coach assistance, in GST refund checks and All Risk Audits
 	
Completing GST refund checks with coach assistance
 	
Complete audit activity with guidance and complete reports in TACTICS.
	Knows and understands:
	
	8. The delegated authority for decision making
	
	33. The provisions of the Tax Administration Act 1994, Official Information Act 1982 and the Privacy Act 1993 that apply when responding to requests for information.
	
	34. How Inland Revenue maintains security of information in accordance with statutory provisions
	
	Total technical Competency (Applied) = 6.5%
		Induction Programme
		
		Block training
		Foundation Learning, including:
		  - Using resources 110
		  - Statutory Interpretation 102
		  - Security and Release of Information 176
		  - Delegations and Powers 104
		  - Concepts of Entities 128
		
		Revenue Learning, including:
		  - GST 150
		  - Income 120
		  - Deductions121
		
		Accounting Learning, including:
		  - Accounting concepts 177
		  - Accounting 270
		
		Audit Learning, including:
		  - Auditing 275
		
		Compliance & Penalties 160
		
		Aspire Training = 16 days
			Induction Programme
			
			Training = 5 days
				Induction Programme – including Judge For Yourself
				
				Microsoft applications (Word, Excel, Access) (Learning Link)
				
				Training = 5.5 days

- 6 – 10 months; Total training days for period = 16

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Competent in the completion GST refund check tasks Completing All Risk Audits with coach assistance Commencing use of the RA template, Specific Issue Audits (SIA) and Voluntary Disclosures Participate in a Taxpayer interview with coach assistance All tasks completed to the QMP standards	**Knows and understands** 1. The rules of statutory interpretation 3. The purpose of tax treaties 7. The role of subject experts available 23. Legal procedures available under the Revenue Acts and civil law for collection of debt 31. The reasons behind business decisions made and the impact of these on day to day management of business 32. Impacts of compliance on businesses 44. The methods used for recording business transactions **Ability to** 35. Apply section 81 of the Tax Administration Act 1994 *Total technical Competency (Applied) = 23.9%*	Case Law 103 Technical Decision Making 111 PAYE 136 FBT 137 External Information sources 210 *Aspire Training = 7 days*	Investigative Interviewing 273 Business Environment 171 *Aspire Training = 4 day*	Rights and Powers 204 Disputes Process 261 Business Writing 174 Shortfall Penalties 260

- 11-18 months; Total training days for period = 21

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Competent in the completion of the RA template and SIA's and Voluntary Disclosures Completion of All Risk Audits covering a range of issues, including some complex issues Commencing Coverage and Leverage tasks Take a leading role in Taxpayer interviews. Where possible, assist in the preparations of a NOPA and attend a Disputes interview with an Investigator. All tasks completed to the QMP standards Consider - Tax cases: Landmark cases: Grieve, Coveney, Newman , Inglis	**Knows and understands** 6. The provisions of the TAA that govern the rights and powers of IR and taxpayers and how these are used. 15. Entity types 24. The applicable tests required for the consideration of penalties for abusive tax position and evasion 42. Accounting principles 43. Types of accounting records **Ability to** 4. Elicit meaning from legislation and apply principles of case law 5. Consider and apply policy 9. Use a range of resources to assist technical decision making 10. Use a range of internal and external resources to obtain information 11. Elicit information to assist in correctly applying the law to issues raised 18. Determine the tax consequences of transactions 19. Analyse and resolve income recognition issues 20. Analyse and resolve deduction issues 21. Analyse and resolve issues related to timing of income and deductions	Interpreting law 201 Companies 130 Companies 230 Partnerships 131 Trusts 132 Capital/Revenue 222 Qualifying Companies 231 GST 250 Employers 236 *Aspire Training = 15 days*	Evidence 212 Data Analysis 213 *Aspire Training = 2 days*	Influencing Techniques 272 Legal Writing 274 *Aspire Training = 4 days*
	40. Use auditing techniques *Total technical Competency (Applied) = 56.5%*			

- 19-27 months; Total training days for period = 17

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Completing All Risk Audits with little/no assistance Commence Evasion or ATI audits as part of a team. Commence use of the private affairs analysis tool All tasks completed to the QMP standards	**Knows and understands** 25. The conference/disclosure process of disputes resolution 28. Legal consequences of non-compliance 29. Requirements for Court proceedings 30. The agencies that IR has relationships with and how these are managed 36. Tax strategies employed by taxpayers 37. Risk indicators for evasion of tax 45. How finical statements and/or accounts are developed **Ability to** 13. Identify and compile evidence to support adjustments 17. Determine residence status of taxpayers 22. Evaluate risk of issues and/or adjustments identified 26. Identify and consider the penal procedures available for non-compliance 38. Identify potential risk areas in financial accounts 39. Identify internal controls and risk areas within the accounting system 41. Consider costs vs. benefits when making decisions 46. Analysis accounting adjustments *Total technical Competency (Applied) = 89.1%*	Financial Analysis of Debtors 170 Financial arrangements - Accruals 220 Trading Stock 221 Property transactions 232 Associated persons 233 Civil Remedies 277 Trusts 235 *Aspire Training = 12 days*	Auditing 375 (Adv) Management accounting 371 (Adv) *Aspire Training = 5 days*	Computer Tax Auditing

- 28-36 months; Total training days for period = 15-18 days (depending on stream taken)
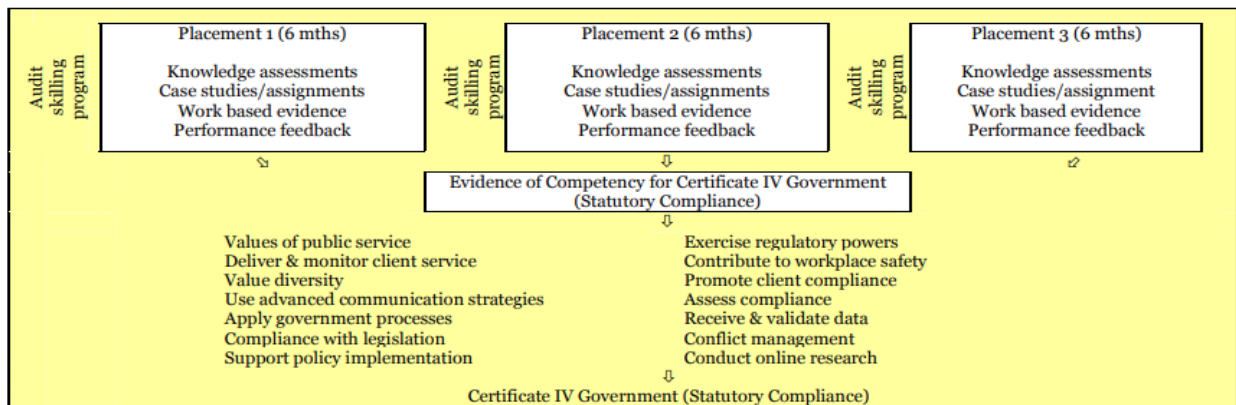
Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Investigator completing RA Template and All Risk Audits or Evasion or ATI without assistance All tasks completed to the QMP standards	**Knows and understands** 2. Legal principles of landmark cases 16. The effect and taxation implications of financial arrangements **Ability to** 12. Use sections 16 and 17 of the Tax Administration Act 1994 14. Compile a sound argument consistent with IR policy, substantiated by reference to sections of the Act and tax principles from landmark cases 27. Determine IR position where the implications are in dispute *Total technical Competency (Applied) = 100%*	Income determination 376 (Adv) Tax avoidance 380 (Adv) (to be developed) Tax strategies 280 (to be developed) Concepts of international tax rules 226 Controlled Foreign Companies 326 (Adv) Foreign Investment Funds 327 (Adv) Transfer pricing 328 (Adv) (to be developed) Prebble Tax Law Course - Concepts of Tax Law 203 *Aspire Training = 13 days*	Appearing as a Witness 278 Financial Accounting 370 (Adv) ATI Course Evasion Seminar Private Affairs Analysis Tool *Training (incl Aspire) = 2-5 days per stream*	Self-development as identified by Performance Management process.

Australia's formal development and capability development programs

Australia	The Tax Office has a range of development and capability improvement programs. These are explained further below and include: • base level and/or programs for staff new to the audit function • development programs • intermediate accounting and auditing program • up-skilling learning programs • specialist skilling, and • audit manager and director skilling. **Base level and/or programs for staff new to the audit function** A new, Tax Office wide Active Compliance Job Ready (Induction) Program exists to assure the core skills of staff new to audit work. Containing 114 topics, the program covers core capability areas (eg audit, accounting, tax law, work practices, systems, business context and audit leadership) but also differentiates for market, revenue product, business area and job level needs. In addition the following courses are also available to build accounting and audit capabilities: • Internal base level accounting course covering basic accounting, accounting for business, and financial statement analysis • Basics of audit (BAP) course – an introduction to audit concepts and issues (in pilot stage designed and delivered by the Tax Office), and • Fundamentals of audit program (FAP) - a single semester, undergraduate auditing subject, delivered by a University as an intensive course. Includes 2 assignments & 3 hr exam. **Development programs** The Tax Office has a number of development programs, including: • Graduate program (graduates perform formal technical and other training and have placements in different work areas including audit) • Cadet program (for school leavers) • Serious non-compliance development program for APS 5 (for investigations staff) • Active compliance development program for base level audit staff (APS 3)

Source: https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/37589929.pdf

- Active compliance development program for base level audit staff

Audit skilling program	Placement 1 (6 mths)	Audit skilling program	Placement 2 (6 mths)	Audit skilling program	Placement 3 (6 mths)
	Knowledge assessments Case studies/assignments Work based evidence Performance feedback		Knowledge assessments Case studies/assignments Work based evidence Performance feedback		Knowledge assessments Case studies/assignment Work based evidence Performance feedback

Evidence of Competency for Certificate IV Government (Statutory Compliance)

Values of public service	Exercise regulatory powers
Deliver & monitor client service	Contribute to workplace safety
Value diversity	Promote client compliance
Use advanced communication strategies	Assess compliance
Apply government processes	Receive & validate data
Compliance with legislation	Conflict management
Support policy implementation	Conduct online research

Certificate IV Government (Statutory Compliance)

- Intermediate: COAAAP (Compliance officer applied audit & accounting program) is an intermediate level program generally for APS 6 & EL 1 auditors who need to be prepared for more complex work. The program includes a cascade strategy that requires program participants to coach/buddy 4-5 less experienced staff after the program. This promotes exponential audit capability improvements in the workforce whilst ensuring COAAAP participants enforce learning's by teaching others.

Co-designed: Tax Office & University of NSW	Program outline
Target group	**Phase 1 – Core Program (10 days)**
APS 6 / EL1 with intermediate audit & accounting knowledge and skills	1. Active Compliance context & framework
Program objectives	2. Communication & learning partnerships
• enhance audit & accounting knowledge and skills	3. Business structures environment
	4. Valuations
• prepare staff for more complex audit case work	5. Essential applied accounting
	6. Essential applied auditing
• enhance skills in leading an audit	7. Fraud and serious non-compliance
• enhance skills in transferring leadership to others	8. Interview techniques & sustained learning
	Phase 2 – Elective (3 days) (1 topic from 4)
	9. Micro/cash economy
Program duration	10. Small to medium enterprise
13 days over 7 weeks	11. Large business
	12. Computer assisted verification (CAV)
	2 Assignments

	Up-skilling
	A range of up-skilling learning programs (via workshop, self paced, on-line or external training) are available to:
	• build on induction knowledge of tax law, work practices and industry issues. A few examples are thin capitalisation, risk management, consolidations, penalties, petroleum industry, sampling methods, proceeds of crime act, and simplified reporting.
	• enhance technical and audit skills via workshopping of audit case issues / topics and conducting technical discussion groups
	• support Tax Office compliance challenge and focus areas eg international taxation, aggressive tax planning, capital gains tax curriculum, and risk management, and
	• provide training on Tax Office and public service policies and procedures eg fraud awareness, security and privacy, OH&S, diversity etc).
	These include:
	• a diverse range of self-paced modules on the Tax Office's intranet tool called 'i-Learn'
	• self-paced assessments on the Tax Office's intranet tool called 'i-Know'
	• e-learning product on Field Audit Simulation Tool (i-learn FAST)
	• structured and facilitated workshops and discussion forums
	• continuing professional development (CPD) activities sponsored by the Tax Office. These are tax update information sessions, delivered by an external provided (Webb Martin), and
	• other externally provided courses.
	Business lines also have specific Job Ready and up-skilling learning events to supplement Active Compliance wide initiatives. Often the skilling is around specialised industry and technical topics or around their local procedures, practices and systems. The need to for line based training is reducing as the Tax Office moves into an enterprise wide approach in relation to its system, process and tools.

Handbook on Tax Administration, Alink and van Kommer, IBFD 2011, Chapter 7

The Handbook provides a fuller discussion of training and development in tax administrations, including newly appointed graduate staff. It also offers a possible training curriculum for tax administration but it is copyright material so the details cannot be published in this report.

Tax Professional Graduate Programme (UK Tax Administration)

The TPGP usually lasts three years and prepares graduates to:

- deal with complex tax cases
- negotiate confidently with customers and their professional advisers
- lead and influence teams.

The aim of the programme is to provide a broad insight into the range of work undertaken by HMRC. Trainees take on early responsibility and are supported by mentoring, advice and supervision to gain tax professional qualifications.

The programme's modular structure covers both technical tax issues and professional skills, such as communication. It's a mixture of practical work experience in teams, formal study days, tutor-led sessions, self-study, exams and practical assessments, with regular reviews and appraisals. Trainees are allocated mentors as well as supervisors. Stage 1 provides a broad foundation of knowledge in the different areas of tax. Stage 2 builds on broader professional skills and includes gaining an externally accredited qualification.

The training is intensive and trainees need to pass an exam on each module. A module usually lasts two to three months. On successful completion of the course, trainees become fully qualified senior tax professionals and are ready to assume either a technical/investigative role or a customer relationship management role.

Tax legislation is highly complex and contains a great amount of technical detail. Since it's constantly changing and increasing, senior tax professionals are expected to participate in continuing professional development (CPD). Spending time and effort beyond their initial training on updating their knowledge is considered part of the job role.

Source: https://www.prospects.ac.uk/job-profiles/senior-tax-professional-tax-inspector

Testimonial Concerning ATO's Graduate Program

Cheng Vuong – Taxation

My experience as a Taxation graduate in the ATO Graduate Program has been very rewarding. The highlight of the program for me has been the training and development opportunities provided through the year-long training program, milestone tasks and work rotations. I was already working at the ATO prior to starting the program, and the program has been a great opportunity to continue my professional and personal development.

The training program covers various topics for taxation graduates including fundamentals of income tax and the taxation of business structures; and soft skills (for all graduates) including emotional intelligence and presentation skills.

The training program has been delivered by knowledgeable and experienced trainers who are to be commended for their ability to make complex tax topics easy to understand. The milestone tasks and the weekly discussion forum have been effective in consolidating my learning.

Source:https://www.ato.gov.au/About-ATO/Careers/Entry-level-programs/The-ATO-Graduate-program/Hear-from-our-graduates/?anchor=Training#Training

The materials published by the Revenue Department were interrogated to answer three computational questions that are likely to arise when a small business reports its taxable income. The questions and answers obtained are set out below.

1. If I incur expenditure on entertaining my customers how much of that can I deduct for tax purposes?

Answer: The total deduction of entertainment expenses in an accounting period shall not exceed 0.3 % of gross receipt but not exceeding 10 million baht (https://www.rd.go.th/english/6044.html).

2. If I buy a car to use in my business, what tax deductions am I entitled to?

Answer: CIT tax deduction: passenger car or bus with no more than 10 passengers capacity, a depreciation rate is 20%, depreciated at the rate in 5 but the depreciable valve is limited to one million baht. (https://www.rd.go.th/english/6044.html)

3. If i buy a building for my business how much depreciation can I claim?

Answer: The depreciation rate is 5% (https://www.rd.go.th/english/6044.html)

- A name and unique identifier number for the risk.
- The status of the risk (open/closed).
- The date that the risk was recognised and included on the register as requiring treatment.
- A description of the key risk drivers and how it affects compliance.
- An assessment of the likelihood (probability) of its occurrence, and the possible consequences of its occurrence (a brief high-level description of the implications of the potential consequences of the risk).
- An overall risk rating (high, medium, low) and risk rating documentation (embed risk assessment documents in the entry).
- Whether a treatment strategy is in place (Yes or No).
- An outline of proposed mitigation actions (including preventative, facilitative and enforcement actions). This should be expanded upon in supporting documentation, such as a compliance improvement plan for the risk (embed strategy documents in the entry).
- Identification of other stakeholders, including other agencies that may also be impacted by the risk.
- Any current controls and an assessment of effectiveness.
- Opportunities (Does the risk present opportunities as well as a threat?)
- Emerging/ Existing (is it an emerging risk or already present/current risk?)
- Expected residual risk rating after treatment.
- Next review date for this risk.
- The division or area and the position details of who will be responsible for overseeing the risk (including the risk owner and risk manager) and a contact officer.[32]
- Where possible include resource and capability requirements for each mitigation strategy.
- Data about instances of the risk identified in actual cases, the estimated tax at risk (or assessed if the case has been settled) and the elapsed time since the risk was identified. The integrity of this data relies on the consistent use of the unique risk identifier by case workers.

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[32] The risk owner is a senior staff member with overall accountability for the risk. The risk manager is a staff member with operational responsibility for managing the risk. The risk manager may also be the risk owner. The risk contact officer is the first point of contact, and can be risk owner/ manager).

1. Were the risks identified at the outset of the audit (in the questionnaire and audit plan) addressed during the course of the audit?
2. Were any additional risks that emerged during the course of the audit addressed?
3. Were time limits and procedural rules adhered to by the auditor?
4. Were the statements and explanations offered by the taxpayer adequately tested and were reasonable explanations and evidence provided accepted?
5. Were adjustments made by the auditor, whether by agreement during the course of the audit, or in the formal audit report, technically correct?
6. Were tax adjustments, interest and any penalties due correctly calculated?
7. Was the taxpayer advised of any changes needed to their record-keeping or other aspects of their tax compliance necessary to ensure future compliance?

Topics / Timeline	Short-term (within the next six months to a year)	Medium-term (the next 12 to 24 months)	Long-term (more than 24 months)
Auditor Training	1. The RD should incorporate the locally developed materials in its nationally coordinated program of training and development. In doing so it should maintain local ownership and commitment to training. As a first step, RD should build a catalogue of all training initiatives and materials that have been developed at the local level. 2. The RD should incorporate materials it has developed on audit practice, commercial practice, investigation techniques and related skills into the core training program. 3. The RD should ensure that the enhanced performance management process it is rolling out includes a regular assessment of individuals' training needs. 4. The RD should ensure that the formation of its internal capability in the field of international taxation is sustained and that the engagement with external providers is based on verifiable skills transfer. In addition, the RD should make use of other training resources that are available externally at no cost.	1. Tier 1 of the RD's core training program needs to be expanded to include business fundamentals, ethics, and negotiations, if it is to give new auditors a sound grounding in good audit practice. 2. The RD should develop a more detailed and explicit career path for its auditors.	1. The RD should maintain and improve the quality of its large tax program and consider cooperative compliance approaches.

Topics / Timeline	Short-term (within the next six months to a year)	Medium-term (the next 12 to 24 months)	Long-term (more than 24 months)
Automation of the Tax Computation	1. The RD should revisit the requirement that an external auditor signs off the taxpayer's declaration at the end of the tax return. This requirement reduces the value of automation.	1. The RD should review the design of tax forms to make them easier to understand by non-specialists and it should clearly sign-post aspects of the return that apply to a small sub-set of the taxpayer population. 2. Context-sensitive references and guidance in the online version of the form should be developed to ease its completion.	1. The RD should consider the adoption of a simplified system for small businesses. 2. The RD should create a positive climate for the increased provision and uptake of reliable accounting software with a tax add-on.
The Tax Audit Process	1. The LTO should pilot the use of the use of a compliance risk register. 2. The RD should better coordinate its work with that of the SSO.	1. The RD should develop a department-wide compliance risk register, informed by the lessons learnt from the LTO pilot. 2. The RD should apply the other principles of modern Compliance Risk Management (CRM) to its management of tax compliance risks. Specifically, this will involve a more systematic approach to the initial risk assessment, the analysis of the compliance results achieved and how they correlate with the initial risk assessment. This is fundamental to the continuous improvement of risk analysis and case	1. The LTO population will be the first taxpayer segment to be affected by the recommendations to improve the uptake of e-invoicing in Thailand. The RD can use this as an opportunity to understand how e-invoicing will impact its approach to risk identification and verification activity.

Topics / Timeline	Short-term (within the next six months to a year)	Medium-term (the next 12 to 24 months)	Long-term (more than 24 months)
		selection that is built into modern CRM. 3. The RD should adopt a risk-differentiated approach to case management. Cases that are high risk should be subject to an audit from the outset, without the need to undertake lesser preliminary steps such as an advisory visit. 4. The RD needs to institute effective quality control of auditors' work that provides the Department and line managers with meaningful and actionable feedback.	

CHAPTER 2: CURRENT STATE OF E-INVOICING SYSTEMS FOR SMES IN THAILAND

Feedback on the current state of e-invoicing systems for SMEs in Thailand

ACKNOWLEDGEMENTS

ACRONYMS

API	Application Programming Interface
BOT	Bank of Thailand
B2B	Business to Business
B2G	Business to Government
EI	Electronic invoicing
EDI	Electronic Data Interchange
ERP	Enterprise Resource Planning
ETDA	Electronic Transactions Development Agency
RD	Revenue Department
VAT	Value-Added Tax

Note: In this report the term e-invoicing and e-tax invoice have been used interchangeably

EXECUTIVE SUMMARY

1. **Thailand was one of the early movers in the world to introduce electronic invoicing (EI).** In 2017, a new system of EI 'e-tax invoice & e-receipt' was introduced to replace the earlier scheme launched in 2012. But this time, EI was integrated with national plans and strategies 'Thailand 4.0' (2016), 'Thailand Vision 2037' (2018), and 'Thailand Digital Landscape Development Plan' (2019), which underscored the Government of Thailand's commitment towards the digital transformation of the Thai economy and unlocking the country from several economic challenges by becoming an innovation-driven economy.

2. **EIs are simply machine-readable invoices issued, received, and processed electronically between buyers' and suppliers' finance and tax systems.** The main advantages of EIs are that they shorten processing cycles, including payments of accounts receivable and tax recovery, cut transaction costs (such as printing and storage), are 60 to 80 percent more efficient than traditional paper-based processing, help governments fight tax fraud, make it easier for firms, especially small and medium-sized enterprises (SME), to survive and engage in trade, including through improved trust, on-time payment, and "factoring"[33]; and help modernize the economy and strengthen the technology sector through the large-scale use of communications technologies, digital signatures, and services development.

3. **Many countries, both developed and developing, have already adopted EI and many are in the process of doing so.** Several countries in Latin America including Argentina, Chile, Brazil, Mexico, and Peru were world leaders in EI adoption, which started in the early 2000s, along with many countries in the European Union. However, while the EU countries focused on EI systems for business-to-government (B2G) transactions for public procurement, countries in Latin America focused on business-to-business (B2B) and business-to-consumer (B2C) transactions. Today, most of these countries have achieved near 100 percent adoption rates of EI, which brings large benefits to both the businesses as well as the tax authorities.

4. **The new system of EI that was introduced by the Thai government in 2017 targeted the SME sector as well as large VAT taxpayers through different schemes.** A simple scheme 'e-tax invoice by e-mail' for the SME sector was introduced with the intention of helping small and medium VAT registrants to become familiar with electronic systems and get ready to fully use the e-tax invoice and e-receipt system in the future. Under this scheme, the VAT taxpayer can send an electronic copy of the invoice (PDF/A3 format) to the Electronic Transaction Development Agency (ETDA) by e-mail for timestamping. For large taxpayers (with an annual turnover of more than 30 million baht) a more rigorous scheme 'e-tax invoice & e-receipt' was introduced under which taxpayers are required to deliver digitally signed e-invoices in a standard 'XML' format to the RD.

5. **Over the last 6 years since its introduction, the adoption rate of EI has remained very low at 0.4 percent.** The scheme has not been able to generate enough traction for large or SME businesses. The scheme is optional, which means its adoption has been left at the discretion of taxpayers. EI is led by the RD, which decides the tax policy, with the support of the Electronic Transaction Development Agency (ETDA), which determines the standards for invoice, digital signature, and third-party service providers, who work as agents of taxpayers for delivery of electronic invoices to the RD.

6. **This report is based on an assessment of the current state of EI in Thailand by the World Bank as a part of technical assistance being provided to the Government of Thailand to improve the efficiency of its tax**

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[33] With invoicing factoring, a business sells any number of unpaid invoices to a factor for less than the amount it is owed. In return, the business receives the majority of the invoice amount — as much as 90% — within a few business days, rather than having to wait the 30-, 60- or 90-day period specified on the invoice. In most factoring situations, the factor becomes responsible for collecting on the invoice.

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administration. The report contains SWOT[34] (Strengths, Weaknesses, Opportunities, and Threats) analysis of the EI in Thailand followed by recommendations to enhance the EI expansion, particularly for SMEs. In the SWOT analysis, several barriers to the adoption of EI were identified and categorized as legal, technical, financial, and cognitive barriers.

7. **The main findings are as follows-**

   i. **The low adoption rate for EI is mainly attributable to a lack of legal mandate for the issuance of e-tax invoices for any class of VAT registrant (large, medium, or small).** This is expected as most countries that have implemented EI on a voluntary basis have observed a low adoption rate until the time it was made mandatory.

   ii. **EI adoption rates have not increased despite tax incentives such as a 200 percent deduction of EI expenses, and a lower rate of withholding tax.** On the contrary, international experience shows that EI adoption pays for itself, and most businesses can generally recover the cost of EI adoption (hardware and software costs) in less than a year.

   iii. **There are two EI schemes in operation, one that allows a VAT registrant to issue PDF/A3 invoices and the other that required a VAT registrant to issue XML invoices.** The former scheme targets small taxpayers with an annual turnover of less than 30 million baht while the latter targets remaining taxpayers. While the former scheme is intended to encourage small taxpayers to switch over to the electronic issuing of invoices, it is initiating them into a regime that is not based on 'true' EI (i.e. 'machine-readable' invoices). In future, such taxpayers will need to 'unlearn' this practice and 're-learn' the new practices that are based on EI. This is inefficient for taxpayers as well as the RD which needs to allocate resources for the processing of both PDF/A3 and XML invoices.

   iv. **Taxpayers who register for EI schemes are allowed to issue both paper-based and e-tax invoices.** This does not ensure that the taxpayer makes a full transition to EI and fully reaps the benefits of EI. Also, RD does not receive full invoice-level data of such taxpayers, which limits its capacity to use such data for reducing compliance costs or undertaking a risk assessment.

   v. **There is a significant lag between the issuance of an e-tax invoice and its receipt by the RD as the taxpayer is allowed to remit the e-tax invoice by the 15th of the month following the month of issuance.** Thus, the RD has no control over the number and content of invoices that are issued, as well as the format in which it is issued. Moreover, the receiver of the invoice for whom the invoice becomes a basis for claiming an input tax credit is not required to acknowledge or accept the receipt of the e-tax invoice to the RD and therefore is unable to determine whether the invoice meets the standards established by the RD.

   vi. **Due to low adoption rates, the technical solutions that are available to facilitate EI are quite limited.** Since robust low-cost solutions such as free web-portal, offline utilities, and cellular mobile applications are not available, small taxpayers, who do not have Enterprise Resource Planning (ERP) or similar software, must outsource e-tax invoice issuance to service providers. This adds to their compliance cost without concomitant benefits.

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[34] SWOT analysis is a strategic planning and strategic management technique used to help a organization identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning.

vii. **Even though twenty Service Providers (SP) have been accredited by the ETDA, a competitive market for providing services that can drive the cost down has not emerged.** The bulk of the current market is concentrated in a few SPs whose services vary from integrating EI into the ERP of taxpayers to the conversion of paper-based invoices into e-tax invoices. There is significant potential to lower the cost of SPs, which can be achieved by broadening and deepening the market for EI.

viii. **Even though there are three channels for delivery of e-tax invoices to the RD, namely the Host-to-Host (direct integration with RD portal), SPs and Web Uploading, 80 percent of taxpayers currently deliver e-tax invoices through SPs**. The RD should examine the challenges faced by taxpayers in the use of other channels and address such challenges in consultation with stakeholders.

ix. **Most VAT registrants are SMEs and are not very aware of EI and its benefits.** They may not be open to EI adoption unless they see value in terms of real financial savings by doing so. There is a need to communicate the benefits of EI from efficient business processes as well as reduced compliance costs.

x. **There seems to be a general perception amongst taxpayers that switching over to EI may lead to adverse consequences such as tax audits, penalties for mistakes, or higher tax liability**. Taxpayers have a fear of sharing too much information with the RD. This fear is likely to be higher in taxpayers who engage in tax evasion.

xi. **Most countries adopted a phased roll-out of EI implementation covering large taxpayers first followed by the medium.** Considering their unique difficulties, small taxpayers are covered during the last phase of implementation. Early adoption by large businesses creates peer-pressure for SMEs under their supply chains, which can be leveraged by the RD to expand coverage. Moreover, it also allows the market to discover a competitive price for EI services, which further incentivizes SMEs to adopt EI. However, in Thailand, EI was simultaneously rolled out for all businesses at a time when neither the taxpayers nor the RD was prepared with the necessary infrastructure and training.

8. **The main recommendations are as follows-**

Short-term (1-2 years)

(i) **The E-tax division in RD should lead a cross-cutting team including officials from the Tax Policy and Planning Division, Electronic Processing Administration Division, and Information Technology Division.** This will allow the E-tax division to take a holistic view of both the policy and implementation issues related to EI. E-tax division should be responsible for the implementation of EI in a time-bound manner.

(ii) **The RD should invest in creating systems and processes that allow real-time tracking, monitoring and control of transactions** based on e-invoice data that it receives using advanced machine learning and artificial intelligence techniques.

(iii) **The existing 'e-tax invoice by e-mail' and 'e-tax invoice & e-receipt' schemes should be merged into one scheme retaining all the features of 'e-tax invoice & e-receipt' scheme while removing the option of sending an e-tax invoice in PDF form.** This will help taxpayers in identifying and complying with a single EI scheme. This will also ensure that all the businesses that register for EI, irrespective of size, face a common invoice standard and regulations for the generation and authentication of e-invoice and its delivery to the RD. The new EI scheme should include the following basic features –

a. E-tax invoice issuer should generate and deliver the e-tax invoice to the RD in real-time immediately after its issuance in the prescribed standards established by ETDA. The RD should validate the e-tax invoice in real time and insert a unique identifier (such as invoice reference number) along with a time stamp on the validated e-tax invoice.

b. E-tax invoice issuer should receive the validated e-tax invoice with the RD's unique identifier in real time or instantly.

c. The electronic invoice standard for sharing with the RD should be XML.

d. Define e-tax invoice to be legally valid only if it has been pre-validated by the RD and bears a unique reference number generated by the RD on receipt of XML-based invoice from the taxpayer. Only pre-validated e-tax invoices should be allowed input tax credit.

e. Considering that international trade is an important driver for Thailand's economy, the e-tax invoice standard should conform to the internationally recognized PEPPOL standard which is already quite popular in the world with its adoption in many countries including the EU, USA, Canada, Singapore, Australia, Japan, Mexico, and India.

f. E-tax invoice issuer should share only the pre-validated e-tax invoice with the receiver. However, the format of the invoice (PDF or XML) to be shared with the receiver of the invoice (or buyer) can be as per agreement with the buyer. For instance, if the receiver is not able to receive an XML invoice, the seller can share the PDF version of XML.

g. Consider introducing a simpler certificate (Class 3) with no token related, so it can be installed in a computer or server and be used in a simple procedure and process to sign the documents. These certificates are cheaper than the ones that need a token.

(iv) **Adopt a phased approach to e-invoice expansion with an aim of achieving near 100 percent adoption rate in the next 5-10 years.** This time can be reduced based on the success in earlier phases of implementation and the readiness of taxpayers.

(v) **In the first phase to be rolled out in the short term, EI should be made mandatory for large VAT registrants with paper-based invoices to become exceptions rather than the norm.** The exceptions may be laid down in the law based on genuine hardship or difficulties that are identified during stakeholder consultations with large taxpayers. The steps are as follows:

a. **Declare the intention to make the EI scheme mandatory for large VAT registrants** with an annual turnover of more than 10 billion baht from a future date (preferably in early 2024).

b. **Design and launch a pilot scheme before entering the mandatory phase for large companies to test, deploy and refine the three channels of e-tax invoice delivery** i.e. Host-to-Host, Service Providers and Web upload. The design of the pilot scheme has been discussed later in the report.

(vi) **Declare the intention of covering businesses with turnover over 1 billion baht in the second phase (preferably 1.5 – 2 years later in 2025).** Beginning the second phase the number of VAT registrants covered by the new scheme would increase from ~ 603 to ~ 5,638. However, it is expected that before entering the second phase, the standards and delivery channels for e-tax invoices would have stabilized in the first phase.

(vii) **EI by SMEs should be mandated in the subsequent phases, but in a time-bound manner (i.e. 6-10 years).** This will not only provide them sufficient preparation time but also provide the RD and the ETDA sufficient time to develop robust low-cost solutions such as free web portals and offline utilities.

(viii) **In line with the Government of Thailand's vision to become a cashless society in the future, consider the introduction of legal provisions that disincentivize cash payments by businesses.** For example, not allowing deductions for payments made in cash or cash equivalent (or by a mode other than banking channel) exceeding a threshold of say, 10,000 baht, for any expenditure incurred for business.

(ix) **Follow an open API policy to allow developers and service providers to test their software applications under test conditions.** This will help in creating a competitive market for service providers and application developers, and bringing down the cost of service and applications.

Medium-term (3-5 years)

(x) **Based on the success of Phase 1 of EI implementation, declare the intention of covering businesses with turnover over 200 million baht in the third phase (preferably 3 years later in 2025).** Beginning the third phase the number of VAT registrants covered by the new scheme would increase to ~ 21,516. By the beginning of phase 3, all large VAT registrants would have been fully integrated into the scheme and sufficient time would be available to the RD and the ETDA to prepare the ICT capacity to handle the invoice volume expected in Phase 3.

(xi) **Prepare for Phase 4 when all the VAT registrants with turnover above 20 million baht would be covered (preferably 4-5 years later).** Beginning the fourth phase the number of VAT registrants covered by the new scheme would increase to ~ 100,000. These would also include several businesses from the SME sector.

(xii) **Develop and launch convenient solutions for SME businesses to generate invoices and deliver to the RD**, such as -

    a. Web portal which enables taxpayers to create an account with the RD and issue an e-tax invoice. Such portal will be useful for taxpayers who do not have an ERP or similar software.

    b. Mobile cellular-based software solutions that allow SMEs to generate an e-tax invoice through a mobile application. This makes use of high levels of internet and mobile penetration in Thailand.

    c. Offline excel based utilities for invoice generation including bulk invoices.

Long-term (6-10 years)

(xiii) **Launch the subsequent phase of EI by gradually covering all the VAT registrants including all the businesses in the SME sector.** It is expected that in 5 years, SMEs will get sufficient time to prepare themselves before joining the e-tax invoice scheme. It is also expected that the market would have sufficiently matured, and the cost of compliance would be significantly lower.

(xiv) **Based on the success of EI for B2B transactions, prepare for covering B2C transactions under EI**. It is expected that by this stage the RD and the ETDA would be prepared to handle large invoice volume and learnt important lessons that will be useful in the implementation of EI for the B2C segment.

บทสรุปผู้บริหาร

1. **ประเทศไทยเป็นหนึ่งในประเทศแรก ๆ ของโลกที่เริ่มนำการออกเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ (Electrinic Invoicing : EI) มาใช้** โดยในปี พ.ศ. 2560 ประเทศไทยได้เปิดตัวระบบ 'e-tax invoice & e-receipt' ซึ่งเป็นระบบการออกเอกสารใบกำกับภาษี หรือใบเสร็จรับเงินอิเล็กทรอนิกส์แบบใหม่มาทดแทนระบบเดิมที่ดำเนินการมาตั้งแต่ปี พ.ศ. 2555 ซึ่งการออกเอกสารใบกำกับภาษีหรือใบเสร็จรับเงินอิเล็กทรอนิกส์ครั้งนี้ถูกผนวกรวมกับแผนระดับชาติและยุทธศาสตร์ 'Thailand 4.0' (พ.ศ. 2559) 'วิสัยทัศน์ประเทศไทย 2037' (พ.ศ. 2561) และ 'แผนพัฒนาภูมิทัศน์ดิจิทัลประเทศไทย' (พ.ศ. 2562) ซึ่งแสดงให้เห็นถึงความมุ่งมั่นของรัฐบาลไทยในการพัฒนาเศรษฐกิจไทยไปสู่ยุคดิจิทัลและปลดล็อกความท้าทายทางเศรษฐกิจด้วยการใช้นวัตกรรมเป็นแรงขับเคลื่อน

2. **เอกสารใบกำกับภาษีอิเล็กทรอนิกส์ คือ ใบกำกับภาษีที่เครื่องคอมพิวเตอร์สามารถอ่าน ออกเอกสาร รับเอกสาร และประมวลผลแบบอิเล็กทรอนิกส์ระหว่างระบบการเงินและภาษีของผู้ซื้อและผู้ขายได้** จุดเด่นของเอกสารใบกำกับภาษีอิเล็กทรอนิกส์คือการลดระยะเวลาการประมวลผล รวมถึงการชำระเงินของบัญชีลูกหนี้และการขอคืนภาษี ลดต้นทุนการทำธุรกรรม (เช่น การพิมพ์และการจัดเก็บ) มีประสิทธิภาพมากกว่าการประมวลผลด้วยกระดาษแบบดั้งเดิมร้อยละ 60 ถึงร้อยละ 80 และยังช่วยรัฐบาลรับมือกับการทุจริตทางภาษี ทำให้บริษัทต่าง ๆ โดยเฉพาะวิสาหกิจขนาดกลางและขนาดย่อม (SME) สามารถอยู่รอดและมีส่วนร่วมในการค้าขายได้สะดวกขึ้น มีความเชื่อมั่นทางการค้ามากขึ้น มีการชำระเงินที่ตรงเวลา และ "แฟคตอริ่ง[35]" และช่วยพัฒนาเศรษฐกิจให้ทันสมัยและเสริมความแข็งแกร่งให้กับอุตสาหกรรมเทคโนโลยีไทยผ่านการใช้เทคโนโลยีในการสื่อสาร ลายเซ็นดิจิทัล และการพัฒนาธุรกิจบริการ

3. **ประเทศที่พัฒนาแล้วและกำลังพัฒนาหลายประเทศได้นำเอกสารใบกำกับภาษีอิเล็กทรอนิกส์มาใช้แล้ว และอีกหลายประเทศกำลังอยู่ระหว่างดำเนินการ** หลายประเทศในละตินอเมริกา ได้แก่ อาร์เจนตินา ชิลี บราซิล เม็กซิโก และเปรู เป็นประเทศผู้นำระดับโลกในการนำใบกำกับภาษีอิเล็กทรอนิกส์มาใช้ โดยเริ่มต้นในช่วงต้นทศวรรษ 2000 (พ.ศ. 2543) พร้อมกับอีกหลายประเทศในสหภาพยุโรป อย่างไรก็ตาม ในขณะที่ประเทศในสหภาพยุโรปให้ความสำคัญกับระบบใบกำกับภาษีอิเล็กทรอนิกส์สำหรับธุรกรรมระหว่างธุรกิจกับรัฐบาล (B2G) ในการจัดซื้อจัดจ้างสาธารณะ ประเทศในละตินอเมริกามุ่งให้ความสำคัญกับธุรกรรมระหว่างธุรกิจกับธุรกิจ (B2B) และธุรกิจกับผู้บริโภค (B2C) ปัจจุบัน ประเทศเหล่านี้ส่วนใหญ่มีอัตราการยอมรับใบกำกับภาษีอิเล็กทรอนิกส์ เกือบร้อยละ 100 ซึ่งก่อให้เกิดประโยชน์อย่างมากต่อทั้งภาคธุรกิจและหน่วยงานด้านภาษี

4. **ระบบใหม่ของใบกำกับภาษีอิเล็กทรอนิกส์ที่รัฐบาลไทยนำมาใช้ในปี พ.ศ. 2560 มีกลุ่มเป้าหมายคือภาคธุรกิจ SME และผู้เสียภาษีมูลค่าเพิ่มรายใหญ่ ซึ่งมีรูปแบบของระบบต่างกัน** ระบบ 'e-tax invoice by e-mail' เป็นระบบที่เรียบ

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[35] การออกใบกำกับภาษีแฟคตอริ่ง - ธุรกิจจะขายใบกำกับภาษีที่ค้างชำระจำนวนเท่าใดก็ได้ให้กับแฟคตอริ่งในราคาต่ำกว่าจำนวนเงินที่ค้างชำระ ในทางกลับกัน ธุรกิจจะได้รับจำนวนเงินส่วนใหญ่ของใบกำกับภาษี – มากถึงร้อยละ 90 - ภายในสองสามวันทำการ แทนที่จะต้องรอตามระยะเวลา 30 60 หรือ 90 วัน ตามที่ระบุไว้ในใบกำกับภาษี แฟคตอริ่งส่วนใหญ่ แฟคเตอร์จะเป็นผู้รับผิดชอบเรียกเก็บเงินตามใบกำกับภาษี

ง่ายสำหรับภาคธุรกิจ SME มีวัตถุประสงค์เพื่อช่วยให้ผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มขนาดกลางและขนาดย่อม
คุ้นเคยกับระบบอิเล็กทรอนิกส์และพร้อมที่จะใช้ระบบ 'e-tax invoice and e-receipt' ต่อไปในอนาคต โดยผู้เสีย
ภาษีมูลค่าเพิ่มสามารถส่งสำเนาเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ (รูปแบบ PDF/A3) ไปยังสำนักงานพัฒนาธุรกรรม
ทางอิเล็กทรอนิกส์ (ETDA) ทางจดหมายอิเล็กทรอนิกส์ (E-Mail) เพื่อประทับรับรองเวลา ในขณะที่ผู้เสียภาษีรายใหญ่ (มี
ผลประกอบการต่อปีมากกว่า 30 ล้านบาท) จะมีการใช้ระบบ 'e-tax invoice and e-receipt' ที่มีความเข้มงวดมากกว่า
โดยกำหนดให้ผู้เสียภาษีต้องส่งใบกำกับภาษีอิเล็กทรอนิกส์ที่ลงลายมือชื่อดิจิทัลในรูปแบบ 'xml' ตามมาตรฐานไปยัง
กรมสรรพากร

5. **ตลอดระยะเวลา 6 ปีที่ผ่านมา นับตั้งแต่มีการเปิดตัวระบบดังกล่าว อัตราการใช้งานของใบกำกับภาษีอิเล็กทรอนิกส์**
ยังคงต่ำมากเพียงร้อยละ 0.4 เท่านั้น ระบบนี้ยังไม่สามารถดึงดูดมากเพียงพอสำหรับธุรกิจขนาดใหญ่หรือ SME
เนื่องจากใบกำกับภาษีอิเล็กทรอนิกส์ยังเป็นเพียงแค่ทางเลือกหนึ่งเท่านั้น หมายความว่าการจะใช้งานใบกำกับภาษี
อิเล็กทรอนิกส์นั้นขึ้นอยู่กับดุลยพินิจของผู้เสียภาษี กรมสรรพากรเป็นหน่วยงานหลักในการดำเนินการด้านใบกำกับภาษี
อิเล็กทรอนิกส์ เป็นผู้กำหนดนโยบายทางภาษี และมีสำนักงานพัฒนาธุรกรรมทางอิเล็กทรอนิกส์ (ETDA) ให้การสนับสนุน
การกำหนดมาตรฐานสำหรับเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ ลายเซ็นดิจิทัล และผู้ให้บริการบุคคลที่สามซึ่งทำหน้าที่
เป็นตัวแทนของผู้เสียภาษีในการจัดส่งเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ไปยังกรมสรรพากร

6. **รายงานฉบับนี้อ้างอิงจากการประเมินสถานะปัจจุบันของใบกำกับภาษีอิเล็กทรอนิกส์ในประเทศไทยโดยธนาคารโลก**
ซึ่งเป็นส่วนหนึ่งของความช่วยเหลือทางเทคนิคที่มอบให้กับรัฐบาลไทยเพื่อปรับปรุงประสิทธิภาพการบริหารภาษี
รายงานนี้ประกอบด้วยการวิเคราะห์ SWOT[36] (Strength, Weaknesses, Opportunities, and Threats) ของใบกำกับ
ภาษีอิเล็กทรอนิกส์ในประเทศไทย คำแนะนำเพื่อส่งเสริมการขยายการใช้งานใบกำกับภาษีอิเล็กทรอนิกส์ โดยเฉพาะ
สำหรับภาคธุรกิจ SME ทั้งนี้ จากการวิเคราะห์ SWOT พบว่ามีอุปสรรคหลายประการในการนำใบกำกับภาษี
อิเล็กทรอนิกส์มาใช้ โดยรายงานฉบับนี้ได้ระบุและจัดประเภทของอุปสรรคออกเป็น 4 ด้าน ได้แก่ ด้านกฎหมาย ด้าน
เทคนิค ด้านการเงิน และด้านความรู้ความเข้าใจ

7. **ข้อค้นพบหลัก**

1. **อัตราการใช้งานใบกำกับภาษีอิเล็กทรอนิกส์ที่ต่ำ มีสาเหตุหลักมาจากการขาดอำนาจทางกฎหมายในการบังคับ**
ให้ออกใบกำกับภาษีอิเล็กทรอนิกส์สำหรับผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มทุกประเภท (ขนาดใหญ่
ขนาดกลาง หรือขนาดย่อม) ประเทศที่ดำเนินนโยบายใบกำกับภาษีอิเล็กทรอนิกส์บนพื้นฐานความสมัครใจส่วน
ใหญ่พบว่าจะมีอัตราการใช้งานในระดับต่ำจนกว่าจะถึงเวลาที่มีการบังคับใช้ตามกฎหมาย

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[36] การวิเคราะห์ SWOT คือการวางแผนเชิงกลยุทธ์และเทคนิคการจัดการเชิงกลยุทธ์ที่ใช้เพื่อช่วยให้องค์กรระบุจุดแข็ง จุดอ่อน โอกาส และภัยคุกคามที่เกี่ยวข้องกับการแข่งขัน
ทางธุรกิจหรือการวางแผนโครงการ

2. **อัตราการใช้ใบกำกับภาษีอิเล็กทรอนิกส์ไม่ได้เพิ่มขึ้นแม้จะมีแรงจูงใจทางภาษี เช่น การหักค่าใช้จ่ายที่เกี่ยวข้อง กับใบกำกับภาษีอิเล็กทรอนิกส์ ร้อยละ 200 และการลดอัตราภาษีหัก ณ ที่จ่าย** ในทางตรงกันข้าม ประสบการณ์ ในต่างประเทศแสดงให้เห็นว่าการนำใบกำกับภาษีอิเล็กทรอนิกส์มาใช้นั้นมีความคุ้มค่า และโดยทั่วไปแล้ว ธุรกิจส่วน ใหญ่จะสามารถคืนทุนของการลงทุนนำใบกำกับภาษีอิเล็กทรอนิกส์มาใช้ (ต้นทุนฮาร์ดแวร์และซอฟต์แวร์) ได้ภายใน ระยะเวลาไม่ถึงหนึ่งปี

3. **การมีระบบใบกำกับภาษีอิเล็กทรอนิกส์ใช้งานอยู่สองระบบ โดยระบบหนึ่งอนุญาตให้ผู้จดทะเบียน ภาษีมูลค่าเพิ่มออกเอกสารใบกำกับภาษีในรูปแบบ PDF/A3 และอีกระบบหนึ่งกำหนดให้ผู้จดทะเบียน ภาษีมูลค่าเพิ่มออกใบกำกับภาษีแบบ XML** ระบบแรกพุ่งเป้าไปที่ผู้เสียภาษีรายเล็กที่มีรายได้ต่อปีน้อยกว่า 30 ล้านบาท ในขณะที่ระบบหลังพุ่งเป้าไปที่ผู้เสียภาษีที่เหลือ แม้ว่าระบบแรกมีจุดมุ่งหมายเพื่อส่งเสริมให้ผู้เสียภาษีราย ย่อยเปลี่ยนไปใช้การออกเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ แต่การเริ่มต้นด้วยระบบดังกล่าว ซึ่งเป็นระบบที่ไม่ได้ อยู่บนพื้นฐานของใบกำกับภาษีอิเล็กทรอนิกส์อย่าง "แท้จริง" (เช่น เอกสารใบกำกับภาษีที่ "อ่านด้วยเครื่อง" (machine readable)) ในอนาคต ผู้เสียภาษีจะต้องยกเลิกแนวปฏิบัตินี้และเรียนรู้แนวปฏิบัติใหม่ที่มีพื้นฐานมาจาก ใบกำกับภาษีอิเล็กทรอนิกส์ที่แท้จริง ซึ่งแนวทางคู่ขนานที่ดำเนินอยู่ในปัจจุบันไม่มีประสิทธิภาพทั้งกับผู้เสียภาษีและ กรมสรรพากร โดยจำเป็นต้องจัดสรรทรัพยากรสำหรับการประมวลผลเอกสารใบกำกับภาษีทั้งในรูปแบบ PDF/A3 และ XML

4. **ผู้เสียภาษีที่ลงทะเบียนสำหรับใบกำกับภาษีอิเล็กทรอนิกส์ สามารถออกใบกำกับภาษีได้ทั้งแบบกระดาษและ แบบอิเล็กทรอนิกส์** การที่มีทางเลือกเช่นนี้ทำให้ไม่สามารถรับประกันได้ว่าผู้เสียภาษีจะเปลี่ยนไปใช้ใบกำกับภาษี อิเล็กทรอนิกส์อย่างเต็มรูปแบบและเก็บเกี่ยวผลประโยชน์จากใบกำกับภาษีอิเล็กทรอนิกส์ได้อย่างเต็มที่ นอกจากนี้ กรมสรรพากรยังจะไม่ได้รับข้อมูลในเอกสารใบกำกับภาษีทั้งหมดของผู้เสียภาษีดังกล่าว (บางส่วนเป็นกระดาษ บางส่วนเป็นอิเล็กทรอนิกส์) ซึ่งทำให้กรมสรรพากรมีข้อจำกัดในการนำข้อมูลดังกล่าวไปใช้เพื่อลดต้นทุนการปฏิบัติ ตามกฎระเบียบหรือการประเมินความเสี่ยง

5. **ผู้เสียภาษีได้รับอนุญาตให้ส่งใบกำกับภาษีอิเล็กทรอนิกส์ได้ภายในวันที่ 15 ของเดือนถัดจากเดือนที่ออก ใบกำกับภาษี ทำให้เกิดความล่าช้าระหว่างการออกใบกำกับภาษีอิเล็กทรอนิกส์และการได้รับใบกำกับภาษี อิเล็กทรอนิกส์โดยกรมสรรพากรเป็นอย่างมาก** กรมสรรพรกรไม่สามารถควบคุมจำนวนและเนื้อหาของเอกสาร ใบกำกับภาษีที่ผู้เสียภาษีออกมา ตลอดจนรูปแบบใบกำกับภาษี อีกทั้ง ผู้รับเอกสารใบกำกับภาษีไม่จำเป็นต้อง รับทราบหรือรับรองใบกำกับภาษีอิเล็กทรอนิกส์ต่อกรมสรรพากร ทั้งที่เอกสารใบกำกับภาษีถือเป็นพื้นฐานในการขอ เครดิตภาษีซื้อ ดังนั้น จึงไม่สามารถระบุได้ว่าเอกสารใบกำกับภาษีนั้น ถูกต้องเป็นไปตามมาตรฐานที่กรมสรรพากร กำหนดหรือไม่

6. **เนื่องจากมีอัตราการใช้ใบกำกับภาษีอิเล็กทรอนิกส์ที่ต่ำ ทำให้ตัวเลือกทางเทคนิคเพื่ออำนวยความสะดวกแก่ การออกใบกำกับภาษีอิเล็กทรอนิกส์ที่พร้อมใช้งานจึงมีค่อนข้างจำกัด** เนื่องจากไม่มีตัวเลือกที่มีประสิทธิภาพและ

ต้นทุนต่ำ เช่น เว็บท่า[37] (Web Portal) โปรแกรมยูทิลิตี้ออฟไลน์ และแอปพลิเคชันในโทรศัพท์มือถือ แบบไม่เสีย
ค่าใช้จ่ายให้บริการ ทำให้ผู้เสียภาษีรายย่อยที่ไม่มีระบบ Enterprise Resource Planning (ERP) หรือซอฟต์แวร์ที่
คล้ายกัน จะต้องใช้บริการจากผู้ให้บริการภายนอก (Service Provider: SP) ในการออกใบกำกับภาษีอิเล็กทรอนิกส์
เกิดเป็นต้นทุนที่เพิ่มขึ้นในการปฏิบัติตามกฎระเบียบ

7. **แม้ว่าปัจจุบันจะมีผู้ให้บริการภายนอก (SP) จำนวน 20 ราย ที่ได้รับการรับรองจากสำนักงานพัฒนาธุรกรรม
ทางอิเล็กทรอนิกส์ (สพธอ. หรือ ETDA) แล้ว แต่การแข่งขันด้านการให้บริการที่จะสามารถช่วยลดต้นทุนได้ก็
ยังไม่เกิดขึ้น** โดยส่วนใหญ่ยังกระจุกตัวอยู่ในผู้ให้บริการเพียงไม่กี่ราย ซึ่งมีลักษณะการให้บริการที่แตกต่างกันไป
ตั้งแต่การรวมใบกำกับภาษีอิเล็กทรอนิกส์เข้ากับ ERP ของผู้เสียภาษี ไปจนถึงการแปลงเอกสารใบกำกับภาษีที่เป็น
กระดาษให้เป็นใบกำกับภาษีอิเล็กทรอนิกส์ ดังนั้น การขยายการใช้ใบกำกับภาษีอิเล็กทรอนิกส์จะมีศักยภาพอย่าง
มากในการช่วยลดต้นทุนในการใช้บริการผู้ให้บริการภายนอก (SP)

8. **แม้ว่าช่องทางในการจัดส่งใบกำกับภาษีอิเล็กทรอนิกส์ไปยังกรมสรรพากรจะมีถึงสามช่องทาง ได้แก่ Host-to-
Host (ผู้เสียภาษีส่งข้อมูลโดยตรงมายังเครื่องคอมพิวเตอร์แม่ข่ายของกรมสรรพากร) ผู้เสียภาษีส่งข้อมูลผ่านผู้
ให้บริการ และผู้เสียภาษีอัปโหลดข้อมูลผ่านทางเว็บไซต์ ซึ่งปัจจุบันร้อยละ 80 ของผู้เสียภาษีส่งข้อมูลใบกำกับ
ภาษีอิเล็กทรอนิกส์ผ่านผู้ให้บริการ** ดังนั้น กรมสรรพากรจึงควรตรวจสอบสาเหตุและอุปสรรคที่ผู้เสียภาษีต้องเผชิญ
ในการใช้ช่องทางจัดส่งอื่น และจัดการกับอุปสรรคดังกล่าวโดยมีการหารือกับผู้มีส่วนได้ส่วนเสีย

9. **ผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มส่วนใหญ่เป็น SME และไม่ค่อยตระหนักถึงใบกำกับภาษีอิเล็กทรอนิกส์
และประโยชน์มากนัก** โดย SME อาจไม่เปิดรับต่อการใช้ใบกำกับภาษีอิเล็กทรอนิกส์เว้นแต่จะเห็นคุณค่าจากการ
ประหยัดต้นทุนทางการเงินอย่างแท้จริง กรมสรรพากรจึงจำเป็นต้องสื่อสารให้เห็นถึงประโยชน์ของการใช้ใบกำกับ
ภาษีอิเล็กทรอนิกส์ จากกระบวนการทางธุรกิจที่มีประสิทธิภาพไปจนถึงต้นทุนการปฏิบัติตามภาษีที่ลดลง

10. **ผู้เสียภาษียังมีความเข้าใจที่ผิดว่าการเปลี่ยนไปใช้ใบกำกับภาษีอิเล็กทรอนิกส์ อาจนำไปสู่ผลกระทบทางลบที่จะ
ตามมา เช่น การตรวจสอบภาษี บทลงโทษสำหรับความผิดพลาด หรือภาระภาษีที่สูงขึ้น** โดยผู้เสียภาษีกลัวที่จะ
ให้ข้อมูลที่มากเกินไปกับกรมสรรพากร ความหวาดระแวงดังกล่าวมีแนวโน้มที่จะสูงขึ้นในกลุ่มผู้เสียภาษีที่มีส่วน
เกี่ยวข้องกับการหลีกเลี่ยงภาษี

11. **ประเทศส่วนใหญ่เริ่มดำเนินการใช้ใบกำกับภาษีอิเล็กทรอนิกส์แบบค่อยเป็นค่อยไป โดยเริ่มจากกลุ่มผู้เสียภาษี
รายใหญ่ก่อน แล้วจึงตามมาด้วยกลุ่มผู้เสียภาษีขนาดกลาง** ทั้งนี้ กลุ่มผู้เสียภาษีรายย่อยจะถูกดำเนินการในช่วง
สุดท้ายของการใช้ใบกำกับภาษีอิเล็กทรอนิกส์ เนื่องจากข้อจำกัดเฉพาะต่าง ๆ และการใช้ใบกำกับภาษี
อิเล็กทรอนิกส์ของธุรกิจขนาดใหญ่จะสร้างแรงกดดันต่อธุรกิจ SMEs ภายใต้ห่วงโซ่อุปทานของพวกเขา ซึ่ง

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[37] เว็บท่า (Web Portal) หมายถึง ระบบการจัดการเนื้อหาของเว็บไซต์ เพื่อให้เว็บไซต์นั้นๆ เป็นศูนย์กลางเพื่อรวบรวมลิงก์เว็บไซต์ หรือเนื้อหา หรือบทความต่างๆ โดยมีการ
จัดเป็นหมวดหมู่เพื่อให้ดูง่าย และสะดวกในการเชื่อมโยงไปยังเว็บไซต์อื่นๆ ที่เกี่ยวข้อง

กรมสรรพากรสามารถใช้ประโยชน์ในการขยายความครอบคลุมการใช้ใบกำกับภาษีอิเล็กทรอนิกส์ได้ นอกจากนี้ ยัง
ช่วยให้ตลาดการให้บริการด้านใบกำกับภาษีอิเล็กทรอนิกส์ได้ราคาค่าบริการที่ส่งเสริมการแข่งขัน (competitive
price) สร้างแรงจูงใจให้ SME หันมาใช้ใบกำกับภาษีอิเล็กทรอนิกส์มากยิ่งขึ้น อย่างไรก็ตาม ประเทศไทยได้มีการ
เริ่มดำเนินการใช้ใบกำกับภาษีอิเล็กทรอนิกส์พร้อมกันสำหรับธุรกิจทุกขนาด โดยทั้งผู้เสียภาษีและกรมสรรพากรเอง
ก็ยังไม่ได้เตรียมความพร้อมด้านโครงสร้างพื้นฐานและการฝึกอบรมที่จำเป็นอย่างเพียงพอ

8. ข้อเสนอแนะหลัก

ระยะสั้น (1-2 ปี)

(i) **ควรมีการจัดตั้งคณะทำงาน นำโดยกลุ่มงานด้านใบกำกับภาษีอิเล็กทรอนิกส์ของกรมสรรพากร พร้อมด้วย
เจ้าหน้าที่จากกองวิชาการแผนภาษี กองบริหารการเสียภาษีทางอิเล็กทรอนิกส์ และกองเทคโนโลยีสารสนเทศ**
การจัดตั้งคณะทำงานในลักษณะนี้จะช่วยให้กลุ่มงานด้านใบกำกับภาษีอิเล็กทรอนิกส์ของกรมสรรพากรมีมุมมอง
ครบถ้วน รอบด้าน แบบองค์รวม ทั้งประเด็นด้านนโยบายและการดำเนินการที่เกี่ยวข้องกับใบกำกับภาษี
อิเล็กทรอนิกส์ ทั้งนี้ กลุ่มงานด้านใบกำกับภาษีอิเล็กทรอนิกส์ควรเป็นผู้รับผิดชอบในการดำเนินการด้านใบกำกับ
ภาษีอิเล็กทรอนิกส์ โดยมีการกำหนดกรอบเวลาที่ชัดเจน

(ii) **กรมสรรพากรควรลงทุนในการสร้างระบบและกระบวนการที่ช่วยให้สามารถติดตาม ตรวจสอบ และควบคุม
ธุรกรรมแบบทันที (real-time)** ตามข้อมูลเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ที่ได้รับจากผู้เสียภาษี โดยใช้การ
เรียนรู้ของเครื่องคอมพิวเตอร์ (machine learning) ขั้นสูงและเทคนิคปัญญาประดิษฐ์ (Artificial Intelligence: AI)

(iii) **ควรรวมระบบ 'e-tax invoice by e-mail' และ ระบบ 'e-tax invoice & e-receipt' เข้าด้วยกันให้เป็น
ระบบเดียว โดยให้คงระบบ 'e-tax invoice & e-receipt' ไว้และยกเลิกทางเลือกในการส่งใบกำกับภาษี
อิเล็กทรอนิกส์ในรูปแบบ PDF** วิธีนี้จะช่วยให้ผู้เสียภาษีระบุและปฏิบัติตามการออกใบกำกับภาษีอิเล็กทรอนิกส์
ระบบเดียว นอกจากนี้ ยังช่วยให้มั่นใจได้ว่าธุรกิจทั้งหมดที่ขึ้นทะเบียนสำหรับการออกใบกำกับภาษีอิเล็กทรอนิกส์ไม่
ว่าจะมีขนาดเท่าใด ก็จะมีมาตรฐานและข้อบังคับเดียวกัน สำหรับการสร้างและการตรวจสอบความถูกต้องของ
เอกสารใบกำกับภาษีอิเล็กทรอนิกส์ ตลอดจนการจัดส่งข้อมูลไปยังกรมสรรพากร โดยโครงสร้างของระบบใบกำกับ
ภาษีอิเล็กทรอนิกส์ใหม่ควรมีคุณสมบัติพื้นฐานดังต่อไปนี้

    ก.   ผู้ออกใบกำกับภาษีอิเล็กทรอนิกส์ควรสร้างและส่งใบกำกับภาษีอิเล็กทรอนิกส์ให้กับกรมสรรพากรทันที
หลังจากออกใบกำกับภาษีตามมาตรฐานที่กำหนดโดยสำนักงานพัฒนาธุรกรรมทางอิเล็กทรอนิกส์ (สพธอ.
หรือ ETDA) กรมสรรพากรควรตรวจสอบความถูกต้องของใบกำกับภาษีอิเล็กทรอนิกส์ตามเวลาจริง และ
ใส่หมายเลขเฉพาะ (เช่น หมายเลขอ้างอิงเอกสารใบกำกับภาษี) พร้อมกับประทับเวลาบนใบกำกับภาษี
อิเล็กทรอนิกส์ที่ตรวจสอบแล้ว

ข. ผู้ออกใบกำกับภาษีอิเล็กทรอนิกส์ควรได้รับใบกำกับภาษีอิเล็กทรอนิกส์ที่ถูกต้องพร้อมหมายเลขเฉพาะ ของ ของกรมสรรพากรตามเวลาจริงหรือทันที

ค. มาตรฐานเอกสารใบกำกับภาษีอิเล็กทรอนิกส์สำหรับการส่งต่อให้กับกรมสรรพากรควรเป็น XML

ง. กำหนดให้ใบกำกับภาษีอิเล็กทรอนิกส์จะมีความถูกต้องตามกฎหมายก็ต่อเมื่อกรมสรรพากรมีการ ตรวจสอบล่วงหน้า และมีหมายเลขอ้างอิงเฉพาะที่กำหนดโดยกรมสรรพากร และอนุญาตให้ใบกำกับภาษี อิเล็กทรอนิกส์ที่ผ่านการตรวจสอบล่วงหน้าเท่านั้นที่สามารถขอเครดิตภาษีซื้อได้

จ. เนื่องจากการค้าระหว่างประเทศเป็นตัวขับเคลื่อนเศรษฐกิจที่สำคัญสำหรับของประเทศไทย มาตรฐานของ ใบกำกับภาษีอิเล็กทรอนิกส์ควรเป็นไปตามมาตรฐาน PEPPOL[38] ซึ่งเป็นที่ยอมรับในระดับสากล และเป็น ที่นิยมใช้ทั่วโลก โดยมีการนำไปใช้ในหลายประเทศ เช่น สหภาพยุโรป สหรัฐอเมริกา แคนาดา สิงคโปร์ ออสเตรเลีย ญี่ปุ่น เม็กซิโก และอินเดีย

ฉ. ผู้ออกใบกำกับภาษีอิเล็กทรอนิกส์ (หรือผู้ขาย) ควรให้ใบกำกับภาษีอิเล็กทรอนิกส์ที่ผ่านการตรวจสอบ ล่วงหน้าจากกรมสรรพากรแก่ผู้รับเอกสารใบกำกับภาษี (หรือผู้ซื้อ) เท่านั้น อย่างไรก็ตาม รูปแบบของ เอกสารใบกำกับภาษีที่จะใช้ร่วมกันกับผู้ซื้อไม่ว่าจะเป็น PDF หรือ XML สามารถเป็นไปตามข้อตกลงกับผู้ ซื้อได้ เช่น หากผู้ซื้อไม่สามารถรับเอกสารใบกำกับภาษีในรูปแบบ XML ได้ ผู้ขายก็สามารถให้เอกสาร ใบกำกับภาษีในรูปแบบ PDF ได้

ช. ใช้ใบรับรอง (certification of authority) ที่เรียบง่ายกว่า (Class 3) โดยไม่จำเป็นต้องใช้โทเค็น (token) ซึ่งสามารถติดตั้งในคอมพิวเตอร์หรือเซิร์ฟเวอร์ มีขั้นตอนและกระบวนการลงนามในเอกสารที่ง่าย ซึ่ง ใบรับรองเหล่านี้จะมีราคาถูกกว่าใบรับรองที่ต้องใช้โทเค็น

(iv) **ควรมีวิธีการขยายการใช้งานเอกสารใบกำกับภาษีอิเล็กทรอนิกส์แบบค่อยเป็นค่อยไป โดยมีเป้าหมายเพื่อให้ได้ อัตราการนำไปใช้ใกล้เคียงร้อยละ 100 ภายใน 5 - 10 ปี ข้างหน้า** การกำหนดเป้าหมายระยะเวลาสามารถปรับ ลดลงได้ตามความสำเร็จของการดำเนินการในระยะก่อนหน้าและความพร้อมของผู้เสียภาษี

(v) **ระยะที่ 1 ของการเปิดตัวในระยะสั้น ควรกำหนดให้ใบกำกับภาษีอิเล็กทรอนิกส์เป็นมาตรการบังคับสำหรับ ผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มรายใหญ่ และกำหนดให้การใช้เอกสารใบกำกับภาษีแบบกระดาษเป็น กรณีข้อยกเว้นแทนที่จะเป็นกรณีบรรทัดฐาน** โดยข้อยกเว้นอาจกำหนดไว้ในกฎหมายตามความยากลำบากหรือ ข้อจำกัดที่แท้จริง ซึ่งมีการระบุในระหว่างการหารือกับผู้มีส่วนได้ส่วนเสียกับผู้เสียภาษีรายใหญ่ ขั้นตอนมีดังนี้:

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[38] Pan-European Public Procurement On-Line (PEPPOL) เป็นมาตรฐานสำหรับการแลกเปลี่ยนเอกสารทางธุรกิจอิเล็กทรอนิกส์ระหว่างประเทศ ซึ่งรวมถึงใบแจ้งหนี้ อิเล็กทรอนิกส์ด้วย

ก. **ประกาศความตั้งใจที่จะให้ใบกำกับภาษีอิเล็กทรอนิกส์มีผลบังคับใช้สำหรับผู้จดทะเบียน**
ภาษีมูลค่าเพิ่มรายใหญ่ ที่มีผลประกอบการต่อปีมากกว่า 10,000 ล้านบาทในอนาคต (ควรเป็นช่วงต้นปี
พ.ศ. 2567)

ข. **ออกแบบและเปิดตัวโครงการนำร่องก่อนเข้าสู่ขั้นตอนภาคบังคับสำหรับธุรกิจขนาดใหญ่ เพื่อทดสอบ**
ปรับใช้ และปรับปรุงช่องทางการจัดส่งใบกำกับภาษีอิเล็กทรอนิกส์ทั้งสามช่องทาง ได้แก่ Host-to-
Host ผ่านผู้ให้บริการ และอัปโหลดข้อมูลผ่านทางเว็บไซต์ โดยการออกแบบโครงการนำร่องจะกล่าวถึง
ในรายงานต่อไป

(vi) **ประกาศเจตจำนงที่จะครอบคลุมธุรกิจที่มีผลประกอบการมากกว่า 1,000 ล้านบาทในระยะที่ 2 (โดยเฉพาะ**
อย่างยิ่ง 1.5 – 2 ปีต่อมาหลังจากปี พ.ศ. 2568) ในขั้นเริ่มต้นของระยะที่ 2 จำนวนผู้จดทะเบียนภาษีมูลค่าเพิ่มที่
อยู่ในระบบใบกำกับภาษีอิเล็กทรอนิกส์ใหม่นี้จะเพิ่มขึ้นจาก 603 ราย เป็น 5,638 รายโดยประมาณ อย่างไรก็ตาม
คาดว่ามาตรฐานและช่องทางการจัดส่งใบกำกับภาษีอิเล็กทรอนิกส์จะเข้าที่จากในระยะที่ 1 ก่อนเข้าสู่ระยะที่ 2 ของ
การดำเนินการ

(vii) **การบังคับใช้ใบกำกับภาษีอิเล็กทรอนิกส์ในธุรกิจ SMEs ควรดำเนินการในขั้นต่อไป ในลักษณะที่มีการกำหนด**
กรอบเวลา (เช่น 6 - 10 ปี) สิ่งนี้จะไม่เพียงแต่จะช่วยให้ SMEs มีเวลาเตรียมการณ์ที่เพียงพอ แต่ยังให้ช่วยให้
กรมสรรพากรและ ETDA มีเวลาในการพัฒนาศักยภาพในการออกเอกสารใบกำกับภาษีอิเล็กทรอนิกส์ที่มี
ประสิทธิภาพและต้นทุนต่ำ เช่น เว็บท่าแบบไม่มีค่าใช้จ่าย (Free Web Portal) และโปรแกรมยูทิลิตี้ออฟไลน์

(viii) **เพื่อให้สอดคล้องกับวิสัยทัศน์ของรัฐบาลไทยในการเป็นสังคมไร้เงินสดในอนาคต ควรมีการพิจารณาการใช้**
บทบัญญัติทางกฎหมายที่ไม่จูงใจให้ธุรกิจชำระเงินด้วยเงินสด เช่น ไม่อนุญาตให้มีการหักลดหย่อนเงินที่ชำระเป็นเงิน
สดหรือเทียบเท่าเงินสด (หรือโดยวิธีอื่นที่ไม่ใช่ช่องทางธนาคาร) เกินเกณฑ์ 10,000 บาท สำหรับค่าใช้จ่ายใด ๆ ที่เกิดขึ้น
เพื่อวัตถุประสงค์ทางธุรกิจ

(ix) **ใช้นโยบาย API[39] แบบเปิดเพื่อให้นักพัฒนาซอฟต์แวร์และผู้ให้บริการทดสอบแอปพลิเคชันซอฟต์แวร์ภายใต้เงื่อนไข**
การทดสอบ สิ่งนี้จะช่วยสร้างตลาดการแข่งขันสำหรับผู้ให้บริการและผู้พัฒนาแอปพลิเคชัน และลดต้นทุนของบริการและ
แอปพลิเคชัน

ระยะกลาง (3-5 ปี)

(x) **หลังจากความสำเร็จของการดำเนินการใบกำกับภาษีอิเล็กทรอนิกส์ในระยะที่ 1 ให้ประกาศเจตจำนงที่จะ**
ครอบคลุมธุรกิจที่มีผลประกอบการมากกว่า 200 ล้านบาท เป็นเป้าหมายระยะที่ 3 (ควรเป็น 3 ปีต่อมาหลังจาก
ปี พ.ศ. 2568) เมื่อเริ่มต้นระยะที่ 3 จำนวนผู้จดทะเบียนภาษีมูลค่าเพิ่มที่อยู่ในโครงการใหม่นี้จะเพิ่มขึ้นเป็น

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[39] API ย่อมาจาก "Application Program Interface" คือกลไกที่ช่วยให้ส่วนประกอบซอฟต์แวร์สองส่วนสามารถสื่อสารกันได้โดยใช้ชุดคำจำกัดความและโปรโตคอล

ประมาณ 21,516 ราย โดยในช่วงต้นระยะที่ 3 ผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มรายใหญ่ทั้งหมดจะเข้าร่วม
ในการใช้ใบกำกับภาษีอิเล็กทรอนิกส์อย่างสมบูรณ์ และมีเวลาเพียงพอสำหรับกรมสรรพากรและ ETDA เพื่อเตรียม
ความพร้อมทางด้านเทคโนโลยีสารสนเทศ เพื่อจัดการกับปริมาณเอกสารใบกำกับภาษีที่ประมาณการไว้ในระยะที่ 3

(xi) **เตรียมพร้อมสำหรับระยะที่ 4 เมื่อผู้ประกอบการจดทะเบียนภาษีมูลค่าเพิ่มทุกรายที่มีผลประกอบการมากกว่า
20 ล้านบาทจะถูกบังคับใช้ใบกำกับภาษีอิเล็กทรอนิกส์ (โดยเฉพาะอย่างยิ่ง 4 - 5 ปีหลังจากนั้น)** เริ่มต้นระยะที่
4 จำนวนผู้จดทะเบียนภาษีมูลค่าเพิ่มที่ใช้ใบกำกับภาษีอิเล็กทรอนิกส์นี้จะเพิ่มขึ้นเป็นประมาณ 100,000 ราย ซึ่งจะ
รวมถึงธุรกิจต่าง ๆ จาก SME

(xii) **พัฒนาและเปิดตัวทางเลือกที่สะดวกสำหรับธุรกิจ SME เพื่อสร้างเอกสารใบกำกับภาษีและส่งมอบให้กับ
กรมสรรพากร เช่น**

    ก.   เว็บท่า (Web Portal) ซึ่งผู้เสียภาษีสามารถสร้างบัญชีกับกรมสรรพากร และออกใบกำกับภาษี
        อิเล็กทรอนิกส์ได้ โดยพอร์ทัลดังกล่าวจะเป็นประโยชน์สำหรับผู้เสียภาษีที่ไม่มี ERP หรือซอฟต์แวร์ที่
        คล้ายกัน

    ข.   โซลูชันซอฟต์แวร์บนโทรศัพท์มือถือที่ช่วยให้ SME สามารถสร้างใบกำกับภาษีอิเล็กทรอนิกส์ผ่านแอป
        พลิเคชันในมือถือ ซึ่งเป็นการใช้ประโยชน์จากการใช้อินเทอร์เน็ตและโทรศัพท์มือถือในระดับสูงของ
        ประเทศไทย

    ค.   ยูทิลิตี้ที่ใช้ Excel แบบออฟไลน์สำหรับการสร้างเอกสารใบกำกับภาษีรวมถึงเอกสารใบกำกับภาษีจำนวน
        มาก

ระยะยาว (6-10 ปี)

(xiii) **เปิดตัวใบกำกับภาษีอิเล็กทรอนิกส์ระยะต่อไป โดยค่อย ๆ ขยายขอบเขตจนครอบคลุมผู้ประกอบการจด
ทะเบียนภาษีมูลค่าเพิ่มทั้งหมด รวมถึงธุรกิจทั้งหมดใน SME** โดยคาดว่าในระยะเวลา 5 ปีข้างหน้า SME จะมี
เวลาเพียงพอสำหรับการเตรียมตัวก่อนเข้าร่วมโครงการใบกำกับภาษีอิเล็กทรอนิกส์ และคาดว่าตลาดการให้บริการ
จะเติบโตเพียงพอ และต้นทุนการปฏิบัติตามกฎระเบียบจะลดลงอย่างมาก

(xiv) **จากความสำเร็จของใบกำกับภาษีอิเล็กทรอนิกส์ สำหรับธุรกรรมระหว่างธุรกิจกับธุรกิจ (B2B) ไปสู่การ
เตรียมพร้อมสำหรับการใช้ใบกำกับภาษีอิเล็กทรอนิกส์ในกลุ่มธุรกรรมระหว่างธุรกิจกับผู้บริโภค (B2C)** คาดว่า
ในขั้นตอนนี้ กรมสรรพากรและ ETDA จะเตรียมพร้อมและสามารถรับมือกับปริมาณเอกสารใบกำกับภาษีจำนวน
มากได้ อีกทั้ง ได้เรียนรู้บทเรียนสำคัญจากธุรกรรมระหว่างธุรกิจกับธุรกิจ (B2B) ที่จะเป็นประโยชน์ในการปรับใช้
ใบกำกับภาษีอิเล็กทรอนิกส์สำหรับกลุ่มธุรกรรมระหว่างธุรกิจกับผู้บริโภค (B2C)

INTRODUCTION

1.1   **The World Bank has undertaken to provide technical assistance (TA) to the Government of Thailand on extending electronic invoicing to SMEs.** The aim of the TA is to support reforms that improve the efficiency of tax administration, which in turn would improve voluntary compliance and make the investment climate more conducive to SME development and growth.

1.2   **This report aims to present an assessment of the current state of e-invoicing in Thailand based on the information and evidence gathered during missions, including information and data received from the RD and the ETDA.** Based on the assessment, recommendations to strengthen the e-invoicing policy and implementation framework have been made towards the end of the report.

WHY DOES E-INVOICING MATTER?

2.1   The digitalization of business processes, such as invoicing, is a prime opportunity to improve the competitiveness of enterprises by raising productivity and efficiency. Invoicing forms part of the trade process between business parties and is one of several steps which make up the physical and financial supply chain and the related information flows. The invoice is a pivotal document, whose digitalization generates savings, as well as contributes to many other benefits along the supply chain. This can apply to both private and public sector organizations, the latter being able to reduce fiscal pressures and promote efficiency throughout the economy (Salmony, 2010).

2.2   EI is a common B2B practice and has been part of Electronic Data Interchange[40] (EDI) transactions for many years. The main weakness in adoption historically was cost. In the early days, EDI was relatively expensive and resource-intensive to implement. It was the province of large organizations that could afford to invest in the technology and mandate its use amongst trading partners. In addition, the electronic invoices would often be in a format that was unique to the large organization. Factors such as the widespread adoption of EDI, the growth of the Internet, and the range of options now available to exchange data mean that e-invoicing has become affordable for all – from the smallest to medium and large size organizations. The Internet has enabled the creation of web forms and web invoicing so that electronic invoice data can even be entered online.

2.3   The biggest push to EI has come from the Governments around the world. Governments are recognizing the economic benefits that e-invoicing provides through efficiency and productivity gains as well as co-benefits in the form of improved VAT compliance, reduced compliance and collection costs of VAT and higher levels of formality in the economy. Consequently, governments are driving e-invoicing adoption through introduction of legal, regulatory, and structural reforms that leverage digital technology. More than 50 countries around the world have already implemented e-invoicing, including European Union (EU) countries, and several countries in Latin America and the Caribbean region (Barreix, 2018). Many more countries including Australia, New Zealand, India, Saudi Arabia, UAE, and Egypt have adopted e-invoicing policy in the last few years and are now in the process of rolling it out in a phased manner. In European countries, governments have led from the front by digitizing the public sector and making B2G[41] e-invoicing mandatory. All of this has led to a wider adoption of e-invoicing across different sized businesses, different industry sectors and different geographical locations. Governments are also playing an important role in regulating and harmonizing the e-invoicing standards.

2.4   With fast-growing digitalization of the economy and tax administration driven by the ideas of real-time economy and real-time compliance, e-invoicing is only the tip of the iceberg. Governments worldwide are experiencing huge benefits by mandating e-invoicing, and as the time between a transaction and tax remittance shrinks with real-time compliance, it's highly unlikely digital compliance developments will stop at e-invoicing. The next step for tax authorities will be to broaden their digital transformation efforts to cover other compliance documents, such as tax returns, audited financial statements, transport bills, and audit reports. The digitalization of tax compliance, also known as e-compliance will aim to make the entire compliance workflow

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[40] Electronic data interchange (EDI) is the computer-to-computer exchange of business documents and information. Fundamentally, EDI is a methodology. It's a set of best practices, standards, processes, and technology that enables the free flow of information between different businesses — specifically, different businesses within a single supply chain.

[41] B2G means Business to Government transactions

digital and real-time. Every document could become digital and be exchanged electronically in real-time with any government or business. For instance, many countries including Romania, Peru, Brazil, and India have introduced an e-Transport system that reports the physical movement of goods in the country, helping to introduce digital reporting within customs and logistics.

2.5 Traditionally, invoicing, like any heavily paper-based process, is manually intensive and is prone to human error resulting in increased costs and processing lifecycles for companies. Digitalization of the invoicing process reduces transaction costs and increases accuracy and reliability. It also offers benefits to businesses in their interaction with the Government, particularly for VAT compliance. As summarized in Table 2, there are numerous benefits associated with e-invoicing for businesses, Government, and the economy. For businesses there are real monetary gains associated with more efficient and reliable processes. It also facilitates cross-border transactions as businesses can use international networks to send invoices overseas. By replacing more cumbersome paper-based processes, e-invoicing provides multiple benefits to firms and the tax authorities alike, including lower administrative and compliance costs, better integration of billing and payment systems, and improved accuracy and information security. For tax administrations dealing with Value-Added Taxes (VAT), e-invoicing also delivers real-time information that could be used to strengthen and automate compliance checks (Bellon M. C.-N., 2022). Moreover, e-invoicing helps in reducing the cost of VAT compliance due to automated pre-filling of VAT returns based on e-invoice data, and reduction in tax audits due to continuous transaction control (CTC)[42]. It also helps in reducing the compliance gap in VAT collections thus contributing towards a more equitable and fairer tax system.

Figure 1:Benefits of e-invoicing for business, government, and economy

BUSINESS	GOVERNMENT	ECONOMY
Reduction in processing costs	Real-time information on business transactions can be used to strengthen and automate compliance checks	Reduced cost of VAT compliance through pre-filling of VAT returns
Reduction in payment times		Reduction in tax audits due to continuous transaction controls
Reduction in manual processing errors	Improved fraud detection - monitoring of fraudulent VAT refunds arising from false input tax credit claims	Network effect (when a critical mass of businesses joins the e-Invoicing network) further brings down cost of technology adoption and compliance
Secure and reliable		
Improved record keeping	Deterrence against tax evasion	
Facilitate international trade	Reduction in VAT gap	Fairer tax system

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[42] See Box 2 for fuller description of CTC under different e-invoicing model

WHY SHOULD THAILAND CARE ABOUT E-INVOICING?

Thailand wants to be a Global Digital Leader in next 20 years

3.1   The launch of 'Thailand 4.0' in 2016, 'Thailand Vision 2037' in 2018, and 'Thailand Digital Landscape Development Plan' in 2019 underscore the Government of Thailand's commitment towards digital transformation of the Thai economy and unlocking the country from several economic challenges including "a middle-income trap", "an inequality trap", and "an imbalanced trap" by becoming an innovation-driven economy. Thailand Vision 2037 envisions Thailand to become a developed country by 2037 based on strategies that include a wide range of top-down initiatives, especially in infrastructure and people development, to transform Thailand into a nation that can compete against wealthier, more knowledge-based economies.

Figure 2: Thailand's Vision 2037

3.2   To realize the vision of becoming a developed country in 2037, Thailand 4.0 has identified several S-curve[43] industries to become the engines of high growth in Thai economy. "Thailand 4.0" takes a cue from the concept of "Industry 4.0" aimed at transforming the country into an innovative, value-based industry, with an emphasis on fields such as automation and robotics, aviation and logistics, biofuel and biochemicals, and digital (Eastern Economic Corridor). The S-curve industries are being promoted under the Eastern Economic Corridor (EEC) development plan, which, among other, prioritizes development of digital infrastructure and making government services more accessible through e-government initiatives. Since all the S-curve industries are technology driven, their development must go hand in hand with the development of digital infrastructure in Thailand.

3.3   Thailand has recently entered the Phase 3 of the Thailand Digital Landscape Development Plan, which is geared towards full digital transformation (Tortermvasana, 2022)**.** It complements Thailand 4.0 by setting milestones for development of digital infrastructure in four phases and envisions Thailand to become a global digital leader in next 20 years.

Figure 3: Thailand Digital Landscape Development Plan

Phase 1 Digital Foundation:	**Phase 2** Digital Thailand I: Inclusion	**Phase 3** Digital Thailand II: Full Transformation	**Phase 4** Global Digital Leadership
Thailand invests and builds a foundation for developing a digital economy and society	All sectors of Thailand have participation in digital economy and society following the way of a civil state	Thailand enters the state of digital Thailand which drives and utilizes digital innovations to their full potential	Thailand becomes a developed country with the capacity to use digital technologies to create economic and social values sustainably

Source: The Policy and National Plan on Digital Development for Economy and Society

3.4   In the context of the strong commitment of the Government of Thailand towards digital transformation leading to the emergence of Thailand as a global digital leader, it is imperative that all the sectors of the economy including the public and private sector and the Government must digitalize their business processes. Thus, wherever possible the physical or paper-based processes should be automated and digitalized both within the organization as well as in interaction with Government or between businesses and individuals. Electronic filing of tax return, electronic payments, electronic banking, and electronic invoicing are important pre-requisites for a digital economy.

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[43] Thai government had put great deal of effort to support key industries during the last decade. These industries were a traditional growth engine of Thai economy and was defined as the first "S-Curve". Although the policy implementation was relatively successful, Thailand remained at the middle-income country group. At the same time, those S-Curve industries had become maturing. Thailand had to search for a new group of innovation-and-technology based industries to be a new growth engine. This arrived at the current stage of Thailand's industrial evolution which was called the new "S-Curve" and passed dynamic challenges to the business sectors (Wisanut Banmairuroy, 2022).

Figure 4: Components of Digital Economy
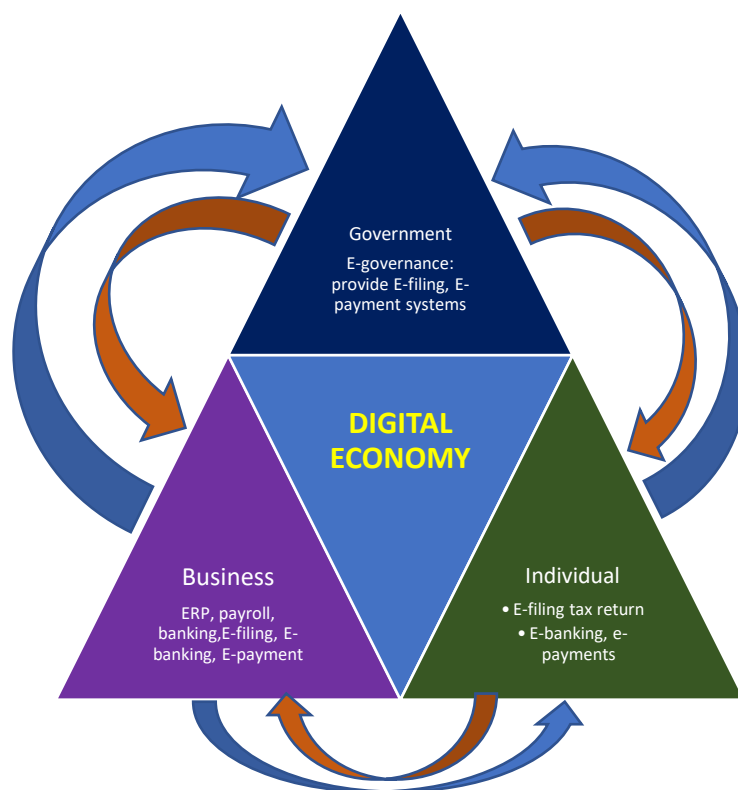
3.5   With the implementation of EEC plan, the nature and scale of businesses in Thailand is set to change with growth in high-tech industries like automation and robotics, aviation and logistics, biofuel and biochemicals, and digital. Therefore, it is paramount that Government of Thailand facilitates a conducive business environment, which encourages businesses to embrace modern technologies for their own operations as well as for their interaction with their stakeholders and the government. Also, it calls for the government to digitalizing its own systems and processes in a transformative manner to facilitate compliance and provide hassle-free experience to the businesses and taxpayers.

Thailand wants to be a 'cashless' society

3.6   Thailand has a large informal economy and payment transactions are predominantly made in cash. Based on a survey[44] on people's payment behavior in 2017, the Bank of Thailand (BOT) found that 80 percent of all digital payment transactions were derived from only 30 percent of the subjects, and 93 percent of all payment transactions are made in cash (Bank of Thailand, 2018). The reasons that most people used cash were that they

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[44] In 2017, the BOT conducted a nationwide survey on people's payment behavior among 10,805 subjects, both in and outside urban areas.

are familiar with cash and felt that it is easier to use or are unaware that there are costs in using cash. Moreover, most lacked knowledge and understanding of digital payment.

3.7   With the creation of the National e-Payment Master Plan[45] in 2015 followed by the introduction of PromptPay in 2016 and PromptBiz in 2022, the Thai government launched a massive drive against cash economy and creating an ecosystem where people and businesses in Thailand are incentivized to change their behavior and switch from cash-based payments to electronic payments. Over the past few years, the Thai payment system has advanced tremendously due to the cooperation among payment system providers, government agencies, and the regulator, the BOT. The collaborative efforts in planning and driving policies to promote digital payments have led to various digital payment services, such as PromptPay services, Smart Financial and Payment Infrastructure for Business, and cross-border payments, and fund transfers. Thai digital payments have increased fivefold in the last five years, from 63 times per person per year in 2017 to 312 times per person per year in 2021 (Bank of Thailand, 2021). The COVID period also catalyzed the growth in electronic payments in Thailand as many people switched to digital payment systems during the lockdown period. The creation of digital payment system infrastructure has been complemented with high 5G services penetration rate in Thailand, which has enabled high growth in mobile-based payments.

Figure 5: Growth of digital payments in Thailand
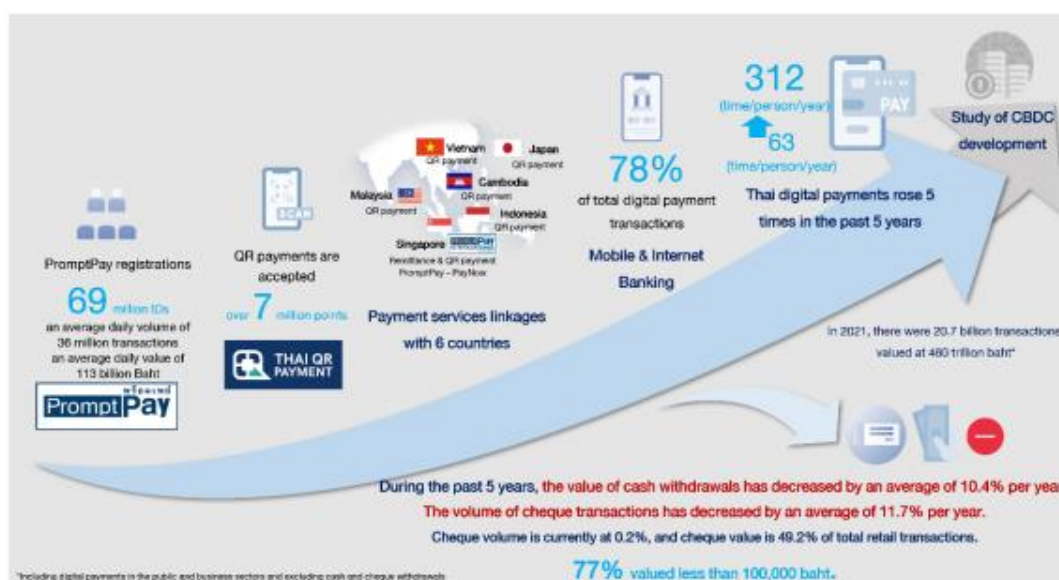
Source: (Bank of Thailand, 2021)

3.8   Expansion of e-invoicing in Thailand will complement Thai government efforts to become a cash-less society in future. E-invoicing creates strong disincentives for businesses to remain in the cash economy due to significant cost-savings from a more efficient system with reduced risks associated with handling cash, and

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[45] The National e-Payment Master Plan is a national strategy created by the Ministry of Finance and the BOT, in cooperation with related government and private entities, in 2015 in order to push the development of payment infrastructures and to promote the use of electronic payment services in all sector. The plan consists of five important projects: (1) the PromptPay project, (2) the card usage expansion project, (3) the e-Tax and e-Document systems project, (4) the Government e-Payment project , and (5) the literacy and promotion project.

informality (such as corruption, high cost of borrowing, higher likelihood of defaults), and access to formal channels to secure financing for working capital requirements as well as capital expenditure.

E-invoicing can benefit Thailand's SMEs

3.9   SMEs form the bulk of firms in Thailand and account for more than 35 percent of GDP (Bank of Thailand, 2018)**. In a study by ADB**[46] **(2018), SMEs account for 99.8% of all firms in Thailand.** More than 99 percent of all firms are small with only about 21,000 that are medium or large. One of the most significant challenges faced by SMEs is access to short-term financing to give continuity to their business processes. The shortage of these short-term loans makes companies run out of liquidity which can have a major impact on performance and economic growth. Large companies have greater access to bank loans because of their large revenues. Small companies find it much more difficult to receive these loans since their business volume does not meet banks' expectations to issue a loan. In the case that loans are authorized the interest rates can be unaffordable. This cuts into margins and impacts business continuity. The limited access to credit creates major obstacles for small and medium companies attempting to expand their operations.

3.10   E-invoicing will particularly benefit the small and medium sized businesses (SMEs) in Thailand. Early payment bill discounting and supply chain finance capabilities offered by e-invoice networks are delivering tremendous strategic benefits around working capital improvements. Since e-invoices are validated by the tax authorities, it can be used by SMEs to make use of factoring services to receive faster payments as well as short term business loans. Moreover, the evolution of cloud-based Software-as-a-Service (SaaS)[47] models has significantly lowered the upfront cost of implementing automated solutions and reduced the hassle of owning an ERP software and maintaining them. This will significantly reduce the cost of compliance for SMEs.

Box 4: Benefits from e-invoicing in accessing finance by SMEs

SME's today are still facing the cash squeeze that affected them during the recent banking crisis. Many are caught in a triangle where customers are taking longer to pay, vendors demanding earlier payment, and banks are tightening credit rules and availability. Good credit information is the key component for a lender to assess the risk and return of lending to a business. Visibility into the viability of a borrower is dependent on both historical and predicative measures. Publicly available resources for small private companies have minimal financial information. In the US, credit-scoring agencies rely mostly on self-reported data from privately held SME's. In other countries, such as the UK, government agencies such as Companies House receive electronic company filings and often furnish historical information of those companies publicly. However, this is generally insufficient

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[46] Korwatanasakul, U. and S. W. Paweenawat. 2020. Trade, Global Value Chains, and Small and Medium-Sized Enterprises in Thailand: A Firm-Level Panel Analysis. ADBI Working Paper 1130. Tokyo: Asian Development Bank Institute. Available: https://www.adb.org/publications/trade-global-value-chains-and-sme-thailand-firm-level-panel-analysis

[47] Software as a service (or SaaS) is a way of delivering applications over the Internet—as a service. Instead of installing and maintaining software, you simply access it via the Internet, freeing yourself from complex software and hardware management. SaaS applications are sometimes called Web-based software, on-demand software, or hosted software. SaaS applications run on a SaaS provider's servers. The provider manages access to the application, including security, availability, and performance.

data to support credit decisions. SME finance is locked in a cycle where limited financial clarity yields more stringent risk provisions, higher application rejections, and subsequently declining demand for credit. Altering the risk profile of the SME is the key to unlocking lending. Fortunately, a large portion of the information required is readily available in the transactions occurring in electronic B2B networks today. Demand for new financing schemes and alternatives to bank lending for small and medium sized business (SME) is growing. These calls are coming from both governments and businesses. Given the current perceptions of many businesses about their banking relationship, the willingness and openness to investigate new nonbank alternatives is gaining acceptance. Most small and medium sized businesses (SME) are reliant on a single source of finance, predominantly bank lending. Traditionally this lynchpin relationship has strengthened the growth of businesses and economies. However, the last banking crisis has altered these associations with businesses drastically. In many cases SME's lost their lines of credit, had them reduced, or more predominantly, lost any access to new credit. Lenders are facing dual pressure from governments to lend more to small businesses, while facing stringent capital adequacy requirements on risk weightings for SME loans. Many lenders point to low quality credit information and lack of structure as the fundamental reason for SME risk and as a barrier to lend. The inevitable growth and evolution of electronic invoicing and B2B networks has brought attention to new methods and visibility for lenders. Like any new and evolving ecosystem, this rapid growth in real time B2B transaction networks will give rise to a new generation of services better adapted to the new environment. Many of these services will simply be an evolution of current services delivered more effectively. Other services will be based on a new generation of innovative applications previously not possible in the paper-based world. B2Bnetworksprovideanopportunitytoestablishbetter risk models, better standards, and better common terminologies for SME risk modeling. More accurate risk models will, in turn, have a beneficial impact on current banking reserve requirements. There is an increasing opportunity for banks and other lenders to effectively utilize the data and capital available within e-invoicing B2B networks. Emerging services focused on credit information derived from B2B network transactions are exploiting this data flow with the main purpose to increase lending by lowering risk and increasing cashflow visibility.

Source: https://www.smefinanceforum.org/sites/default/files/post/files/457717_unlocking_sme_lending_with__e-invoicing_1.pdf

E-invoicing can boost Thailand's VAT performance

3.11   Thailand collects lower VAT (3.7 percent of GDP) than the average VAT collection by countries in the EAP region (4.6 percent) as well as the world (6.4 percent). Value-Added Tax (VAT) has been implemented in Thailand since 1992. Though the standard rate is 10 percent, it is currently reduced to 7 percent until 30 September 2023 (unless further extended by the government).

Figure 6: Benchmarking tax performance of Thailand
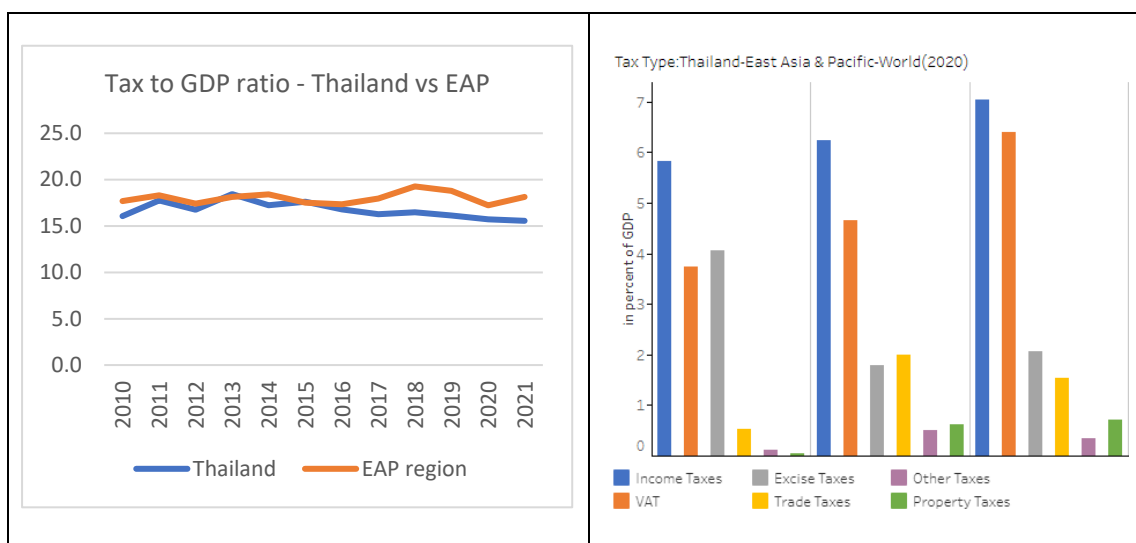
Source: World Bank Tax Revenue Dashboard

3.12   When compared to other countries with similar level of economic development (measured in terms of GDP per capita), Thailand's VAT collection is lower than many countries like South Africa (6.2 percent), Paraguay (4.9 percent), Peru (5.9 percent), and North Macedonia (7.2 percent). Thailand's tax effort[48] is quite low (0.31) as it collects far less that its tax potential[49] (11.9 percent) when compared with the best performing country with a similar level of economic development (measured in terms of GDP per capita), and trade openness.

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[48] Tax effort is defined as the ratio of actual collection to tax potential

[49] Tax potential is the tax collection by the best performing country with a similar economic structure as measured by Stochastic Frontier Analysis in which the potential (tax capacity) of a country is calculated by using the Stochastic Frontier Analysis module from Stata (https://www.stata.com/manuals13/rfrontier.pdf) controlling for per capita GDP and the openness.

Figure 7: VAT performance and VAT potential in Thailand
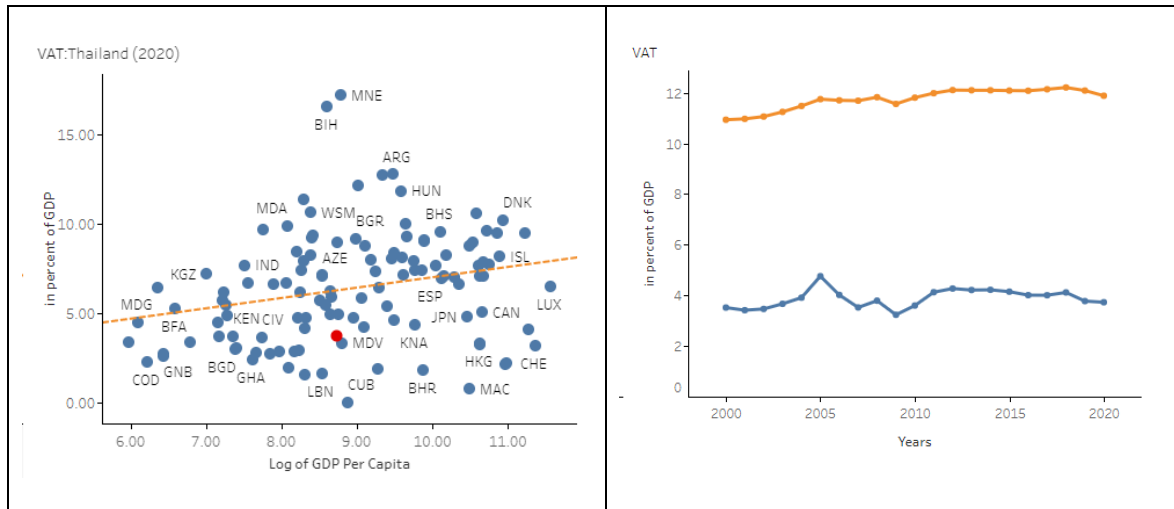
Source: World Bank Tax Revenue Dashboard

3.13   One of the main reasons for low VAT collection in Thailand, besides a low standard rate of 7 percent, is the existence of a large shadow economy. In a study by the IMF (Leandro Medina, 2018), which defines shadow economy as economic activities which are hidden from official authorities for monetary, regulatory, and institutional reasons, it has been estimated that the average size of shadow economy in Thailand during the period 1991-2015 is 50.63 percent. It may be seen from the chart below that the shadow economy in Thailand is bigger than the average size of shadow economy (during 2010-15) of 21.24 percent in East Asian countries and 36.16 percent in Sub-Saharan Africa. Thus, the government is losing out on VAT revenue on a large part of value addition in Thai economy.

Figure 8: Size of Shadow Economy by region
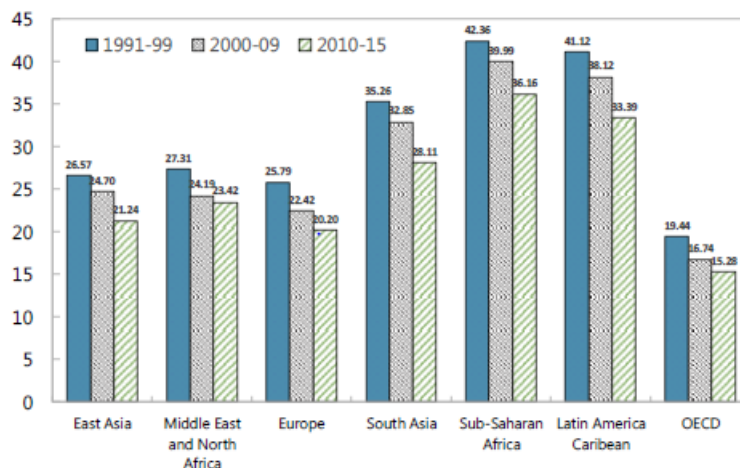
Source: IMF WP (2018) Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?

3.14   Electronic invoicing can help Thailand increase its VAT collection by improving voluntary compliance. E-invoicing plays an important role in lowering the cost of compliance for taxpayers as their tax returns can be easily pre-filled using the invoice level data shared with tax authorities. Moreover, it may also lead to a reduction in audit rates as the errors on part of taxpayers in calculation of VAT liability or filing of return as well as on part

of tax authorities are mitigated to a large extent. A recent IMF study on e-invoicing in Peru finds that actual e-invoicing adoption by firms increased their reported value-added, VAT liabilities and VAT payments by over 10 percent (Bellon, et al., 2019).

3.15 Electronic invoicing can help Thailand in controlling VAT evasion through collection of invoice level data in real-time which enables the tax authorities to conduct continuous transaction control. Traditionally, to verify the correctness of VAT liability (based on whether the taxpayer has correctly applied the rate, claimed exemption, or input tax credit) tax authorities were completely dependent on the information provided by the VAT taxpayers in the VAT return. Further, due to the lag between the generation of invoice and filing of tax return, taxpayers can remove some of the invoices and suppress their VAT liability (mostly in B2C transactions). E-invoicing deters such practices as the taxpayers must share the invoice with the tax authorities in real time leaving them with no time to manipulate their books of accounts.

Box 5: Indirect tax gap and Continuous Transaction Controls

Indirect tax fraud and evasion is a significant problem for the majority of governments around the world. According to the Economic Commission for Latin America and the Caribbean, the cost of tax non-compliance in the region was estimated to US$340 billion in 2015. According to the Taxation and Customs Union Directorate General of the European Commission, the estimated EU VAT gap in 2018 was €140 billion. However, recent figures forecast a potential loss of €164 billion in 2020 due to the effects of the coronavirus pandemic on the economy. All governments are examining approaches to bring these gaps under control. Continuous Transaction Controls (or CTC) according to the International Chamber of Commerce (ICC) enable law enforcement agencies such as tax administrations, to collect data associated with business activities that are relevant to the exercise of their function. Such data is obtained directly from business transaction processing and/or data management systems, in real-time or near-real-time. CTC addresses the inefficiencies that have always characterised the use of retroactive (hereinafter called 'post') audit, where auditors can only obtain visibility of a transaction long after its conclusion and exclusively rely on data stored by the entities whose activities they seek to audit. CTC removes this dependency on a 'static' approach that is based on an evaluation of historical evidence ledgers by a tax subject by making it possible for a tax administration to gather relevant business information in the form of a dynamic business transaction ledger, comprising authenticated transaction source data. While CTC models differ from one another, sometimes significantly, the common denominator is that a defined transactional document, such as a VAT invoice (or a subset thereof) must be communicated: (1) in a predefined format (2) utilising a predefined infrastructure(s) (3) without additional manual intervention (4) in real-time or near-real-time. The introduction of CTC has grown significantly on recent years, and this trend highlights the need to identify which CTC model is the most optimal and balanced. Already, governments in Europe, Asia, Australia and New Zealand utilise the Peppol Business Interoperability Specifications (BIS) and the Peppol Network to receive millions of electronic invoices from businesses (B2G), as well as enabling businesses to invoice each other electronically (B2B). This provides considerable benefits for buyers and sellers. The Peppol approach also provides a solid foundation for governments to implement digital controls to simultaneously prevent loss of tax revenues and further increase business efficiency.

METHODOLOGY

4.1   The WBG assessed the current state of electronic invoicing in Thailand through

(a) Interactive workshop attended by OPDC, RD, ETDA, BOT.
(b) Discussion with senior officials in RD, responsible for e-tax invoice.
(c) Discussion with officials from ETDA; and
(d) Interviews with a wide range of external stakeholders, including large and small businesses, providers of accounting packages, industry associations, and advisers to taxpayers.[50]

4.2   A workshop was organized in Nov, 2022 to present experiences from countries that have successfully implemented e-invoicing. The workshop was attended by officials from the Revenue Department (RD), ETDA, Bank of Thailand (BOT), and Office of the Public Sector Development Commission (OPDC). Subsequently, World Bank mission visited Thailand during September-October 2022. During the mission, interviews were conducted with officials from the RD, and the ETDA as well as other private sector stakeholders including taxpayers such as Thai Bankers' Association (TBA) and Metropolitan Waterworks Authority, e-invoice service providers, accounting software providers, the Association of Thai Software Industry (ATSI). Another WB mission was organized during December 2022. During the mission, meetings were held with the officials of the RD and the ETDA to discuss the technical aspects of e-invoicing.

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[50] A summary of the stakeholders consulted is provided in Annex 2.

Table 1: Theory of Change within the Scope of this TA and long-term outcomes of the reform efforts

Activities	SWOT analysis	Recommendations	Outcomes

■ Review of international best practices
■ Identification of key policy considerations
	■ Identify strengths of the current system based on the current policy landscape including national plans and strategies for digital transformation	■ Address barriers by –
		  ■ strengthening legal framework for e-invoicing and providing incentives for expansion
		  ■ providing a level playing field to all businesses and service providers for e-invoicing for access to e-invoicing solutions and delivery channels
		  ■ lowering cost of compliance and awareness building
			Efficiency and Equity gains for the Thai economy

■ Review the current policy and legal framework for e-invoicing in Thailand
■ Gather law and notifications issued in relation to e-tax invoice
■ Gather data related to VAT registrations, VAT revenue, volume of invoices, e-filing, e-tax invoices
	■ Identify weaknesses that act as barriers to expansion of e-invoicing
	  ■ Legal barriers
	  ■ Technical barriers
	  ■ Financial barriers
	  ■ Cognitive barriers
			Improved revenue collection including VAT revenue

■ Interactions with the officials of RD, ETDA, BOT ■ Interactions with stakeholders including SMEs, industry associations	■ Identify opportunities for the Thai economy because of e-invoicing expansion	■ Implementation roadmap for expansion of e-invoicing in the medium to long term	
	■ Identify threats to the Thai economy in the light of existing challenges like informality, low VAT collection and competitiveness of businesses	■ Framework for piloting e-invoicing	**Transition towards Cash-less economy**
			Benefits for SMEs from efficiency gains and access to working capital through bill discounting

INTERNATIONAL EXPERIENCE

5.1   Reforms that paved the way for e-invoicing adoption began in the EU and Latin America in the early 2000s. In the EU, e-invoicing was introduced in public procurement whereas in Latin America, e-Invoices were made a basis for VAT compliance. Two kinds of models have clearly emerged – the EU model with 'post-audit' and the Latin American model with 'clearance' system of invoice validation.

5.2   Based on the experience of countries in the EU, Latin America, and some other countries in Central and South Asia, some of main policy considerations for the Government while deciding e-invoicing policy are –

  a. Choice of model (*please refer Annex I for detailed explanation*)
      i. POST-AUDIT MODELS
      ii. Interoperability model (EU countries, Singapore, Australia)
      iii. Real-time invoice reporting model (Hungary, South Korea)
  b. CLEARANCE MODELS
      i. Centralized exchange model (Italy, Kazakhstan, Turkey)
      ii. Clearance model (Brazil, Chile, Colombia, Mexico, Peru, India)
  c. Coverage – B2G, B2B, B2C transactions
  d. Mandatory vs Optional
  e. Phased vs Immediate roll out

Table 2: Post-Audit and Clearance system of e-invoicing

Post-Audit	Clearance Model
• **imposes traditional periodic tax reporting obligations, which transfer data to the tax administration after invoice has been issued and sent by the seller to the buyer.** • **There is a delay—between transaction and reporting—which makes it hard for tax authorities to detect suspicious transactions or tax under-reporting in a timely manner.**	• requires businesses to issue invoices in a machine-readable format and have them validated by tax administrators or outsourced providers, before sending them on to customers • provides tax authorities with visibility into a transaction nearly as soon as it occurs and before the invoice is issued to the recipient.

5.3   EI systems can be either voluntary or compulsory for firms. Though it might seem like good practice to introduce an optional electronic invoicing system during a long period in which taxpayers can voluntarily choose to join the system, international experience shows that these systems are only consolidated when they are made mandatory. While there might be some objections that arise when the projects start, it is apparent that the use of electronic invoicing systems has been well received by taxpayers, even when its use is mandatory (CIAT, 2018).

5.4   Voluntary systems are typically used as a tool to improve business operations (such as in Australia and New Zealand), while mandatory systems are used as a part of a country's tax-reporting system (such as in Chile and other countries in Latin America). This latter category of tax-focused countries see EI as a key tool to battle the "value-added tax gap," where cash payments without receipts, fraudulent invoicing, and other activities lead to reduced tax collection. Therefore, EI offers tremendous potential benefits for tax control, as the accumulation of invoices of credits and debits for a taxpayer—contrasted with the periodic tax returns—

creates an assessment and control capacity far beyond traditional tax practices. The traditional sampling of invoices as part of verification and scrutiny processes becomes obsolete when a country's administration system has an electronic record of all the documents. Digitalization allows tax authorities and other firms to use data analytics to uncover complex business relationships that they can use to trigger audits if necessary (IDB, 2018).

Table 3: Steps in roll-out of e-invoicing (EI)

1. EI Pilot Project, the objective was to test with a reduced group of taxpayers the operational aspects of the transactions. These transactions were between taxpayers and with the Tax Administration.
2. Definition of Taxpayers Services, the basic service with EI was setting up a micro website to provide all the information necessary to develop the EI, and a very significant service, was to provide a module where the taxpayer could verify the validity of the EI.
3. Developing an EI market, inviting software providers to develop EI solutions such as: services on the web, out of the box software, Software as a Service on taxpayer's premises, etc.
4. Provide a free portal on the Tax Administration's website for SME.
5. Designing the processes to provide information for the control activities by the Tax Administration, such as: building the sales and purchase ledgers, the prefilled VAT return, the cross examination of the ledgers and returns.
6. Making the EI Mandatory. After several years of continuous operation, Tax Administrations promoted through the Government the laws making the EI mandatory with a schedule that lasted from 4 to 5 years.

5.5   The 'clearance' model has emerged as the preferred choice in countries with high levels of VAT gap and informal economy. The clearance model allows the tax authorities in such countries to deal with tax evasion through tighter control and monitoring. For these reasons, even in the EU, some countries including Italy, Poland, Portugal, and Slovenia have moved to a 'clearance' model to address the challenges related to VAT compliance. France, too, is also planning to join this group in 2024. Based on the data of 68 countries in the world that have adopted an e-invoicing framework, the regional distribution of countries that follow post-audit and clearance systems is shown in figure 9. Over 60% of countries have adopted the post-audit model, which is the preferred model in the EU. However, in Latin America, Asia and SSA, the clearance model is preferred over the post-audit model.

Figure 9: Regional distribution of e-invoicing models adopted by countries
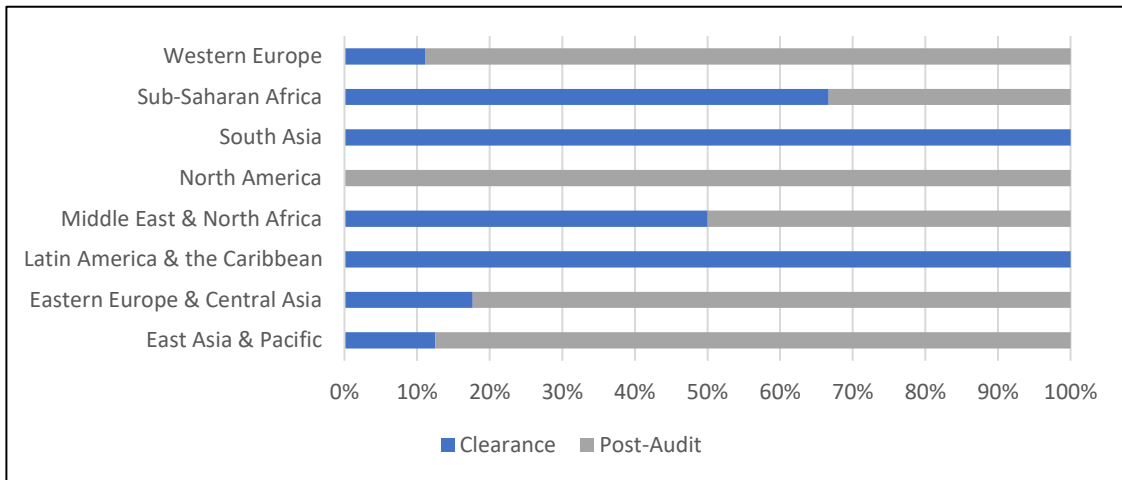
Source: Author's database of e-invoicing models adopted by countries

5.6   Most countries have covered B2G and B2B transactions in their e-invoicing policy whereas very few countries (including Albania, Brazil, Italy) cover B2C transactions. In EU countries, e-invoicing mostly covers the B2G transactions for public procurement. This was possible because over the past few decades, countries in EU have invested considerable resources in e-Government, which is reflected in their high e-Readiness index[51] (Germanakos, 2007). Public procurement can therefore be a good starting point for introducing e-invoicing if the e-Government is already at an advanced level of development. In Latin America too, Governments invested heavily in e-Government, which is evident from the fact that e-invoicing was led by Argentina, Brazil, and Chile in early 2000s. However, in these countries the coverage of transactions was based on VAT law. Thus, all invoices that were issued for taxable goods and services covered by VAT were required to be e-invoices. Generally, it is seen that countries with high levels of VAT gap and informality have started with B2B transactions which attract VAT for better monitoring and control of input tax claims.

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[51] Source: UN Global eGovernment Report 2005

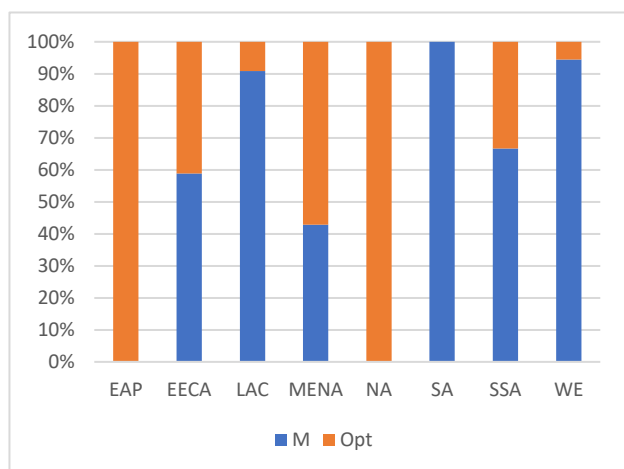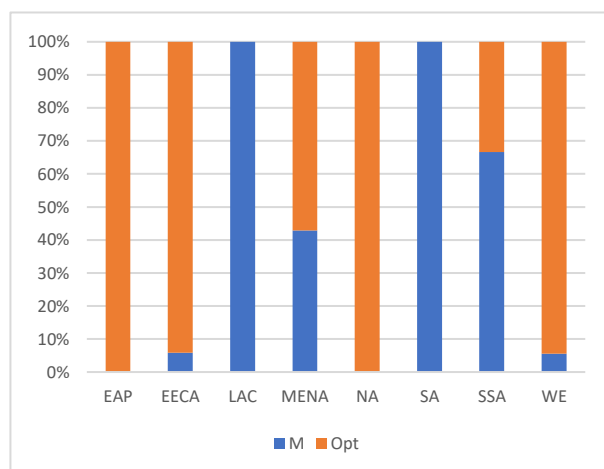*Figure 10: Countries with mandatory B2G e-invoicing*

Figure 11: Countries with mandatory B2B e-invoicing

* M stands for mandatory and 'Opt' stands for optional; Source: Author's database of e-invoicing models adopted by countries

For B2C, volume of transactions is much higher than B2B, requiring more technological (transactional) capacity for both taxpayers and tax authority. This could become more challenging for B2B and B2C transactions in remote and economically disadvantaged areas that might have limited connectivity and deficiencies in telecommunications infrastructure. Moreover, most case of fraud occurs in B2B invoices as no Input Tax Credit is involved, in the case of B2C transactions the risk is the omission of the EI or receipt in the sale to the final consumer, where the seller will use al the Tax credit of the purchases and will declare fewer debts in its sales, harming the VAT collection. Therefore, the tax authority needs to have the capacity in detecting and handling fake invoices and the sub-declaration of sales to final consumers.

5.7 **Most countries have rolled-out mandatory e-invoicing in a phased manner starting with the largest businesses and gradually covering the SMEs in a time-bound manner.** International experience has shown that e-invoicing adoption rates remain low unless e-invoicing is mandatory. For instance, in the EU adoption rates for B2B transactions for which e-invoicing is optional was only about five percent in 2017 (Pappel, 2017). Figure 10 and 11 show the distribution of countries based on whether the e-invoicing system for B2G or B2B is mandatory or optional. Most countries in West Europe, LAC, and South Asia have mandated e-invoicing in B2G. Similarly, B2B is also mandatory in all LAC and South Asian countries. Phased roll out of e-invoicing in some of the countries may be seen in Annex 3.

Box 6: E-invoicing and SMEs

Strategies that aim to cover the SMEs in EI must consider unique difficulties that they might face in adoption of e-invoicing. SMEs have special uniqueness with special needs, knowledge and resources when introducing e-invoicing (Fillis, 2004). Ballantine, Levy and Powel (Ballantine, 1998) and Hansemark (Hansemark, 1998) find that SMEs have:

- ✓ Lack of business and IT strategy
- ✓ Limited access to capital resources
- ✓ Influence of major customers
- ✓ Limited information skills
- ✓ The owner/manager apply a high degree of locus of control in decision making (Sandberg, 2005).

Small businesses are more likely to adopt IT when the CEOs are more innovative, have a positive attitude towards adoption of IT, and possess greater IT knowledge (Thong, 1995). Steffi Haag (Haag, 2013) in a Germany based study find that managers of SMEs apparently do not know how to implement e-invoicing in their companies or which e-invoicing solution to select from which provider. That is why they may even be not able to assess the effort that emerges when switching from the paper-based to the electronic invoicing process and therefore, they may overestimate the investment necessary for the implementation. Since taxpayer education and awareness building is a public good, the role of Government in extending e-invoicing to small businesses becomes even more important. Most countries that have adopted e-invoicing have taken steps to allow low cost or no cost access by SMEs to e-invoicing services. In a study based in Sweden, Sandberg et al (Karl W. Sandberg, 2009) find that customer pressure for e-invoicing works well for SMEs. Many countries have adopted a phased roll out beginning with large businesses, which in turn creates pressure on their small and medium sized suppliers to adopt e-invoicing.

Research on Peru's e-Invoice system (Bellon M. C.-N., 2019) finds that e-invoicing increases reported firm sales, purchases and value-added by over 5 percent in the first year after adoption. The impact is concentrated among smaller firms and sectors with higher rates of non-compliance, suggesting that e-invoicing enhances compliance by lowering compliance costs and strengthening deterrence.

5.8   Delayed implementation of EI would imply forgoing potential benefits EI can bring to Thai economy.
Experience from Latin American countries, namely Argentina, Brazil-São Paulo,Ecuador, Mexico and Uruguay, has shown that EI has had a positive impact on improving collection and control. That is, e-invoicing increases reported sales and earnings, and raises the tax take.[52]

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[52] https://www.ciat.org/Biblioteca/Estudios/2018_FE/2018_Electronic_invoice_summary_BID_CIAT.pdf

CURRENT STATE OF E-INVOICING IN THAILAND

6.1   Thailand introduced a voluntary e-invoicing scheme for the first time in 2012 covering only the large companies with a paid-up capital of more than 10 million baht. In 2017, a new scheme was introduced to replace the 2012 scheme. This scheme too was voluntary and leaves it purely at the discretion of the taxpayers to transfer electronic invoices to the RD. It covered all VAT registrants and introduced a dual regime – a simple regime 'e-tax invoice by email' for small taxpayers with annual turnover of less than 30 million baht and 'e-tax invoice and e-receipt' for remaining taxpayers. The invoice received by the RD under the former scheme is in fact not an e-invoice but merely an electronic copy of tax invoice. This option was introduced with the intention of helping small and medium VAT registrants to become familiar with electronic systems and get ready to fully use the e-tax invoice and e-receipt system in the future. However, the invoice received under the latter scheme must pass the rigor of rules established by the RD and the ETDA.

6.2   During the past 6 years, the 2017 scheme has undergone several changes, which mainly relate to the service providers who are recognized and registered by the RD as intermediaries between itself and the VAT registrants for transfer of e-tax invoices, authentication protocols for e-tax invoices, and the channels for transfer of e-tax invoices and e-receipts to the RD. Government of Thailand has also taken several steps to incentivize the taxpayers to opt for the scheme, which include providing super-deduction of 200 percent related to expenditure incurred by taxpayers on purchase and set-up of IT equipment needed for issuing e-tax invoices, and granting registration to many service providers who can facilitate VAT registrants.

6.3   However, despite the steps taken by the government to incentive the scheme, the e-tax invoice scheme has witnessed a poor uptake of 0.4 percent in the last 6 years. As per the latest data received from RD, only 2615 out of 6,58,836 VAT registrants have opted for the scheme. Out of 2615 taxpayers, 926 use the 'e-tax invoices & e-receipts by email', which is not an e-invoice scheme in its true form. Thus, only 1,689 taxpayers use 'e-tax invoice & e-receipt' scheme, which is closer to the e-invoicing though lacks all its features. The true features of e-invoicing are shown in box below.

6.4   Notably only 441 large taxpayers have opted for the scheme even though there are over 5,600 taxpayers with annual turnover of more than 1 billion baht. Large taxpayers are expected to be the largest beneficiaries of e-invoicing as they generate a large volume of invoices and receipts. They are also expected to be highly digitalized due to the sheer size and scale of their operations. This indicates that the current scheme has neither worked for the SMEs nor the large businesses.

Box 7: What is E-invoicing?

Electronic invoicing (e-invoicing) is the exchange of the invoice document between a supplier and a buyer in an integrated electronic format. However, to qualify as an e-invoice it is not enough for an invoice to be in electronic format such as a pdf or a word or excel document. The true definition of an electronic invoice is that it should contain data from the supplier in a format that can be entered (integrated) into the buyer's Account Payable (AP) system without requiring any data input from the buyer's AP administrator. The international norm is that the electronic invoice should be in an xml format.

Figure 12: Electronic Invoicing
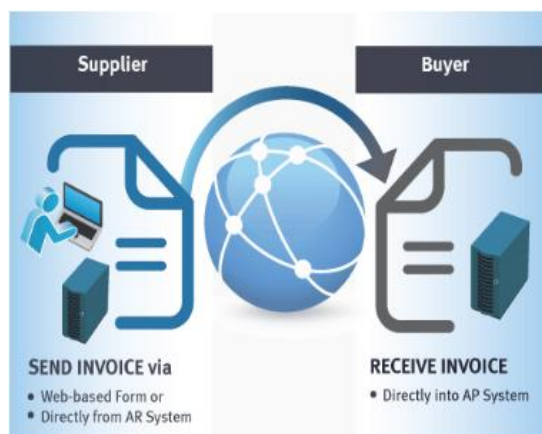
For a tax invoice to qualify as an e-invoice it must also pass the legal test. In countries that have passed a legislation or a regulation to mandate the use of e-invoice in business transactions and making it a basis for VAT compliance, the definition of e-invoice must also take into consideration the requirements of such law or regulation. For instance, in India, for an invoice to qualify as an 'e-invoice' it must be prepared in accordance with the Notification No.73/2020 dated Oct 1, 2020, passed under the Central Goods and Services Tax Act, 2017, which deals with the VAT administration in India. The invoice must bear an Invoice Reference Number (IRN), which is required to be obtained by the issuer or seller by uploading specified particulars of invoice on the Common Goods and Services Tax Electronic Portal, within thirty days from the date of such invoice. The invoice must conform to the e-invoice schema (standard format notified separately) and have the mandatory parameters. Currently, the e-invoicing law covers only the B2B transactions and is mandatory for businesses with a turnover of over INR 200 million (but not optional for others). Similarly, in Italy, e-invoice must conform to the standards and the format adopted as per article 21, paragraph 1, of Presidential Decree 633/72. The invoice must be submitted through Sistema di Interscambio (SDI), a Government-owned exchange system, in an XML (eXtensible Markup Language) file, according to the format of the FatturaPA, which is the only one accepted by the Exchange System.

Legal framework

6.5   E-invoicing in Thailand is governed by the 2017 regulation 'The preparation, delivery, and storage of e-tax invoices and e-receipts B.E. 2560' dated 19 June 2017 (PwC, 2017). It provides an option to VAT registrants with annual turnover of less than 30 million bahts to register under 'e-tax invoice by email' scheme and deliver an electronic copy of the tax invoice (PDF/A3 format) to the ETDA for timestamping by e-mail. The remaining VAT registrants with annual turnover of more than 30 million bahts have the option to register under the 'e-tax invoice and e-receipts' scheme under which electronic invoice must be delivered to the RD in XML format following the ETDA Recommendations on ICT Standards for Electronic Transactions. Four delivery channels including web-portal were available to taxpayers.

6.6   In **2019, vide notification (No. 15) B.E 2562 (2019), which replaced earlier notifications, the number of channels for delivery of e-tax invoices and e-receipts to RD were reduced by removing the web-portal as one of the channels**. Web-portal was aimed at facilitating the small corporations that do not have ERP or similar software to issue e-tax invoices and e-receipt. Though the reasons are not clear, it appears that the portal was either under-utilized or was not effective. Currently, only three channels are available to taxpayers who have registered under the e-tax invoice & e-receipt scheme.

1. Host to Host – The enterprise must be under the supervision of the Large Business Tax Administration Office (LTO) and issue at least 500,000 tax invoices per month. The enterprise must have its data transmission system with the Revenue Department.
2. Service provider (SP) – All enterprises can appoint a service provider as an agent to transfer the e-tax invoice and e-receipt data to the Revenue Department on their behalf. However, enterprises that appoint a service provider as well as the service provider itself must notify the Revenue Department about the appointment.
3. Upload file – by all other enterprises using an in-house software or external software that generates e-tax invoice and e-receipts

6.7   As per data shared by RD, only 9 companies use host-to-host delivery channel. There are 766 taxpayers who use SPs and remaining use web upload to deliver the e-tax invoices. Moreover, while the Key differences between two schemes are shown in table below.

Table 4: Comparison of E-tax invoice by e-mail and E-tax invoice & e-receipt schemes

Feature	e-tax invoice by email	e-tax invoice & e-receipt
Status of invoice issuer	Individuals or companies registered under section 77/1 (6) of the Revenue Code	
Eligibility (Annual turnover)	Less than or equal to 30 mn baht	More than 30 mn baht
Mandatory / Optional	Optional	Optional
Coverage	Tax invoice	Tax invoice, tax receipts#, tax invoice summary, debit note, credit note
Invoice format / standard	PDF / a3 with XML embedded	XML
Transaction type	B2G, B2B	B2G, B2B
Invoice authentication	None	Digital signature
Delivery channel	E-mail	1. Host to Host 2. Service provider 3. Web upload
Format for buyer	As agreed with buyer*	
Timeline	15 days following the end of month in which tax invoice is issued	

tax receipts include deemed tax invoices on which VAT is collected by the customs or excise authorities and invoices on which the buyer collects tax under reverse charge mechanism

* In case the buyer wishes to receive e-Tax Document in paper format, the e-Tax Document issuer is required to print out e-Tax Document which contains the clause specifying that "This document is electronically prepared, and the information thereon is electronically submitted to the Thai Revenue Department" and deliver it to the buyer.

6.8   Currently, the market for SPs is quite small as there are twenty registered SPs which compete for business from about 766 businesses that have opted for e-tax invoice & e-receipt scheme. Service provider is an intermediate between the e-Tax invoice issuer and the RD. Subject to the conditions to be prescribed by the Director-General of the RD, the e-Tax invoice issuer may appoint a SP to prepare, deliver and store e-Tax invoice on his behalf. The qualified service providers will be allowed to transfer the information of e-Tax invoice on behalf of the e-Tax invoice issuer directly to the RD via the information transfer system which is connected to the RD's system. The qualified service providers must have a support system to provide advice and assistance to the e-Tax invoice issuers in accordance with conditions and qualifications prescribed by the RD.

Box 8: Qualifications to register as E-tax invoice Service Provider in Thailand

1. A legal entity established under Thai law, registered for VAT under Section 77/1 (5) of the Revenue Code, with a paid-up capital of not less than THB 50 million.
2. No record of having used or issued forged tax invoices or issued illegitimate tax invoices with the intent of avoiding tax.
3. The board or authorised person has no prohibited characteristics, e.g. being in receivership, previously declared bankrupt and not free from bankruptcy for more than two years or previously imprisoned on a criminal charge after the court's final judgment.
4. Experience or capability of providing data transfer information system or computer system services.
5. Not listed as having abandoned a government contract announced in a circular, or associated with a juristic person or other people who have abandoned a contract specified by the Government Procurement and Supplies Management Act.
6. Stable, secure and reliable information system according to the Information and Communication Technology Standards (Khor.Mor.Thor.Or. 21- 2562) dated 11 January 2019.
7. A registered enterprise approved for electronic tax invoicing and issuing electronic receipts which generate and transfer electronic tax invoice information in the normal course of the business.

6.9   The current system allows VAT registrants who opt for the e-tax invoice & e-receipt scheme to issue part of their invoices under the scheme and remaining invoices outside the scheme. Thus, the invoice data received by RD even in respect of VAT registrants who have opted for the scheme may not be complete and offers limited benefits to RD for risk assessment and almost no benefit to taxpayers in terms of cost of compliance.

IT framework

6.10   The Electronic Transactions Act (No. 3), 2019 empowers Electronic Transactions Development Agency (ETDA for the development of electronic transactions and to act as the regulator. ETDA has established following standards that are relevant to e-Tax Invoice & e-Receipt –

- ETDA Rec 14 – Using XML Messages for Inter-Organizational Data Exchange
- ETDA Rec. 3 (ver. 2.0) - Trade Services Message Standard; and
- ETDA Rec. 11 – Electronic certificate

6.11   ETDA standards require that the e-tax invoice must be digitally signed, for which taxpayers must purchase electronic certificate from the certificate authority and also invest in the hardware (USB token or

Hardware Security Module). Prior to the registration, the eligible VAT registrant wishing to adopt e-Tax Invoice & e-Receipt or his service provider must first obtain Electronic Certificate for Enterprise from the certified Certificate Authority (CA) accredited by the Thailand National Root Certification Authority (Thailand NRCA) and Electronic Transaction Development Agency (ETDA). Currently, there are only two certified CA in Thailand viz. Thailand Digital ID Company Ltd (TDID) and Internet Thailand Public Company Limited (INET). There are three steps in implementing e-Tax Invoice & e-Receipt, which are (1) generating electronic documents (e-document) for Tax Invoice, Credit Note, Debit Note and Receipt (2) getting digital signature and embed digital signature into e-document and (3) sending e-Tax Invoice & e-Receipt to Buyers and submission e-Tax Invoice & e-Receipt to Revenue Department. E-tax invoice can be submitted to RD through a service provider who can also digitally sign the e-tax invoice and deliver it to RD.

Strengths

7.1   Thailand is one of the early adopters of e-invoicing and the groundwork for e-invoicing expansion has already been laid in the past decade. Since 2017 when the economy-wide e-tax invoice & e-receipt scheme was launched, the RD and the ETDA have already come a long way as far as creating the necessary infrastructure is concerned. Detailed regulations and guidelines have already been prepared for the transition to e-invoicing. During the past 6 years, the RD has also created awareness about the scheme and its benefits for businesses. The RD has a dedicated website (https://etax.rd.go.th/etax) where it disseminates information about the e-tax invoice to taxpayers. Similarly, the ETDA too disseminates information on e-tax invoice standards and certification of service providers for e-tax invoice (https://standard.etda.or.th, https://www.etda.or.th).
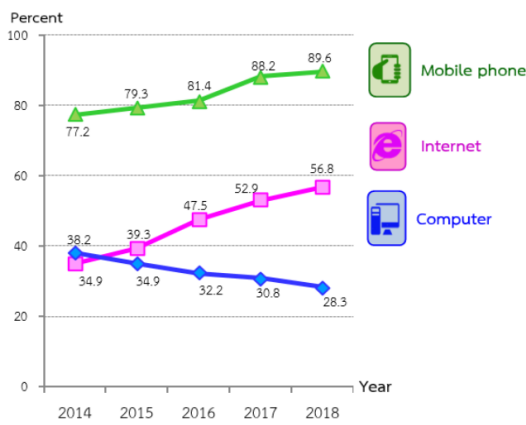
Figure 13: Steps in e-tax invoice & e-receipt shown on RD website

7.2   Expansion of e-invoicing will become easier in future with strong emphasis on digitalization of people and businesses in Thailand. Establishment of Ministry of Digital Economy and Society in 2016 and adoption of Thailand Digital Government Development Plan 2017-2021 aim to improve digital proficiencies across all sectors of Thai society, including tourism, education, finance, and public administration. As per household survey conducted by the Office of the National Digital Economy and Society Commission (ONDE), Thailand in 2017 covering individuals above the age of 6 years, about 90 percent used mobile phones and about 57 percent used internet during the period from 2014-18. Digital penetration saw an unprecedented growth during the COVID period when economy-wide lockdowns were observed in Thailand resulting in over 75 percent internet penetration. Currently, there are about 82[53] percent internet users and 74 percent social media users. Thailand is also 2nd in the world in e-commerce adoption (Global Digital Report, 2019).
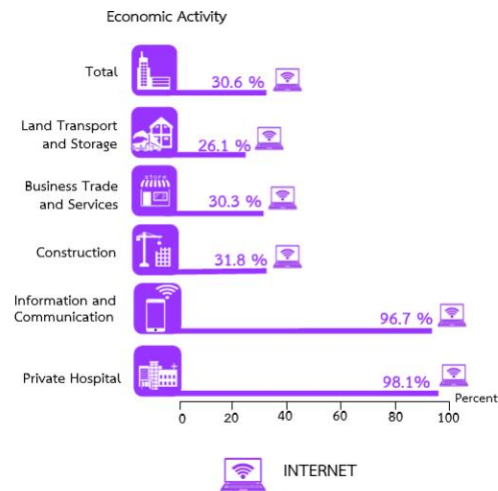
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[53] 57 million out of population of 69 million (https://www.eeco.or.th/en/digital)

Figure 14: Population above 6 years which used ICT during 2014-18	Figure 15 Establishments using internet by economic activity in 2017

Source: Office of the National Digital Economy and Society Commission (ONDE), Thailand http://www.stats.gov.cn/english/pdf/202011/P020201103358680777627.pdf

7.3   COVID period also catalyzed the growth in electronic payments in Thailand including the 'Promptpay' system which was launched in 2016. Over the past few years, the Thai payment system has advanced tremendously due to the cooperation among payment system providers, government agencies, and the regulator, the Bank of Thailand (BOT). The collaborative efforts in planning and driving policies to promote digital payments have led to various digital payment services, such as PromptPay services, Smart Financial and Payment Infrastructure for Business, and cross-border payments, and fund transfers. Thai digital payments have increased fivefold in the last five years, from 63 times per person per year in 2017 to 312 times per person per year in 2021 (Bank of Thailand, 2021).

Weaknesses

7.4   While digital technologies like electronic payments, internet use, mobile subscription, net banking, social media use are on the rise in Thailand, e-tax invoice scheme has not been able to generate enough traction. This is in a way dichotomous as the same people and businesses who are embracing digital technologies have not shown much enthusiasm about electronic invoicing. Several barriers that are legal, technical, financial, and cognitive in nature have been identified.

Legal barriers

7.5   The biggest barrier to expansion of e-invoicing in Thailand is the lack of legal mandate. The existing law merely recognizes e-tax invoices to be equivalent to tax invoice defined in section 86 of the revenue code. However, generation of e-tax invoice and its delivery to RD has been left at the option of taxpayer. So far only 0.8 percent VAT registrant have opted for the scheme showing that there is strong resistance to adoption of electronic invoicing. But this behavior is not surprising as international experience shows that in most countries where e-invoicing has been adopted on a voluntary basis the adoption rate has been very low. However, what is encouraging is that the adoption rate rises very quickly once e-invoicing is made mandatory (Bellon, et al., 2019).

*Figure 16: Adoption rate of e-invoicing in select Latin American countries*
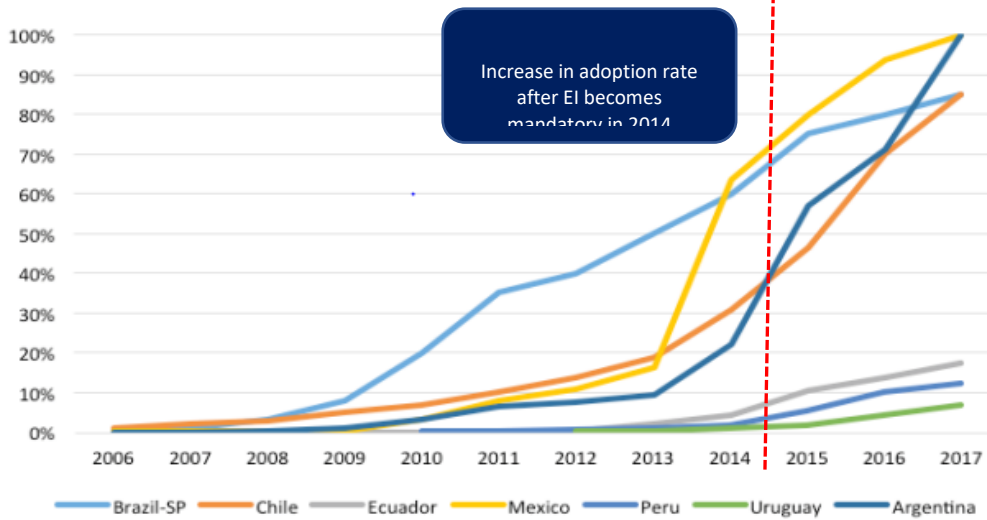
Source: (CIAT, 2018)

7.6   Even the electronic filing of tax return (PIT/CIT/VAT) is not mandatory as per law in Thailand. Thus, the culture of mandatory compliance through electronic means does not exist. Many countries, both developed and developing, have adopted mandatory e-filing of tax return to encourage transition to a paper-less system (World Bank, 2014). E-filing can be a tremendous boon to revenue authorities in developing countries, reducing their administrative costs and error rates, and improving their efficiency. In addition, the evidence suggests that small businesses often need more than a year or two to climb the learning curve for e-filing before they can expect to enjoy the benefits of lower tax compliance costs.

7.7   The current law does not alter the taxpayer preferences towards less-cash system by incentivizing digital payments and disincentivizing cash payments. Tax policies can influence the decision of businesses to use cash by providing benefits like preferential withholding rates, and audit requirements and penalizing cash transactions by not allowing business deductions (if cash payments exceed a threshold), imposing penalties on cash loans, and stringent audit requirements. In this context, measures to encourage businesses and consumers to pay their bills using banking channels or electronic means of payment can and should be designed and implemented to secure audit trails. There appears to be a strong negative relationship between use of electronic or formal payments and the size of the shadow economy. A study of the European economy by A. T. Kearney and Schneider confirms this association (Sung, Awasthi, & Lee, 2017).

Figure 17: Relationship between shadow economy and digital payments
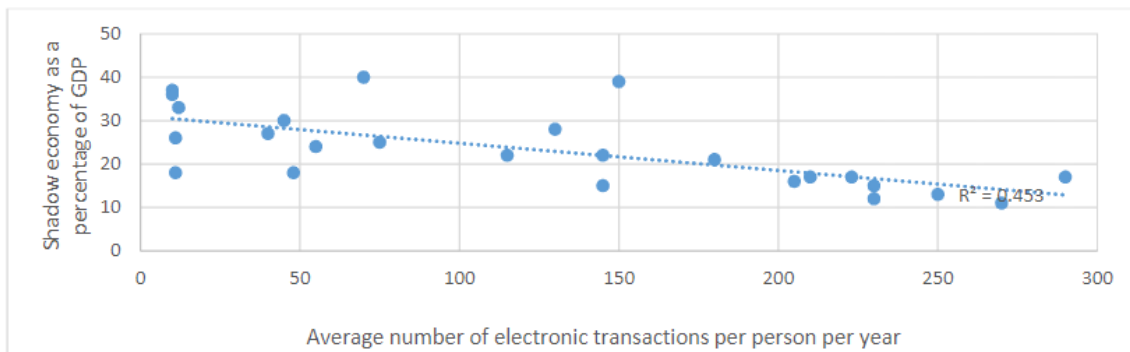
Source: A. T. Kearney and Schneider (2009).

7.8   Dual system of e-tax invoice & e-receipt scheme for small and other taxpayers has created a fragmented market for e-invoicing solutions. Even though the policy intent behind introducing a simpler regime for small businesses was to provide a low-cost alternative, it may not work for two reasons. Firstly, it failed to attract small businesses even though the compliance requirements are low as all that the taxpayer is required to do is e-mail electronic copy of invoice to RD. Secondly, it has initiated those taxpayers who did opt for the scheme into a system which is not based on the principles of e-invoicing. The main purpose of e-invoicing is to foster a change in business processes and their ICT systems so that they generate invoices in a machine-readable format such as xml (or JSON). If small businesses continue to opt for the e-tax invoice with e-mail scheme, they may show resistance when asked to switch to the other scheme.

7.9   As per current law, there is a significant lag between generation of e-invoice and its delivery to RD. Taxpayers are permitted to deliver the invoices in batch by the 15th of following month. There are two difficulties with this system. Firstly, a large volume of invoices on a single day are likely to clog the IT system of RD due to which the flow of invoices to RD should be staggered, preferably by receiving them daily. Secondly, since invoices are delivered to RD with a substantial lag, it does not allow RD to carry out real-time transaction monitoring and control. One of the main benefits of e-invoicing for tax authorities is to allow continuous transaction control by receiving invoice data in real-time, which creates a strong deterrence against tax evasion.

7.10   Under the current system, the e-tax invoice can be shared by the seller with the buyer without any prior validation by RD. Therefore, RD does not exercise any control over the invoice format, and data that is received by the buyer. For instance, it is possible for the VAT registrant to issue different invoices for the same supply, one for RD and the other for the buyer. These discrepancies may come to the notice of RD much later at the time of reconciling the input tax claim during tax audits. Implementation of e-invoicing system under which e-invoice shared with buyer is pre-validated by RD can help in preventing such practices. Further, some countries like South Korea even allow the buyer to make changes in the invoice if discrepancies are noticed by tax authorities later.

Technical barriers

7.11   Technical barriers relate to challenges that businesses may face in the implementation of technical standards for e-invoicing established by the ETDA due to either lack of awareness or due to difficulties in the delivery of e-invoices to the RD. The ETDA plays a major role in setting standards for e-invoice, as well as certification of service providers and their ICT systems. So far twenty SPs have been certified. E-invoices are required to be digitally signed for which a digital signature must be purchased from one of two certified Certificate Authorities in Thailand namely Thailand Digital ID Company Ltd (TDID) and Internet Thailand Public Company Limited (INET). The RD informed that transmitting e-tax invoice information requires MPLS network, which is provided by a few operators in Thailand, to ensure data security. This may result in higher connection costs or complications, making EI less attractive or feasible. **Another major technical barrier is the underdeveloped market for service providers and e-invoicing application developers.** Due to a low adoption rate, demand for service providers and e-invoicing applications is quite low. Therefore, incentives to create innovative solutions (such as mobile applications) that can cater to a large number of taxpayers are also very low.

Financial barriers

7.13   Financial barriers relate to challenges that the taxpayers face in complying with the e-tax invoice scheme due to the high cost of compliance. Currently, the cost of compliance is quite high due to two reasons. Firstly, because the e-invoice market is underdeveloped due to a very small market for service providers and application developers, the cost charged by service providers is high, particularly for businesses with a low invoice volume. Secondly, the invoice data delivered to RD is not enough to pre-fill the VAT return as only 0.4 percent of VAT registrants are using e-tax invoice, which is not enough to capture the input tax credit in the VAT returns. Thus, e-invoicing has not been able to lower the cost of compliance for taxpayers.

7.14   Low-cost solutions such as free web-portal or user-friendly offline utilities can play a significant role in attracting the SMEs to the e-invoicing as such solutions eliminate the need for businesses to own and maintain expensive ERP software applications. However, lack of free web-portal, or mobile applications that can enable businesses to generate e-tax invoice and deliver to their customers or RD create a major barrier to its adoption.

Cognitive barriers

7.15   Another significant barrier to e-invoicing adoption is resistance to change on part of taxpayers. Adoption of e-invoicing requires business owners to change their existing processes and systems, which leads to a strong resistance. It is relatively easier for the large corporations for whom the switch would require changes in their existing ERP systems. Benefits from cost-savings that result from e-invoicing justify such change. Moreover, for large companies cost of adoption is likely to be a very small fraction of its turnover. Transition to e-invoicing can be, however, quite challenging for the SMEs.

7.16   Lack of awareness and understanding about e-invoicing, its benefits and implications for compliance are also huge barriers to its adoption by the SMEs. Most of the businesses in Thailand belong to the SME sector. They are typically sole proprietorships or family managed. Factors like IT literacy, education level and age of the owners of such businesses play an important role in determining the openness of business to adopt e-invoicing system. However, the trends related to growth in internet penetration, mobile use and internet banking use are very encouraging and indicate that the owner profile of businesses in future is likely to become more technology friendly. This can be very helpful for tax authorities in effective dissemination of information related to rules, and regulations related to e-invoicing to the taxpayers in SMEs.

7.17   Another important cognitive barrier is the level of trust between the taxpayer and RD. It was gathered that the taxpayers are quite wary of moving to the e-invoicing system due to a fear of the unknown. They are

concerned about sharing their invoice data with RD due to fear of audit, and penalties. Moreover, taxpayers are unsure whether the adoption of e-invoicing would bring any change in their interaction with RD. Under the current law, if a taxpayer wants to adopt e-invoicing, there is a requirement to register with the RD and declaration of intention on part of the taxpayer to comply with the law related to e-invoicing. Since the system is optional and there is no tangible benefit that is perceived from doing so, most of the taxpayers have maintained status quo.

7.18   Since e-invoicing adoption rate has been quite low even amongst the large taxpayers (who are very few as compared to the SMEs) there is no peer pressure under the current system to adopt e-invoicing. When a critical mass of businesses adopts e-invoicing, the 'network effect' creates a peer pressure on the non-adopters. Eventually, when both the suppliers and buyers of a business adopt e-invoicing, further expansion of e-invoicing is dictated by market forces. When a critical mass of adopters is reached, government can take a back seat and let the market forces take over.

Opportunities

7.19   A large-scale, economy-wide adoption of e-invoicing will open the door to many opportunities for the growth of Thai economy. The biggest gains will come from a more efficient private sector fully integrated into the digital economy. It will be an important component of Phase 3 of Thailand Digital Development Plan, which envisages full digital transformation of the Thai economy.

7.20   E-invoicing will also provide opportunity for integration of Thailand with the global e-invoicing systems implemented across many other countries and will facilitate cross-border interoperability and international trade. Interoperability is the key concept here as it recognizes that while each country enacts its own tax and accounting policies, working together does not depend upon each country harmonizing its domestic approach, but instead prioritizing that each system is based on commonly shared principles and processes. This will ensure that the Thai firms can send and receive machine-readable invoices electronically to a business partner in any country —no matter which accounting software they use.

Box 9: E-invoice and Trande Negotiations: Working toward global interoperability

While the private sector was the initial driver of e-invoices, governments are increasingly getting involved to ensure domestic regulations are interoperable so that firms can use common software and technology services to more easily engage in trade. Since EIs are digital, there are no differences between originals and copies of electronic invoices, but there need to be common rules and technical standards and processes to enable the interoperable interpretation of this digital documentation.

As detailed in a report for the Asia Pacific Economic Cooperation (APEC), problems arise when countries enact country-specific technical requirements, such as for e-signatures and cryptographic processes.16 Such requirements act as barriers to cross-border digital services and data flows, thus making it harder and more expensive, if not impossible, for firms to sell and support customers in multiple markets. For example, tax authorities in Brazil must certify third-party users of EIs, and in doing so, set certain technical standards. The problem is that Brazil requires EIs to use e-signatures that must use local Brazil-based IT infrastructure and services (in the form of a local government-authorized certification authority, called ICP Brazil). This acts as a localization requirement that prevents EI providers from using cloud storage to service multiple markets.

Country-specific technical barriers arise, in part, as relevant United Nations Commission on International Trade Law (UNCITRAL) model laws on e-signatures are not prescriptive and legally binding, which means countries are able to enact laws that act as technical barriers to trade. E-signatures are another issue under negotiation at WTO talks, which is important given their role in EIs. They play an important

role in building an open and interoperable global digital trading system. According to the OECD and WTO, e-signatures were ranked fourth among the top 10 challenges facing firms and consumers when accessing and using Internet services.

EIs are an example of the type of digital rules that need alignment, as doing cross-border trade depends on the ability of firms to communicate with each other in a common (interoperable) manner (via joint standards). Countries should facilitate standards development where there needs to be an element of international regulatory collaboration to ensure economic opportunities are realized—such as via digital trade. Countries should use trade negotiations to achieve this. Thankfully, a small, but growing number of countries are doing this as part of bilateral and regional trade agreements, and potentially, under the auspices of the WTO.

Australia and New Zealand's "Trans-Tasman e-Invoicing Interoperability Framework" provides a model approach to cooperation on EIs and closer digital economic integration.20 The Digital Business Council (a multi-stakeholder body) in conjunction with the Australian Taxation Office (ATO) and the New Zealand Government worked together to develop common standards so that firms from both countries can send and receive machine-readable invoices electronically—no matter which accounting software they use. To provide context, the respective New Zealand and Australian Productivity Commissions released a joint report—"Growing the Trans-Tasman digital economy and maximizing opportunities for SMEs"—which, among a range of issues, highlights the benefits of a joint approach to e-invoices.21 While the respective governments played a central role in developing the joint standards, they handed over operational control of the system to an industry-led body, the newly established Australia New Zealand Electronic Invoicing Board.22

Within trade agreements, Chile, New Zealand, and Singapore's recently concluded Digital Economy Partnership Agreement (DEPA) provides an example of best practices for how to build electronic invoice interoperability through trade agreements. DEPA (article 2.5) recognizes the importance of e-invoices and the need for parties to support their use at home and ensure their systems are interoperable, and to do the same globally.23 Parties "shall base their measures related to e-invoicing on international standards, guidelines or recommendations, where they exist."

Source: https://itif.org/publications/2020/03/23/why-countries-should-build-interoperable-electronic-invoicing-system-wto-e/

7.21   EIs are particularly important to small- and medium-sized firms (SMEs). EIs facilitate the development of more transparent, efficient, and secure "factoring," which allows suppliers to meet their working capital needs by selling their invoices, or accounts receivable, to lenders for cash (i.e., getting paid upon completion of work rather than waiting weeks or months for customers to pay their bills). EIs also help SMEs survive by helping to improve on-time payment. This is an issue that disproportionately affects SMEs, which are typically heavily dependent on cash flow, yet are often cash poor, as the result of extended payment times. In a similar way, governments can therefore support SME survival and participation in government procurement by using EIs and digital channels to pay invoices promptly, which Australia has done by mandating a maximum payment time of 20 calendar days for all contracts under AUD$1 million (USD$633,000).

7.22   EI will play an important role in fostering voluntary compliance by reducing the cost of compliance and improving the effectiveness of risk assessment including tax audits. The invoice level data received by RD can be used to pre-fill VAT returns (as well as CIT returns, if VAT and CIT registration are linked), automatically match input tax credit, and issue refund without any intervention. This will allow RD to narrow the focus of its risk assessment based on data analysis and avoid the need to do routine audits.

7.23   EI offers tremendous potential benefits for tax control, as the accumulation of invoices of credits and debits for a taxpayer—contrasted with the periodic tax returns—creates an assessment and control capacity far beyond traditional tax practices. The traditional sampling of invoices as part of verification and scrutiny processes becomes obsolete when a country's administration system has an electronic record of all the documents. Digitalization allows tax authorities and other firms to use data analytics to uncover complex business relationships that they can use to trigger audits if necessary (IDB, 2018).

7.24   EIs can also help improve the real-time control and movement of goods. For example, Brazilian tax administrators rely on EIs as part of an innovative customs and tax management tool that makes customs

operations more efficient. Authorities know what goods are coming, and where and who they're coming from, as their freight-vehicle tracking system (which uses radio frequency stations and tracking) is integrated with their EI system so that details are registered as vehicles are on the move towards and through customs checkpoints (IDB, 2018).

Threats

7.25   While expansion of EI in Thailand provides many opportunities for economic growth, failure to expand and achieve high adoption rates in the next 5-10 years can derail Thailand's vision of its digital transformation and global digital leadership. Further, if a critical mass of EI adopters is not reached, benefits of EI will remain limited to only a few businesses rather than the entire economy.

7.26   From RD's point of view, without EI it may become challenging to address the issues related to informality and shadow economy. Based on international experience discussed earlier, mandatory EI can help address RD's concern. It may also become challenging to achieve the tax potential, being the gap between what Thailand will collect without EI and what it can potentially collect.

RECOMMENDATIONS

Based on the assessment of the current system of EI in Thailand, recommendations are being made for implementation in the short, medium, and long term. Recommendations are based on the previous discussions related to weaknesses in the current system of EI classified as legal, technical, financial, and cognitive barriers. **The main thrust behind the recommendations is to put the e-invoicing policy in Thailand on a track where it can grow rapidly so that a critical mass of e-invoice adopters is achieved. Once that happens the network effect is expected to take over, which will ensure that e-invoicing becomes an economy-wide phenomenon in Thailand with benefits for businesses, and the government.** The summary of recommendations is shown in Annex 4.

Short-term (1-2 years)

8.1   The E-tax division in the RD should lead a cross-cutting team including officials from the Tax Policy and Planning Division, Electronic Processing Administration Division, and Information Technology Division. This will allow the E-tax division to take a holistic view of both the policy and implementation issues related to EI. E-tax division should be responsible for the implementation of EI in a time-bound manner. The main role of this division would be to coordinate with the ETDA on e-invoicing standards and participate in consultations with the service providers, ERP providers, and other stakeholders on issues related to regulations for standards, certification, and access to the RD system. The division should also hold regular training programs for internal RD officials as well as taxpayers to educate them about e-invoicing and its benefits. The division should also conduct regular surveys to obtain taxpayer feedback and produce an annual report on progress in e-invoicing including the feedback as well as steps taken to facilitate e-invoicing adoption by taxpayers. It should also contain case studies of taxpayers from various sectors and document experience-sharing and lessons that may be relevant for other taxpayers.

8.2   The RD should invest in creating systems and processes that allow real-time tracking, monitoring and control of transactions based on e-invoice data that it receives using advanced machine learning and artificial intelligence techniques. The creation of the capacity to effectively use the e-tax invoice data in risk assessment by the RD would be critical in leveraging the EI for strengthening domestic resource mobilization and reducing the VAT gap. Taxpayers will see value in e-invoicing adoption if it also reduces their cost of compliance by providing pre-filled VAT returns, automatic processing, and the issue of refunds. Also, the effective risk assessment will help the RD allocate its resources more efficiently to audit high-risk cases and create deterrence against tax evasion by using real-time information to 'nudge' or 'warn' errant taxpayers.

8.3   The existing 'e-tax invoice by e-mail' and 'e-tax invoice & e-receipt' schemes should be merged into one scheme retaining all the features of 'e-tax invoice & e-receipt' scheme while removing the option of sending e-tax invoice in PDF form. This will help taxpayers in identifying and complying with a single EI scheme. This will also ensure that all the businesses that register for EI, irrespective of size, face a common invoice standard and regulations for the generation and authentication of e-invoice and its delivery to the RD. The new EI scheme should include the following basic features –

    a.   E-tax invoice issuer should generate and deliver the e-tax invoice to the RD in real-time immediately after its issuance in the prescribed standards established by the ETDA. The RD should validate the e-tax invoice in real time and insert a unique identifier (such as invoice reference number) along with a time stamp on the validated e-tax invoice.

    b.   E-tax invoice issuer should receive the validated e-tax invoice with the RD's unique identifier in real time or instantly.

c. The electronic invoice standard for sharing with the RD should be XML.

d. Define e-tax invoice to be legally valid only if it has been pre-validated by the RD and bears a unique reference number generated by the RD on receipt of XML-based invoice from the taxpayer. Only pre-validated e-tax invoices should be allowed input tax credit.

e. Considering that international trade is an important driver for Thailand's economy, the e-tax invoice standard should conform to the internationally recognized PEPPOL standard which is already quite popular in the world with its adoption in many countries including the EU, USA, Canada, Singapore, Australia, Japan, Mexico, and India.

f. E-tax invoice issuer should share only the pre-validated e-tax invoice with the receiver. However, the format of the invoice (PDF or XML) to be shared with the receiver of the invoice (or buyer) can be as per agreement with the buyer. For instance, if the receiver is not able to receive an XML invoice, the seller can share the PDF version of XML.

g. Consider introducing a simpler certificate (Class 3) with no token related, so it can be installed in a computer or server and be used in a simple procedure and process to sign the documents. These certificates are cheaper than the ones that need a Token[54].

8.4 Adopt a phased approach to e-invoice expansion with an aim of achieving near 100 percent adoption rate in the next 5-10 years. This time can be reduced based on the success in earlier phases of implementation and the readiness of taxpayers. In the initial phases, EI should be made mandatory for the largest businesses which have the necessary wherewithal including ICT infrastructure to adopt invoicing. Large businesses also account for more than 95 percent of VAT revenues and their participation in e-invoicing will kick-start a virtuous cycle of e-invoicing adoption in the economy. Another advantage of the adoption of e-invoicing by large businesses is that they can exert the peer-pressure on their suppliers to adopt e-invoicing.

8.5 Declare the intention to make the EI scheme mandatory for large VAT registrants with an annual turnover of more than 10 billion bahts from a future date (preferably in early 2024). Thus, from an effective date in future, any tax invoices that are issued by a large business must conform to the e-tax standards notified by RD. It is seen from the data on VAT registrations in Thailand that there are only 603 such large VAT registrants. It is a manageable number and will allow RD to focus on the development of robust EI solutions that can be extended to remaining VAT registrants in the subsequent phase.

Table 5: Distribution of VAT revenue in Thailand by taxpayer turnover

Turnover range (in million Bahts)	No. of VAT registrants	VAT revenue (in million Bahts)	Contribution to VAT revenue (as % of total VAT revenue)
0 – 1.8*	336,979	244,297,586,223.01	0.01

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[54] For XML signature process, visit https://www.w3.org/TR/xmldsig-core/

Turnover range (in million Bahts)	No. of VAT registrants	VAT revenue (in million Bahts)	Contribution to VAT revenue (as % of total VAT revenue)
1.8 – 5	108,101	665,096,516,898.74	0.02
5 – 10	63,388	864,203,393,456.21	0.03
10 – 20	49,368	1,252,925,601,217.19	0.05
20 – 30	22,673	939,287,271,195.37	0.03
30 – 40	12,794	802,592,217,246.21	0.03
40 – 50	8,507	634,192,220,471.58	0.02
50 – 100	21,051	2,275,384,765,399.14	0.08
100 – 200	14,459	2,823,028,535,399.42	0.10
200 – 500	11,315	4,209,817,930,433.74	0.15
500 – 1000	4,563	3,905,984,791,474.82	0.14
1000 – 5000	4,425	11,683,406,971,079.10	0.43
5000 – 10000	610	49,054,625,385,616.90	1.79
Above 10,000	603	2,666,841,749,950,020.00	97.11
Total	658,836	2,746,196,566,136,130.00	100.00

Source: Revenue Department, Government of Thailand

8.6   Design and launch a pilot scheme before entering the mandatory phase for large companies to test, deploy and refine the three channels of e-tax invoice delivery i.e. Host-to-Host, Service Providers and Web upload. The design of the pilot scheme has been discussed later in the report.

8.7   Declare the intention of covering businesses with turnover over 1 billion bahts in the second phase (preferably 1.5 – 2 years later in 2025). Beginning the second phase the number of VAT registrants covered by the new scheme would increase from ~ 603 to ~ 5,638. It is expected that before entering the second phase, the standards and delivery channels for e-tax invoices would have stabilized in the first phase.

8.8   In the case of VAT registrants mandated under EI, paper-based invoices must become exceptions rather than the norm. The exceptions may be laid down in the law based on genuine hardships or difficulties that are identified during stakeholder consultations with large taxpayers. Such registrants should be required to issue all tax invoices strictly as per EI regulations of the RD that prescribe the manner, rules, and procedures for the issue of the e-tax invoice. Invoices that do not conform to the regulations should not be treated as valid invoices for the purposes of input tax credit.

8.9 **EI by SMEs should be mandated in the subsequent phases, but in a time-bound manner.** This will not only provide them sufficient preparation time but also provide the RD and the ETDA sufficient time to develop robust low-cost solutions such as free web portals and offline utilities. The biggest driving force for e-invoicing adoption by SMEs will be market forces. As the demand for e-invoicing solutions will increase, a competitive market for service providers, and application developers will emerge pushing the cost down to significantly lower levels. Low cost of adoption, availability of low-cost solutions, peer pressure, and market forces will create conditions that are conducive to the adoption of e-invoicing by SMEs.

8.10 **In line with the Government of Thailand's vision to become a cash-less society in future, consider introduction of following legal provisions that disincentivize cash payments by businesses** by –

   a. Not allowing deductions for payments made in cash or cash equivalent (or by a mode other than banking channel) exceeding a threshold of say, 10,000 bahts, for any expenditure incurred for business
   b. Not allowing deductions for payments made in cash or cash equivalent (or by a mode other than banking channel) exceeding a threshold of say, 10,000 bahts, to claim any tax incentive under the revenue code
   c. Prohibiting acceptance of cash loan or deposit more than 10,000 bahts
   d. Prohibiting receipt of cash payment exceeding a threshold, say 100,000 bahts, against a single invoice or transaction

8.11 **Follow an open API[55] policy to allow developers and service providers to test their software applications in a sandbox environment[56].** This will help in creating a competitive market for service providers and application developers, and bringing down the cost of services and applications. India, for instance, follows an open API policy and allows all service providers who meet the eligibility conditions and system requirements to test their software applications by connecting with the Goods and Services Tax Network (GSTN) portal under test conditions. Once the application or API of the service provider performs accurately under test conditions GSTN allows direct API integration.

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[55] Application Programming Interface (API) enables taxpayers or their service providers to interact with the RD portal / server and submit as well as receive structured data in machine-readable format like xml or json.

[56] The e-Invoice Sandbox portal enable taxpayer or service provider to experience the complete e-Invoicing process as a trial. This helps them in getting familiar with the process and ensure that they do not face any difficulty while generating the actual e-Invoice under live settings.

Figure 18: Ecosystem of Service Providers in E-invoicing
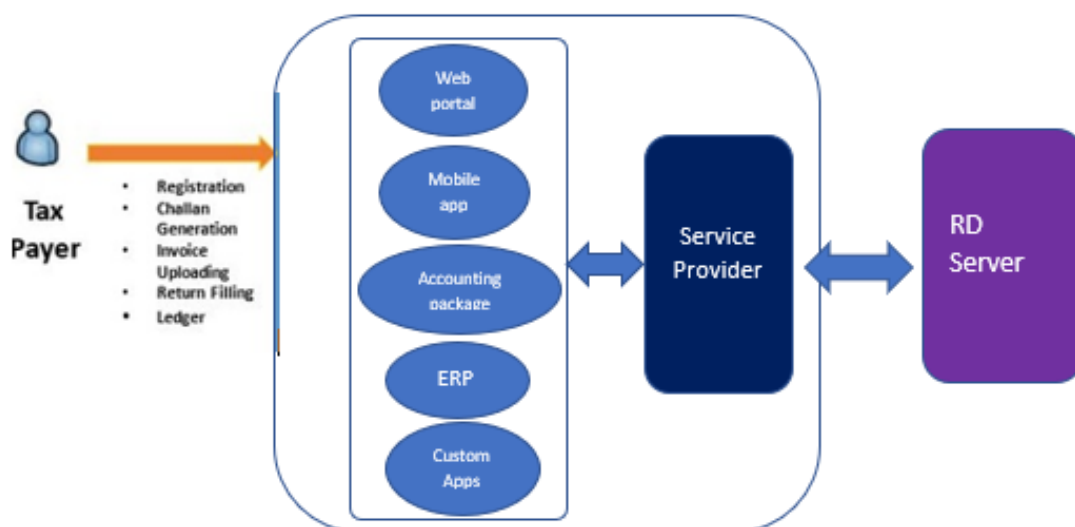
Medium-term (3-5 years)

8.12   Based on the success of Phase 1 of EI implementation, declare the intention of covering businesses with turnover over 200 million bahts in the third phase (preferably 3 years later in 2025). Beginning the third phase the number of VAT registrants covered by the new scheme would increase to ~ 21,516. By the beginning of phase 3, all large VAT registrants would have been fully integrated into the scheme and sufficient time would be available to the RD and the ETDA to prepare the ICT capacity to handle the invoice volume expected in Phase 3.

8.13   Prepare for Phase 4 when all the VAT registrants with turnover above 20 million bahts would be covered (preferably 4-5 years later). Beginning the fourth phase the number of VAT registrants covered by the new scheme would increase to ~ 100,000. These would also include several businesses from the SME sector.

8.14   Develop and launch convenient solutions for SME businesses[57] to generate invoices and deliver them to the RD, such as -

   a. Web portal which enables taxpayers to create an account with RD and issue the e-tax invoice. Such portal will be useful for taxpayers who do not have an ERP or similar software.
   b. Mobile cellular-based software solutions that allow SMEs to generate an e-tax invoice through a mobile application. This makes use of high levels of internet and mobile penetration in Thailand.
   c. Offline excel based utilities for invoice generation including bulk invoices.

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[57] See example from Chile at:
https://www.ciat.org/Biblioteca/AsambleasGenerales/2014/Ingles/2014_topic1.1_Jorrat_Chile.pdf

Long-term (6-10 years)

8.15   Launch the subsequent phase of EI by gradually covering all the VAT registrants including all the businesses in the SME sector. It is expected that in 5 years**,** SMEs will get sufficient time to prepare themselves before joining the e-tax invoice scheme. It is also expected that the market would have sufficiently matured and the cost of compliance would be significantly lower.

8.16   Based on the success of EI for B2B transactions, prepare for covering B2C transactions under EI. It is expected that by this stage the RD and the ETDA would be prepared to handle large invoice volumes and learnt important lessons that will be useful in the implementation of EI for the B2C segment.

IMPLEMENTATION ROADMAP

9.1 Considering the experience of countries such as Chile, Brazil, Peru, Ecuador, Uruguay, and Mexico, it is recommended to follow the following stages in the e-invoice implementation project. In the first stage, it is recommended that the RD should only focus on B2B transactions of large taxpayers under e-tax invoices. Moreover, the RD should continuously work with stakeholders including software providers, and industry representatives to evolve e-tax invoice standards including XML schema, and communication channels for the delivery of e-tax invoices.

Figure 19: Implementation roadmap for E-invoicing

Stage / Participant	Model Definition		Pilot Project	Model Adjustments	Market Development	Mandatory
Large Taxpayers, Software providers, Tax Admininstration	e-Invoice B2B	XML Scheme definiion, Mandatory, conditional and optional fields	Review and application of the defined model. Identification of transactional problems, product of the message exchange standard and, especially, the way of developing the business. Develop the capacity of suppliers to deliver quality services or products.	Improvements to the model and final release of the final version	The software industry must be able to provide services and products for all market segments.	By Type of Industry
		Only PDF doesn't work, the PDF must be built from the XML				
	e-Invoice B2C	Report Definition				By taxpayer size (Large, Medium, Small, Micro)
	Comunication standard	e-mail, WS (B2B)				
		e-mail, by hand, (B2C)				
		e-mail, WS with the Tax Adminintration (B2B & B2C)				Planning (the big bang is not recommended).
	Reports	Monthly, Semi-Annual, Annual				
Tax Admininstration's Concenrs	Information Verification and Validation		Definition of taxpayer services associated with the tax administration's information on transactions, support and model information.	Development of the free service provided by the Tax Administration.		Management of information for audit purposes.
	Storage					
	Service continuity					
	Identifying audit objectives					
	Adjustment of Internal Processes and Procedures			Development of strategic alliances with the private sector, accountants and associations of companies of all sizes, especially smaller ones.	Start with the promotion and implementation of the free e-Invoicing service for smaller companies.	Maintain the promotion of the e-invoice and the free system of the Tax Administration.
	Staff Training		Beginning of the promotion of models, their benefits and virtues.			
	Formation of a project management team (IT & Taxpayer services)					
	Marketing Plan					

9.2 In the second stage, to test the invoicing systems, standards, and processes, the RD should design and implement a pilot phase in the near term (3-6 months) on the following lines -

a. Establish contact and work plan with the Association of IT services companies or similar, to develop the industry. This companies will supply solutions for the taxpayers mentioned above.

b. Establish contact with business associations to promote the project, choosing 15 to 20 companies for the development of a pilot project. Some of them should be issuing EI, and some of them can be new, they must be representatives of the economy, such as Banks, Utilities (mobile phone companies),

supermarkets, hardware stores, manufacturers, bottling companies (such as Pepsi, Coke), food companies, etc. The idea is that they can exchange XML between them and process them in their internal process, and make sure of the correct operation of the system.

c. The objective of the Pilot project is to observe and solve the problems that the participants will face in this process.

d. The participants must be large taxpayers, because they have the resources to invest, and they will see it as a good investment, and they will also have many providers in the SME segment and in the medium term will push them to adopt the electronic invoice.

9.3   In the third stage, the feedback received during the implementation of the pilot phase should be used to adjust the model and release a final version of the model. This will be followed by the market development stage when all the service providers will be able to provide service to taxpayers based on the version released by the RD. Other issues highlighted in the implementation roadmap include storage of e-tax invoice data (in line with law related to re-opening of past cases with suspected tax evasion or tax crime), realigning audit objectives with analytical diagnostics received from analysis of e-tax invoice data, training of staff, and a marketing plan to continuously engage the SMEs into the scheme by explaining its benefits. The implementation should be carried out in a project mode by a cross-cutting project monitoring team led by RD and including officials from the IT division, electronic processing division and taxpayer services division.

ANNEX 1: E-INVOICING MODELS

Based on the experience of countries in EU, Latin America and some other countries in Central and South Asia, some of main policy considerations for the Government while deciding e-invoicing policy are –
1. Choice of model
   a. POST-AUDIT MODELS
      i. Interoperability model (EU countries, Singapore, Australia)
      ii. Real-time invoice reporting model (Hungary, South Korea)
   b. CLEARANCE MODELS
      i. Centralized exchange model (Italy, Kazakhstan, Turkey)
      ii. Clearance model (Brazil, Chile, Colombia, Mexico, Peru, India)
2. Coverage – B2G, B2B, B2C transactions
3. Mandatory vs Optional
4. Phased vs Immediate roll out

A. Choice of model

Over the last two decades, four[58] main kinds of e-invoicing models have emerged.

The Interoperability model emerged in EU, where it is called PEPPOL or the Pan-European Public Procurement On-Line. Since EU introduced e-invoicing only for public procurement i.e. B2G transactions, the model is based on a network of private sellers, public agencies, and their service providers (SP). It is also called the 4 Corner or 4C model and can be understood with the help of Figure 2. The seller and buyer do not exchange invoice directly but through a network of service providers who convert unstandardized invoices into standardized ones based on Peppol BIS[59] standards. These standards are prescribed through directives[60] that apply to all EU countries. In EU, this model operates on the 'post audit' approach, allowing the free exchange of invoices between trading partners but requiring them to prove the veracity of archived invoices for up to a decade later by means of an accessible archive and periodic reporting (EESPA, n.d.).

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[58] Peppol Continuous Transaction Controls, Reference Document, Sept, 2021

[59] Peppol has developed the Business Interoperability Specifications (BIS) for common eProcurement processes to standardise electronic documents exchanged and validated through an open and secure network, between sending and receiving Access Points for public sector buyers and their suppliers across Europe and beyond. The eProcurement specifications (Peppol BIS) maintained by OpenPeppol build on the work of the CEN Workshop on Business Interoperability Interfaces for Public Procurement in Europe (CEN BII). Peppol has not developed new standards but has used the CEN BII results to develop implementation guidelines, known as the Peppol 'BIS', that can be embedded in eProcurement and eBusiness exchange systems, to support interoperability across borders. The Peppol BIS are formal requirements to ensure pan-European interoperability of procurement documents, such as eInvoices.

[60] European Parliament adopted Directive 2014/55/EU on 16 April 2014 on electronic invoicing in public procurement mandating all European public entities to receive and process electronic invoices in accordance with the European Standard on e-invoicing (EN-16931)

Figure 20: Interoperability model
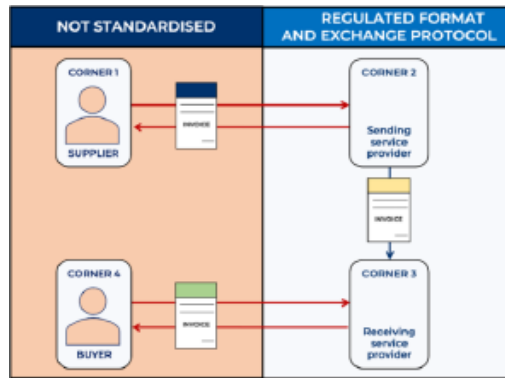
The Real-time invoice reporting model, followed in Hungary and South Korea, is also called the 3 Corner or 3C model and can be understood with the help of Figure 3. Unlike the 4C model, here the role of Government is passive and mainly limited to setting the standards and monitoring its adherence. Seller is required to follow the standard and reports the invoice, or a subset thereof to the tax administration (TA), through a centralized platform, shortly after the issue and exchange of an invoice between the trading parties. TA carries out post-audit and may raise objections with a lag if standards are not met. However, the invoice is exchanged freely and directly between seller and buyer. Under this model, seller and buyer must use accredited software solutions.

Figure 21: Real-time invoice reporting model
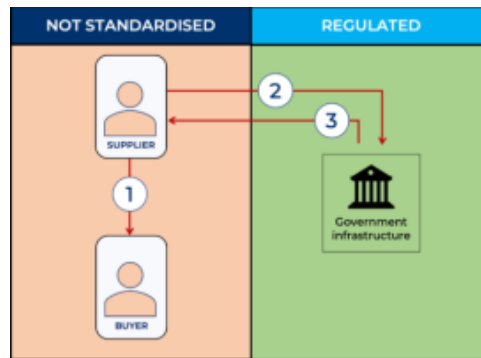
The Centralized exchange model, followed in Italy, Kazakhstan and Turkey, involves a much active role by the TA. The invoice issued by the seller must go through a Government-owned exchange system. If the invoice does not meet the stipulated standards, TA can reject the invoice and send it back to the seller. The invoice is not sent by the seller directly to the buyer. Instead, it is forwarded by the exchange system to the buyer once the invoice meets all the requirements. Buyer too can be expected to provide a response in form of acceptance of invoice to indicate that the transaction has been completed. It is a typical CTC model under which the TA monitors and

controls the transaction in real-time. Italy was the first EU country to implement this model when it launched the Sistema di Interscambio in 2019.

Figure 22: Centralized exchange model
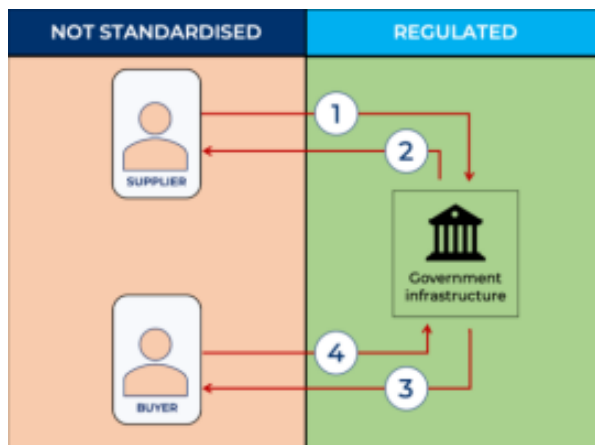
Source: Peppol Continuous Transaction Controls, Reference Document, Sept, 2021

Finally, the Clearance model, followed in Latin American countries including Argentina, Brazil, Chile, Peru, Mexico and Peru, is similar to Centralized exchange model and involves a tight control and oversight by the TA. Unlike the Centralized exchange model, here the responsibility of sending the invoice to the buyer is with the seller. However, before doing so, the seller must get the invoice cleared by the TA.

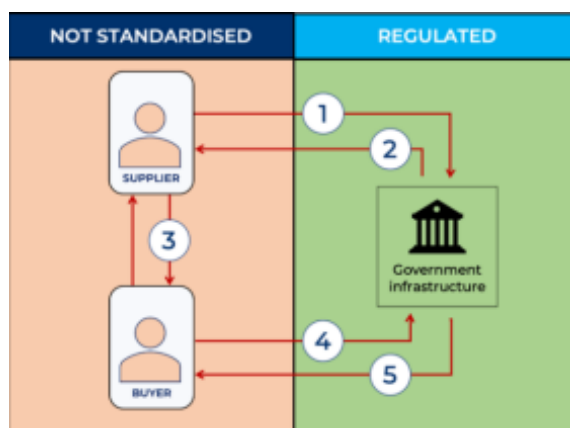*Figure 23: Clearance Model*

Source: Peppol Continuous Transaction Controls, Reference Document, Sept, 2021

Clearance model has four variants based on whether the power to clear invoice is exercised by the TA directly (centralized clearance) or through accredited service providers (decentralized clearance) who validate invoice

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data and communicate it back to the tax authorities and whether the invoice is required to be sent for clearance before (pre-clearance) or shortly after (post-clearance) the invoice is sent to the buyer.

Figure 24: Variants of clearance model

	Brazil Colombia	Mexico
Pre-clearance	Brazil Colombia	Mexico
Post-clearance	Chile Costa Rica	Peru
	Centralised Clearance	Decentralised Clearance

Source: Peppol Continuous Transaction Controls, Reference Document, Sept, 2021

ANNEX 2: SUMMARY OF STAKEHOLDERS CONSULTED

Workshop: Extending the e-invocing systems to SMEs

Wednesday, 27th July 2022. 8.30-13.00 hours. Sawasdee meeting room, World Bank Thailand

Simultaneous translation provided.

Background

Electronic tax invoices can ease compliance for taxpayers, especially SMEs when preparing the VAT returns as the data from the invoices is stored electronically. VAT reports will no longer be prepared by the taxpayers. Instead, the Revenue Department can automatically provide these reports. Additionally, electronic tax invoices will help tax officers when conducting a tax audit on VAT by allowing the automatic and electronic matching of invoices between the suppliers and the buyers. This could save operational costs on both taxpayers and revenue authorities and improve accuracy by allowing invoice data to be drawn directly from the accounting systems and allow reconciliation of the data between buyers and suppliers.

Objectives

3. To present experiences from countries that have successfully implemented e-invoicing for SMEs
4. To initiate an initial discussion on the performance of the current E-invoice system

Agenda

Time	Activities	
8.30 – 8.35	Introduction	World Bank Group
8.35 – 8.40	Roundtable self-introduction	All
8.40 – 8.55	Presentation: e-invoice system in Thailand	Revenue Department
8.55 – 9.10	Presentation: ETDA Standards for Electronic Transactions	Electronic Transactions Development Agency (ETDA)
9.10 – 9.30	Presentation: International Experience (1)	Rajiv Kumar World Bank Group
9.30 – 10.00	Presentation: International Experience (2)	Ivan Beltrand World Bank Group
10.00 – 10.15	Break	All
10.15 – 11.00	Q&A	All
11.00 – 12.30	Discussion *Lunch will be served at 12.00 hours*	All
12.30 – 13.00	Summary and the next steps	World Bank Group

ที่มา

ใบแจ้งหนี้อิเล็กทรอนิกส์ช่วยให้การปฏิบัติตามข้อกำหนดของผู้เสียภาษีง่ายขึ้น โดยเฉพาะกลุ่ม SMEs เมื่อเตรียมการขอคืน
ภาษีมูลค่าเพิ่ม เนื่องจากข้อมูลจากใบแจ้งหนี้ถูกจัดเก็บแบบอิเล็กทรอนิกส์ ผู้เสียภาษีไม่จำเป็นต้องจัดทำรายงาน
ภาษีมูลค่าเพิ่มอีกต่อไป เนื่องจากกรมสรรพากรสามารถจัดทำรายงานเหล่านี้ได้โดยอัตโนมัติ นอกจากนี้ ใบกำกับภาษี
อิเล็กทรอนิกส์จะช่วยในการตรวจสอบภาษีมูลค่าเพิ่มของเจ้าหน้าที่ภาษี โดยการจับคู่ใบแจ้งเล็กทรอนิกส์ระหว่างผู้ขายและผู้
ซื้อจะเป็นไปโดยอัตโนมัติ ระบบดังกล่าวจะช่วยประหยัดค่าใช้จ่ายในการดำเนินงานของทั้งผู้เสียภาษีและหน่วยงานภาครัฐ
และช่วยให้ข้อมูลมีความถูกต้อง โดยเมื่อระบบอนุญาตให้มีการดึงข้อมูลใบแจ้งหนี้ได้โดยตรงจากระบบบัญชี จะสามารถช่วยให้
ข้อมูลระหว่างผู้ซื้อและผู้ขายมีความใกล้เคียงกันมากขึ้น

วัตถุประสงค์

3. เพื่อนำเสนอประสบการณ์จากประเทศที่ประสบความสำเร็จในการดำเนินการด้านใบแจ้งหนี้อิเล็กทรอนิกส์สำหรับ
    SMEs

4. เพื่อริเริ่มการสนทนาเกี่ยวกับประสิทธิภาพของระบบใบแจ้งหนี้อิเล็กทรอนิกส์ในปัจจุบัน

กำหนดการประชุม

เวลา	กิจกรรม	โดย
8.30 – 8.35 น.	กล่าวแนะนำ	ธนาคารโลก
8.35 – 8.40 น.	แนะนำตัว	ทุกคน
8.40 – 8.55 น.	การนำเสนอ: ระบบในแจ้งหนี้อิเล็กทรอนิกส์ในประเทศไทย	กรมสรรพากร
8.55 – 9.10 น.	การนำเสนอ: มาตรฐานการทำธุรกรรมอิเล็กทรอนิกส์ของสำนักงานพัฒนาธุรกรรมทางอิเล็กทรอนิกส์	สำนักงานพัฒนาธุรกรรมทางอิเล็กทรอนิกส์ (สพธอ.)
9.10 – 9.30 น.	การนำเสนอ: ประสบการณ์จากนานาชาติ (1)	Rajiv Kumar ธนาคารโลก
9.30 – 10.00 น.	การนำเสนอ: ประสบการณ์จากนานาชาติ (2)	Ivan Beltrand ธนาคารโลก
10.00 – 10.15 น.	พักรับประทานอาหารว่าง	ทุกคน
10.15 – 11.00 น.	ช่วงถามตอบ	ทุกคน
11.00 – 12.30 น.	สนทนาแลกเปลี่ยน *จะมีการเสิร์ฟอาหารเที่ยงเวลา 12.00 น.*	ทุกคน
12.30 – 13.00 น.	สรุปผลการประชุมและแนวทางการดำเนินงานขั้นต่อไป	ธนาคารโลก

PARTICIPANT LIST

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	2. Siriwan Sanwang	siriwan@etda.or.th
Bank of Thailand (BoT)	1. Chawisa Phumdontree	
	2. Asamaporn Chupaka	
Office of the Public Sector Development Commission (OPDC)	1. Poruedee Khlunhkorn	
	2. Kunan Bangphooni	
World Bank Group (WBG)	1. Rajiv Kumar	
	2. Ivan Beltrand	
	3. Jaime Frias	
	4. Kwanpadh Suddhi-Dhamakit	
	5. Anchidtha Roonguthai	
	6. Parichart Atcharerk	

SYNTHESIS

Despite the obvious benefits of adopting e-invoices, massification in their voluntary use by firms has not taken place. In Thailand, out of 700,000 VAT (Value Added Tax) registered taxpayers, only 0.3% issue e-invoices. Thailand relies on a voluntary system, and the prevalence of the use of e-invoices by firms has been quite low.

- Government can play an important role in increasing the uptake of e-invoicing. It can accelerate the adoption of e-invoicing through legal or regulatory mechanisms. Once a critical mass of firms adopts e-invoicing, the network effect will bring down the cost of adoption significantly. The entire economy stands to gain from the ensuing efficiency and productivity gains at the firm level. Government stands to gain access to real-time information related to business transactions, which will help in better compliance and risk management leading to higher VAT collection and a lower VAT gap. Currently, Thailand raises much lower VAT when compared to regional and global peers, especially after controlling for the level of economic development (income per capita). It is expected, based on international experience, that with e-invoicing Thailand can enhance its VAT collection.
- Participants from BOT (Bank of Thailand), ETDA (Electronic Transactions Development Agency) and the RD (Revenue Department) agreed that the e-invoice system in Thailand is off to a good start, but also

stated that there is a compelling case for the Government to act to accelerate the transition from paper-based to e-invoice system.

- Most countries that have managed to scale the use of e-invoices have done so based on a structured and phased approach, making its use mandatory under specific circumstances and for certain segments of the population of taxpayers.

- In Thailand, however, the perception from participants is that a deliberate effort to induce the adoption of e-invoices by making these mandatory will face significant resistance, especially as Thai firms may not be ready for participating in this transition. Some of the barriers relate to the biased perception of the value, lack of motivation to adopt, and limited technological literacy and capacity. A combination of educational, promotional, and incentive approaches that target specific segments of firms that seem more susceptible to adopting e-invoices may be the way forward.

- Improving the experience in the use of the e-invoice system and ensuring the presence of complementary enabling conditions, such as affordable service providers, or the centralized free portal, may be important.

- In the next phase of this task, the team, in strong collaboration with RD, ETDA and BOT could focus on finding answers to the following questions:
  - How can the value proposition and user experience behind the use of e-invoicing be improved to increase its uptake?
  - How can the challenges related to the introduction of mandatory e-invoicing be addressed?
  - Which segments of taxpayers should be prioritized for efforts to promote e-invoice use and why? What barriers are faced by different segments of taxpayers in the adoption of e-invoicing?
  - What policy instruments are available to (1) address the challenges/barriers related to the adoption of e-invoicing, and (2) promote the transition from paper-based to e-invoice?
  - In light of international experience, which policy instruments may be most appropriate in the context of Thailand and why?

PHOTOS
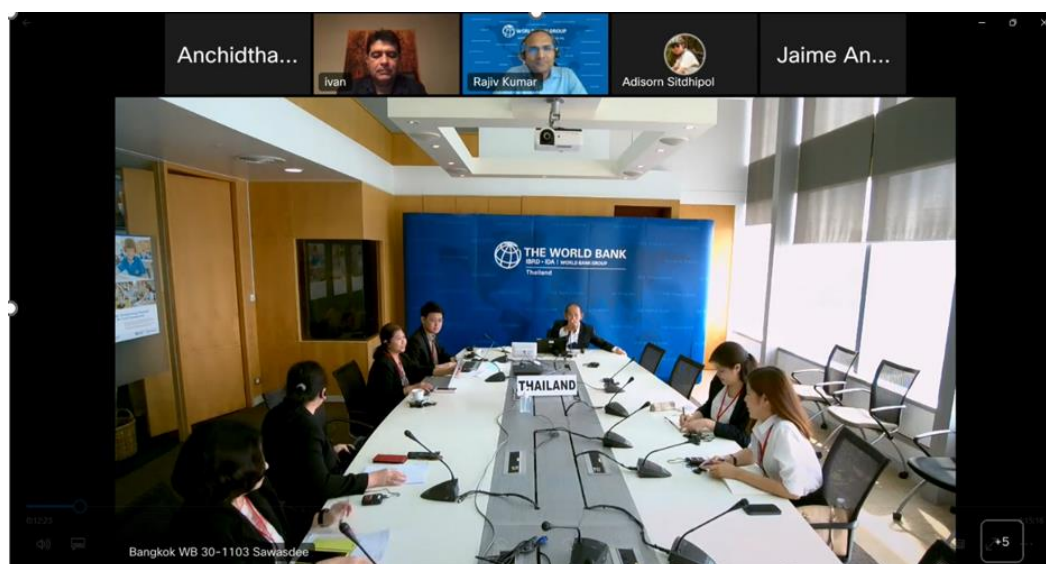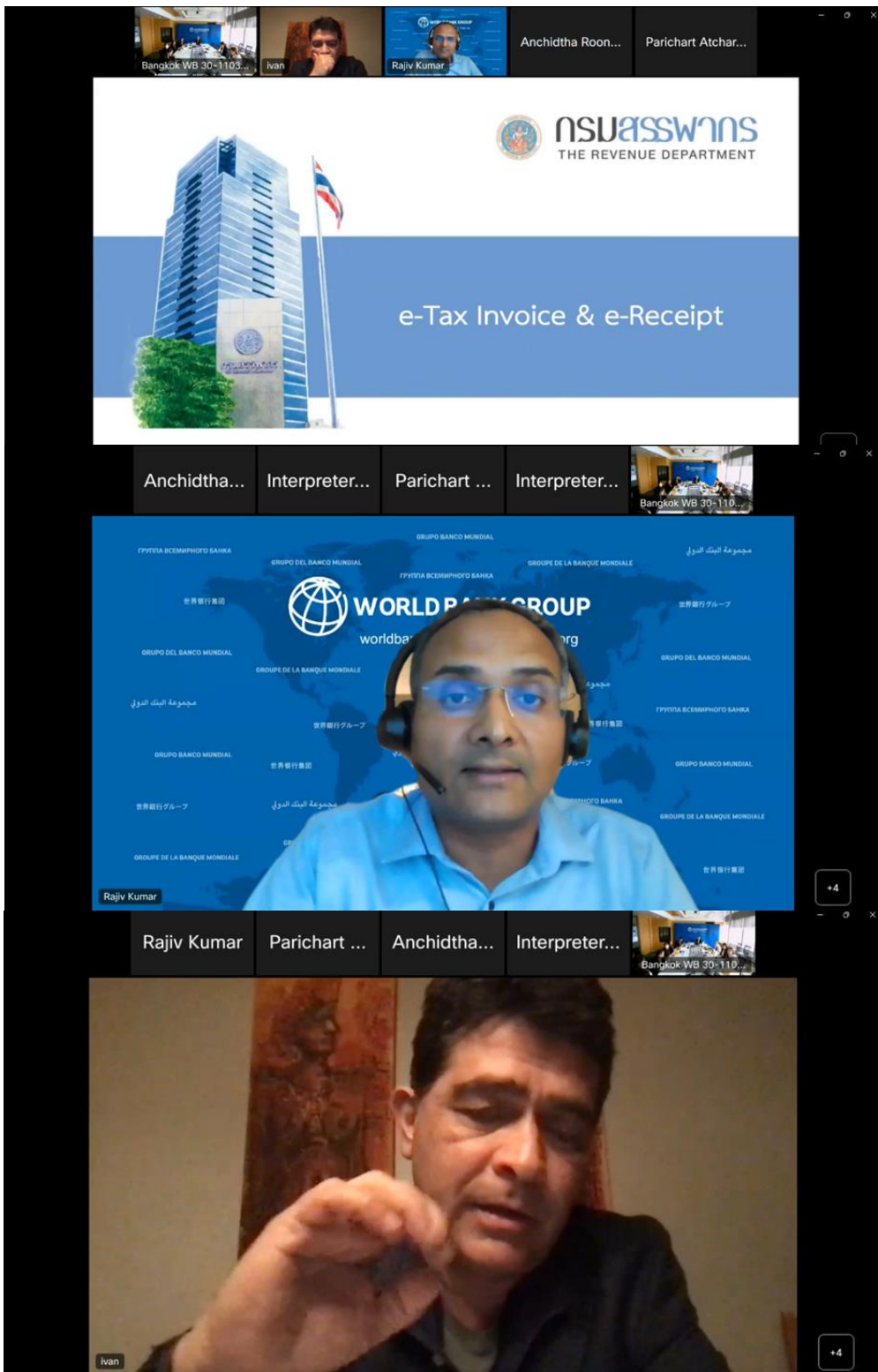
21-25 November 2023, 9.00-12.00 hours, the World Bank Group

Objectives

To meet with the Revenue Department (RD) and the Electronic Transactions Development Agency (ETDA) for assessing the technical and operational status of the current E-invoice system. This will complete the performance assessment of the current E-invoice system and prepare the scope of the proposed framework to extend the solution to SMEs.

Agenda

Date	Topics	Description
21 November 2022 **(9.00-12.00)**	E-invoice Business Model	• Description of an e-invoice model and its alternatives • Main characteristics • Control evolution
22 November 2022 **(9.00-12.00)**	E-invoice Model Definition	• E-invoice model: B2B and B2C • Roles of tax administration and service providers • Main regulations and exchange standards • Use of information for tax compliance control
23 November 2022 **(9.00-12.00)**	Pilot Project	• Implementing a full e-invoice model • Incentives
24 November 2022 **(9.00-12.00)**	E-invoice Massification	• Free portal • Regulations and strategy
25 November 2022 **(9.00-12.00)**	Summary	Q&A and Summary of the workshop

Participants

RD	ETDA	WBG
1. Chanchalearn Thepsudha	1. Jariya Sooktanormwong	1. Ivan Beltrand
2. Sirima Tongruen	2. Chalermchai Bovorn-anan	2. Rajiv Kumar (Online)
3. Pornthip Yousathorn	3. Siriwan Sanwang	3. Thanapat Ruengsri
4. Kornyanin Petchpoolpak		4. Anchidtha Roonguthai
5. Chutdarnee Phusrisavetchart		
6. Wareerat Tangsingcharoen		
7. Yuthapol Jinasi		
8. Prapapun Puntumapol		
9. Nathawat Athukyothin		

Summary of Day 1 (21 November 2022) Workshop

1. RD explained the constraint of e-tax invoice implementation in Thailand, in terms of the regulation (the Constitution doesn't allow mandatory e-invoicing), costs, and awareness among others.
2. Key findings from October's mission were highlighted. While there are some enabling factors such as sound digital payment infrastructure and a high proportion of businesses' adoption of ERP software, the expansion of e-invoicing in Thailand will need to address 4 main barriers, including legal, technical, financial, and cognitive. WBG reiterated that full adoption of e-invoice needs to be made mandatory by law. The cost of issuing e-tax invoices can go down once the industry is developed. For example, in Chile, the cost for a high volume of the transaction can go down to 15 Satang per invoice.
3. Definition of e-invoice: an electronic invoice should contain data from the supplier in a format that can be entered (integrated) into the buyer's Account Payable (AP) system without requiring any data input from the buyer's AP administrator. Once a country adopts legislation or regulation for e-Invoice, its definition must take the legal and regulatory requirements into account. In short, To qualify as an e-invoice, the invoice must be generated in XML, bear a time stamp, and be validated by RD (preferably in real-time to reduce the processing cost).
4. E-invoice offers benefits to businesses, the government, and the economy as a whole.
   - For businesses: Reduce processing costs, payment times, and manual processing errors; Secure and reliable transactions; Improved record keeping; and Facilitate international trade
   - For government: Real-time information on business transactions can be used to strengthen and automate compliance checks; Improve fraud detection; Deterrence against tax evasion; and Reduction in VAT gap

- For economy: Reduced cost of VAT compliance through pre-filling of VAT returns; Reduction in tax audits due to continuous transaction controls; Network effect; Development of new industries and services; and Fairer tax system
5. Choices of e-invoice model and its characteristics:
   a. Post-audit model: RD plays a passive role by setting standards and validating ex-post. For example, South Korea and EU countries
   b. Clearance model: RD play an active role by real-time monitoring and validating. For example, Brazil, Chile, Colombia, Mexico, Peru, India
6. Control evolution: e-invoice can be used for VAT control. By putting in place the sale and purchase (S&P) ledgers, with key transactional information (Unique invoice number/sequence number, TIN of seller and Buyer for B2B, Types of product/service, and Amount of sale and taxes) on e-invoice, RD could perform information analysis to detect transactions that have not been informed (i.e. VAT information crossing) and informal business, perform compliance analysis, and fraud detection (fake invoices). See the figure below.

   The figure also shows the stages of e-invoice development, RD's VAT return services, and RD's tax control activities. First and foremost, RD will need to authorize invoice number/sequence to allow for an ex-post VAT tax control. Sales and Purchases information on invoices will then allow RD to construct S&P ledgers for large taxpayers and perform VAT analysis based on S&P information. In later stages, with the introduction of non-mandatory e-invoice, large taxpayers will opt in for its benefits while SMEs' adoption may be slower due to their limited resources and capacities. Information on S&P ledgers will be richer, allowing RD to better control VAT collection through VAT and S&P analysis. Before introducing mandatory e-invoice, RD should consider offering a free platform for issuing e-invoices for SMEs. When e-invoice is mandatory, RD could offer VAT return proposals and S&P ledger proposals to taxpayers to reduce their compliance costs. As the system develops further, RD can perform better compliance analysis and invoice fraud control.

7. WB team showed the free portal for generating e-invoices offered by the Chilean government: https://www.sii.cl/servicios_online/1039-1183.html and navigated the steps for generating e-invoice. The portal is very simple and user-friendly.
8. The participants inquire how unique invoice/sequence numbers can help verify the actual transaction. WB Team responded that fraud invoices cannot be solved by e-invoice but by e-tracking of goods and services.

Summary of Day 2 (22 November 2022) Workshop

1. E-invoice model: The common operational e-invoice model for B2B involves the tax administration issuing invoice sequences for businesses. Every transactional document is in XML format, exchanged between the buyer, the seller, and Revenue Department (RD). E-invoice is electronic processing, sent to RD in real-time, and with an automatic reception confirmation message. For validation purposes, any taxpayer may confirm the e-invoice with RD through the website in real time. Transmission of the data to RD may be done via email or web upload. RD must have a database storage system. For B2C, the model is similar to B2B yet simpler, allowing the invoice to be sent to the buyer in any form. The data requirement (XML fields) will be less than B2B. While Thailand is still missing most of the key elements, the WB team explained the approach and the benefits of the reform, using experience from Chile and Dominican Republic.
2. There are necessary key steps before introducing mandatory e-invoice as shown in the table below. As mentioned earlier, RD will need to decide what e-invoice model is appropriate for Thailand (Post-audit vs. Clearance). Defining the model will involve specifying XML scheme definition (what are the

mandatory fields and optional fields), communication standards, and frequency of reporting. RD and ETDA will need to involve large taxpayers and software providers in this process as well to understand businesses' operational practices and concerns. To massify e-invoicing, the standard for the exchange of information between buyers and sellers, especially for B2B, must be in XML format to save costs for businesses but may be accompanied by an email. S&P information should be sent to RD in real-time to lower information processing costs.

3. The roles of RD, ETDA, and service providers (SP) were discussed. RD will act as the product owner, project leader, expert, regulator, and promoter of e-invoicing. ETDA will be involved in the technical aspect at the beginning when defining the XML scheme. In implementing e-invoicing, key concerns for RD will be information validity, service continuity, tax audit (For example, objectives of a tax audit may need to be redefined), staff training, and general project management. Regarding the service providers, some countries require certification such as Mexico while some do not such as Chile. While having a certified SP system can allow RD to control the quality of SPs, the certification cost is usually high and resulting in a higher cost for businesses.

4. As previously mentioned on day 1, defining the e-invoicing model must take into account the legal and regulatory requirements. Main regulations may be revised after defining the model (For example, an e-mail version of a PDF/A3 invoice may no longer be accepted) and they should be corresponding to how the model works.

5. As previously mentioned on day 1, introducing e-invoicing will allow RD to perform VAT and S&P analysis, leading to better control and collection of VAT.

Summary of Day 3 (23 November 2022) Workshop

1. Introducing the pilot Project will help address technical issues on (1) e-invoicing model (2) XML scheme definition (3) process of issuing of e-invoice (4) taxpayer's reception (5) exchange standard testing (6) RD's reception, validation, confirmation, publication, storage, and utilization of S&P information for VAT analysis and control.

2. WB team strongly recommended that the pilot project, targeting B2B, should be introduced before making e-invoicing mandatory.

3. In Thailand, RD doesn't authorize invoice sequences/numbers for e-invoices. While the exchange of transactional documents between RD and the seller is in XML format, the transmission of e-invoice to RD happens only once a month in practice, via MPLS offered by 1 operator in Thailand. The exchange of invoices between the seller and the buyer can be in PDF format via email or in paper form. There is no communication channel between RD and buyers. Taxpayers cannot confirm the e-invoice on the Tax Administration website and in real-time. Buyers cannot verify if the sellers pay VAT which creates tax uncertainty.

4. WB team suggested that, in selecting the businesses participating in the Pilot, the companies should be large businesses, representing the Thai economy and accounting for sale/purchase taxes (such as VAT, excise taxes, etc). They should be trading with one another (B2B) and the amount should be limited to 20 companies as the number usually declines as the Pilot progresses. The minimum acceptable amount is 8 companies.

5. As previously mentioned on day 2, RD will need to decide what e-invoice model is appropriate for Thailand (Post-audit vs. Clearance). Defining the model will involve reviewing the existing XML scheme and specifying XML scheme definition (what are the mandatory fields and optional fields), setting communication standards, and frequency of reporting. RD and ETDA will need to involve large taxpayers and software providers in this process as well to understand businesses' operational practices and concerns. RD will need to develop an information validation and confirmation system, as well as a storage system. In general, an XML schema should work for the simplest and the worst case.

There should be an e-invoice section on RD's website, providing a general description, XML schema, exchange standard flow, and FAQ. The website should be designed to be informative and user-friendly.

6. RD informed that it has an e-tax invoice website: https://etax.rd.go.th/ where guidelines/manuals are exhibited under the Support section. There are 10 documents in which manual number 4-7 offers technical insights on e-tax invoices. Manual number 4 is about uploading XML. Manual number 5 is about the response error and XML validation. Manual number 6 is about creating a digital signature. Manual number 7 is about the validation of digital signatures. The Support section also shows relevant laws and regulations on e-invoices.

7. RD informed that there are 1,698 businesses registered on the e-tax invoice website. Of that amount, around 9 businesses use Host-to-Host; 700 businesses use SP; 800 businesses use email.

Summary of Day 4 (24 November 2022) Workshop

1. WB team explained that e-invoicing offers economic benefits to businesses in terms of cost savings, especially for large taxpayers. It also offers tax certainty since taxpayers can validate S&P information. RD can offer new services to taxpayers such as VAT return proposals, lowering compliance costs for businesses.

2. WB team explained Chile's experience when introducing mandatory e-invoicing. E-invoice was launched in 2004. A free portal for generating e-invoices was launched in 2006. The tax authority initiated a VAT return proposal in 2012 and completed it in 2016. In 2016, e-invoices became mandatory in Chile.

3. In Chile, the taxpayer can review and revise the VAT return proposal. The process requires the taxpayer to sign into the S&P ledgers, check and validate S&P information on the S&P ledgers, and check the VAT return.

4. Having a unique invoice sequence/number assigned by RD will ease the burden on RD when validating S&P information and can be integrated into a risk-based compliance strategy. Based on Dominican Republic's reform experience, rationing authorized invoices based on extra scrutiny of each taxpayer's compliance history leads to improvements in compliance with filing and reporting obligations in VAT and income tax, higher VAT collections, and a modest increase in reported VAT and income tax liabilities.

Summary of Day 5 (25 November 2022) Workshop

1. WB team explained the possible solutions to address existing barriers to expanding e-invoicing in Thailand

Barriers	Solutions
Legal	• To massify e-invoices, e-invoicing must be mandatory with supporting regulatory requirements based on international experience such as Chile, Mexico, India, Dominican Republic. • Given that Thailand does not require the transmission of e-invoices to RD in real time, the WB team explained that the processing time and cost for RD will be much lower. • RD should consider issuing invoice sequences/numbers to allow for better validation and control of VAT

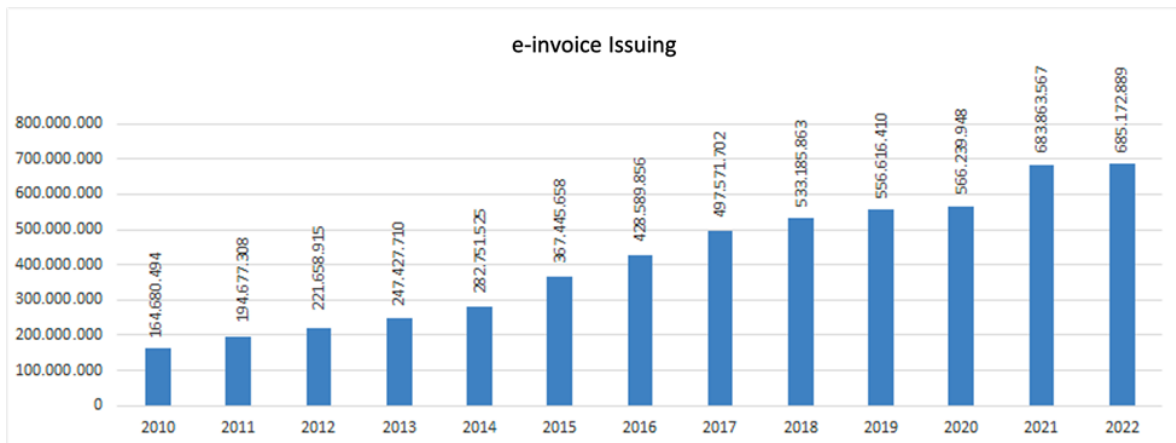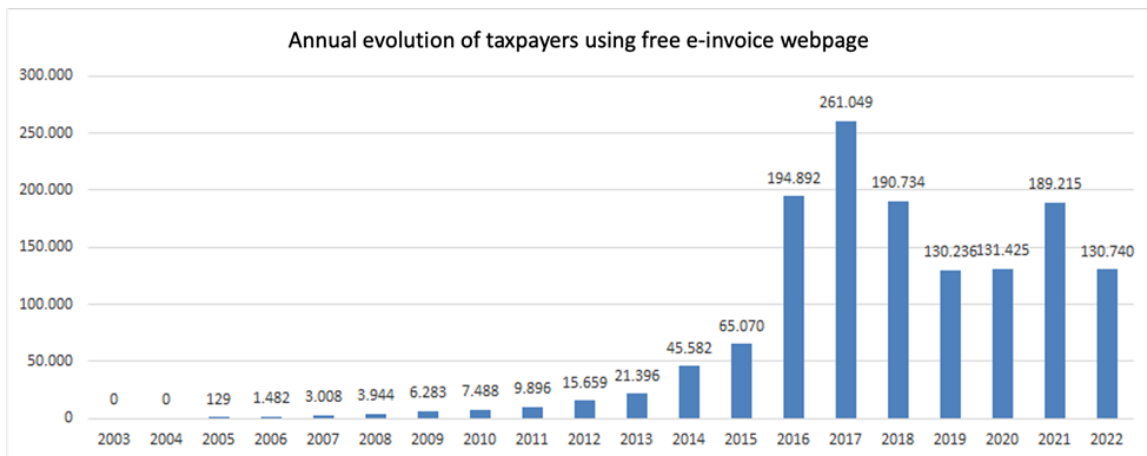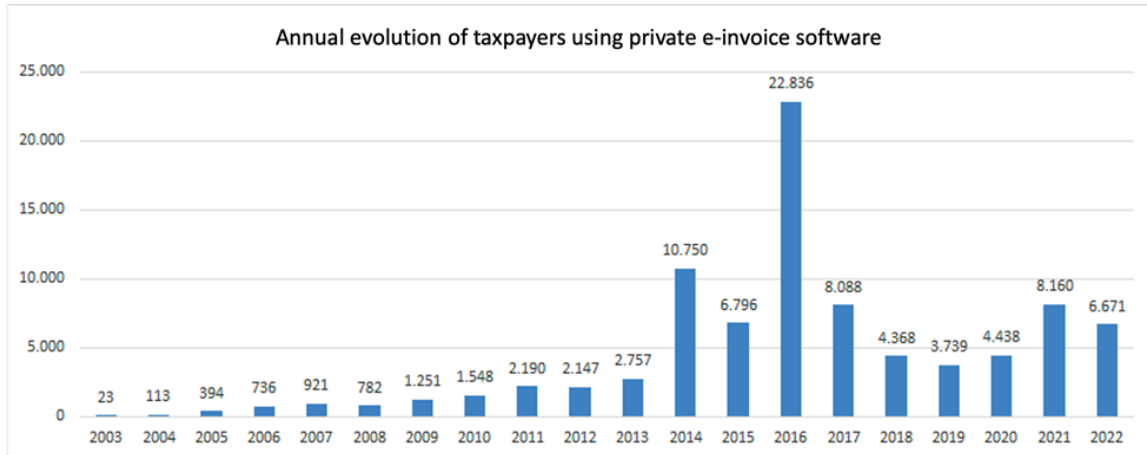|	
Technical	• RD needs to decide on an e-invoice model (Post-audit vs. Clearance) and define a simpler XML definition/format, and exchange standard • The WB team proposed that Thailand consider the Pilot approach with phasing implementation, starting with large businesses. The Pilot Project will focus on B2B, allowing RD to test the e-invoicing system and environment, improve, and finalize it before introducing it to all businesses. • RD should develop a free portal for generating e-invoices in XML format to offer a free technical solution to SMEs
Financial	• While ETDA is offering free timestamping services for businesses, encouraging businesses to buy digital certificates may be more cost-effective over the long run. • Given Thailand requires MPLS to connect with RD when transmitting e-invoices in which only two operators have it, resulting in high connection costs and high service charges, Thailand may consider web upload per the format specified by RD to lower the cost. • To help lower compliance costs for businesses, RD should consider offering a VAT return proposal to a taxpayer
Cognitive	• To increase understanding awareness levels, RD may organize PR campaigns, roadshows, and forums, and make the website more informative and user-friendly • With clear communication on e-invoicing by RD, a level of trust will be fostered. • Showing success stories from businesses using e-invoice can create peer pressure for adoption. • RD and ETDA should create a working committee with the software industry to develop the industry of e-invoice service providers.

2. Relevant statistics on e-invoicing evolution in Chile are shown below

Taxpayers Classified by e-invoicing Solution in Chile

126.629 ; 9%

1.296.672 ; 91%

■ E-invoicing private software

■ E-invoicing free webpage Provided by the Tax Administration
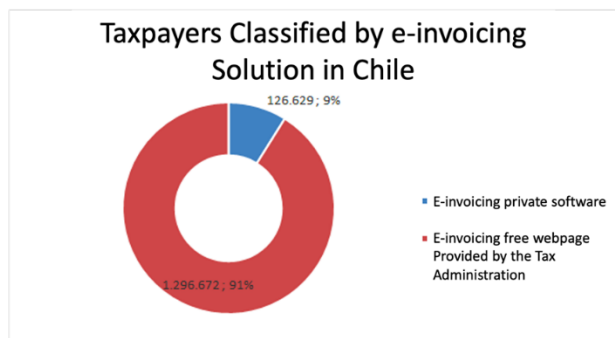
Source: SII

Evolution of e-invoicing adoption in Chile (Source: SII (Chilean Tax Administration))

Annual evolution of taxpayers using private e-invoice software

Annual evolution of taxpayers using free e-invoice webpage

e-invoice Issuing

ANNEX 3: PHASED ROLL-OUT OF E-INVOICING IN SELECT COUNTRIES

Phased roll out of e-invoicing in Australia

2019
ATO announces e-invoicing adoption

Jan 2020
Government agencies began receiving e-invoices

July 2022
Mandatory B2G receipt of e-invoices by Government. agencies

July 2023
B2B large (turnover above AUD 50 million) suppliers to issue PEPPOL e-invoices

July 2024
B2B medium-sized (between AUD 10 million and 50 million) suppliers to issue e-invoice

July 2025
B2B all suppliers to issue e-invoice

Phased roll out of e-invoicing in Mexico

2004
Mexico adopts e-invoicing under Digital Tax Receipts Scheme

2011
E-invoicing mandatory for all large taxpayers (earning > 4 mn pesos) with real-time approval as per CFDI - *Comprobante Fiscal Digitalizado en el Internet* (Digital Tax Receipt over the Internet)

2014
CFDI mandatory for all companies earning more than 250,000 annually (~ $20,000)

2016
Sharing e-accounting becomes mandatory

July 2022
Mandatory e-invoices by all companies

Phased roll out of e-invoicing in Chile

2001
Introduced voluntary e-Invoicing

2014
Mandatory for large companies

2016
Mandatory for urban MSMEs

2017
Mandatory for urban micro-enterprises and rural MSMEs

2018
Mandatory for rural micro-enterprises

2021
Mandatory for all taxpayers

Phased roll out of e-invoicing in Italy

March 2015 — B2G Mandatory receipt of e-invoices by all public agencies

Jan, 2019 — B2G / B2B / B2C Mandatory submission of e-invoices to Sistema di Interscambio (SDI) for real-time verification

2022 — All outbound e-invoices to be submitted through SDI

Phased roll out of e-invoicing in Indonesia

2014 — Introduced

July 2015 — Phase 1: Mandatory for taxpayers in Java and Bali

July 2016 — Phase2: Mandatory for taxpayers in other regions

Oct 2020 — New e-Faktur (e-invoice) version 3.0 with features including pre-filled input taxes and pre-filled tax return for VAT
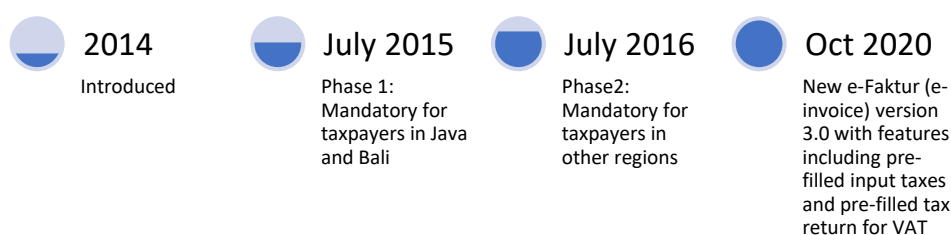
Phased roll out of e-invoicing in South Korea

2010 — Introduced

2011 — Mandatory for corporate businesses

2012 — Mandatory for individual with aggregate supply value in last year > KRW 300 mn

July 2022 — Threshold for individual reduced to KRW 200 mn

Phased roll out of e-invoicing in Singapore

2018 — Singapore becomes first Peppol authority outside Europe

Jan 2019 — Nation-wide e-Invoicing network launched by IMDA with 11 access point providers

Jan 2020 — Peppol ready solutions created with 50 Peppol solution providers

New channel for supplier to submit e-Invoicing

March 2020 — e-Invoicing registration grant to incentivise businesses to join network

Sept 2020 — e-Invoicing network renamed as InvoiceNow

ANNEX 4: SUMMARY OF THE RECOMMENDATIONS

Theme	Short-term (1-2 years)	Medium-term (3-5 years)	Long-term (6-10 years)
Cross-cutting	• The E-tax division in the RD should lead a cross-cutting team including officials from the Tax Policy and Planning Division, Electronic Processing Administration Division, and Information Technology Division.		
Legal barriers	• Adopt a phased approach to e-invoice expansion with an aim of achieving near 100 percent adoption rate in the next 5-10 years. • Declare the intention to make the EI scheme mandatory for large VAT registrants with an annual turnover of more than 10 billion bahts from a future date (preferably in early 2024). • Declare the intention of covering businesses with turnover over 1 billion bahts in the second phase (preferably 1.5 – 2 years later in 2025). • EI by SMEs should be mandated in the subsequent phases, but in a time-bound manner. • In line with the Government of Thailand's vision to become a cashless society in future, consider the introduction of legal provisions that disincentivize cash payments by businesses.	• Based on the success of Phase 1 of EI implementation, declare the intention of covering businesses with turnover over 200 million bahts in the third phase (preferably 3 years later in 2025). • Prepare for Phase 4 when all the VAT registrants with turnover above 20 million bahts would be covered (preferably 4-5 years later).	• Launch the subsequent phase of EI by gradually covering all the VAT registrants including all the businesses in the SME sector. • Based on the success of EI for B2B transactions, prepare for covering B2C transactions under EI.
Technical barriers	• The RD should invest in creating systems and processes that allow real-time tracking, monitoring and control of transactions based on		

Theme	Short-term (1-2 years)	Medium-term (3-5 years)	Long-term (6-10 years)
	e-invoice data that it receives using advanced machine learning and artificial intelligence techniques. • The existing 'e-tax invoice by e-mail' and 'e-tax invoice & e-receipt' schemes should be merged into one scheme retaining all the features of 'e-tax invoice & e-receipt' scheme while removing the option of sending an e-tax invoice in PDF form. • Design and launch a pilot scheme before entering the mandatory phase for large companies. • In the case of VAT registrants mandated under EI, paper-based invoices must become exceptions rather than the norm. • Follow an open API[61] policy to allow developers and service providers to test their software applications in a sandbox environment.		
Financial barriers		• Develop and launch convenient solutions for SME businesses to generate invoices and deliver them to the RD, such as -	

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[61] Application Programming Interface (API) enables taxpayers or their service providers to interact with the RD portal / server and submit as well as receive structured data in machine-readable format like xml or json.

Theme	Short-term (1-2 years)	Medium-term (3-5 years)	Long-term (6-10 years)
		o Web portal which enables taxpayers to create an account with the RD and issue e-tax invoices. Such portal will be useful for taxpayers who do not have an ERP or similar software. o Mobile cellular-based software solutions that allow SMEs to generate e-tax invoices through a mobile application. This makes use of high levels of internet and mobile penetration in Thailand. o Offline excel based utilities for invoice generation including bulk invoices.	
Cognitive barriers	• Develop and implement communication and awareness-raising strategies and activities		

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