

SUMMARY

MUNICIPAL TAX REVENUE IN THAILAND

by Prim Munglung

This article deals with the income of municipalities in Thailand especially the income from tax sources. Although the income of Thailand is increasing, municipalities at present have insufficient income to cover their expanding activities.

There are five major sources of municipal revenue: taxes; fees, fines and charges; property income; subsidy; and miscellaneous income. Of these, taxes provide the most revenue.

Currently, there are twelve categories of taxes which the National Government has authorized the cities to collect. Of the total revenue from tax resources for all cities, about 70 percent is collected by the Bangkok Municipality alone. The list below shows major taxes in order of their importance: business tax, property tax, purchasing and gasoline tax, automobile tax, entertainment duty, beverage tax, local maintenance tax, signboard tax, rice export duty, butchery duty and gambling tax.

Municipal taxes are collected either by the municipality itself or by the central government which will then allocate a designated percentage to the municipality. While land and property tax, signboard tax, local maintenance tax, butchery duty and gambling tax are collected directly by municipalities, the other tax revenues are levied by various units of the central government. The method of municipal taxation may thus be described as a mixed system in which both the central authorities and municipal officials participate.

The author points out that yield from taxes which is the principal source of municipal revenue, is unusually low in Thailand. Therefore, the municipality has to depend on a yearly subsidy from the central government. This subsidy constitutes not less than 23 percent of the total revenue. Since the local expenditures are limited by the yearly revenue, municipal progress is hindered and the administration of city government becomes more or less under the direct influence of the central government. When the autonomy of the local government decreases, the democratic way of administration tends to be weakened. The writer suggests that the problem

may be solved partly by giving to the municipalities a larger share of taxes collected by the central government. According to the author's estimation, with only a 10 percent addition, the municipal revenue will increase not less than 65,000,000 bahts per year. In this way, the central government's subsidy may be eliminated. The burden of the central government will, therefore, be decreased and the autonomy and responsibility of the local government improved.

In the author's concluding opinion, the amount of local income may be increased through the improvement of property assessment method; by redistributing the automobile revenue collected largely by the city and town municipalities to other smaller ones; permitting the cities to levy other kinds of taxes, especially the special assessments which are widely accepted as a necessary and just in many developed countries.

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