

Research Title: Taxation of income derived from share of profits or share of income of a partnership or a non-juristic group of persons  
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### **Abstract**

The objectives of this research were to address the problems regarding the taxation of income derived from share of profits or share of income of a partnership or a non-juristic group of persons under Section 4 of the Act Amending the Revenue Code (No. 39) B.E. 2557 (2014) annulling Section 42 (14) of the Revenue Code and the Notification of the Director-General of the Revenue Department Re: Income Taxation (No. 249) requiring, without any exception, a partnership or a non-juristic group of persons to prepare revenue and expense accounts.

The research found that the legal mandatory requirement for a partnership or a non-juristic group of persons to include their income derived from share of profits or share of income into other types of assessable incomes in a particular tax year, results in double taxation and such a requirement is unfair as the same income should not be taxed twice. In addition, this legal requirement mandates that a partnership or a non-juristic group of persons prepare a report or accounts of its revenues and expenses without any exception whatsoever. This requirement causes inconvenience and great expense to small-scale enterprises by having to bear additional costs of hiring a book keeper even though it is a personal income tax filing. In relation to this double taxation practice, and the requirement to prepare a tax filling, the law requires that such taxpayer can get tax deductions for expenses only against the presentation of valid expense evidence. Without the presentation of valid expense evidence, tax deductions

for expenses cannot be made and thus such taxpayer is obligated to pay a higher tax rate regardless that such tax filing results in double taxation.

For this reason, the researcher suggests that Section 4 of the Act Amending the Revenue Code (No. 39) B.E. 2557 (2014) be amended to exclude the income derived from share of profits or share of income of a partnership or a non-juristic group of persons of an amount no more than three hundred thousand baht from being added into other types of assessable income. In addition, the researcher suggests that the Notification by the Director-General of the Revenue Department Re: Income Taxation (No. 249) be amended to require a partnership or a non-juristic group of persons who have value added tax (VAT) registration, to prepare a report or accounts of its revenues and expenses as they are already required to prepare a report or accounts in connection with their VAT registration process. Such preparation of report or accounts of revenues and expenses, however, have no significant effect on the business operations of these small-scale enterprises. As for the issue regarding the taxation of income derived from share of profits or share of income of a partnership or a non-juristic group of persons, the researcher suggests that Section 8 of the Royal Decree Regarding the Expense Deductions on Assessable Incomes (No. 11) B.E. 2502 (1959) be amended to grant a 30% expense which would be deductible from the income derived from share of profits or share of income of a partnership or a non-juristic group of persons. The purposes of the aforementioned suggestions are to ensure fairness and maintain best taxation practice.