



Revenue Department News

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Subject : The Revenue Department collaborates with four organizations to implement the single accounting standard for SMEs in 2019

The Revenue Department and four organizations including Department of Business Development, Bank of Thailand, Federation of Accounting Professions, and The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) jointly encourage entrepreneurs to do their accounting corresponding to the real business conditions. The objective of this collaboration is to support entrepreneurs to do their accounting and financial statements correctly in order to increase the opportunity of financial activities and increase businesses' competitiveness for SMEs. In addition, the single accounting standard policy would contribute to driving the economy to grow with stability.

On 14th March 2019, **Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department, Mr. Vuttikrai Leewiraphan, Director-General of Department of Business Development, Mrs. Wajeetip Pongpech, Assistant Governor Financial Institutions Policy Group of Bank of Thailand, Mr. Chakkrit Parapuntakul, President of Federation of Accounting Professions and Mr. Supant Mongkolsuthree, Chairman of The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)** have jointly signed a memorandum of agreement to support and supervise entrepreneurs to do their accounting and financial statements correctly so that their documents would represent the real condition of business. This memorandum of agreement aims to significantly increase the collaboration between the government and the private sector. In this regard, the Revenue Department has proposed measures to exempt fine, surcharge and relevant criminal liability under the Revenue Code for SMEs entrepreneurs whom submitted tax returns and made tax payments in full amount with the condition that the entrepreneurs must be SMEs entrepreneurs with taxable income not exceeding 500 million baht and be qualified entrepreneurs who have registered in the system of the Revenue Department within a provided period and must continuously submit their tax returns for all tax types via internet (e-Filing) for 1 year.

Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department, stated that "The collaboration between the government and private sector is to encourage entrepreneurs to do their accounting in such a way that the documents reflect the real business conditions. The single accounting standard policy not only provides a good foundation for SMEs in terms of both stability and trust but also contributes to economic

stability in the future. Furthermore, the policy would increase the opportunity of competitiveness for SMEs which results in an expansion of business competitiveness which will be beneficial to the nation's economy in the long term. The SME entrepreneurs could then use their single accounting documents to conduct financial transactions and to get loan approval. The single accounting standard policy not only encourages the entrepreneurs to do their accounting to reflect their real business conditions but also to encourage them to use online tax system (e-Filing) which is in accordance with the government national economic development plan (Thailand 4.0) and D²RIVE strategy of the Revenue Department which in turn will increase tax collection efficiency and fairness for the benefits of the entrepreneurs and the nation's economy.”

Mr. Vuttikrai Leewiraphan, Director-General of Department of Business Development, stated that “Since 2018, Department of Business Development has connected SMEs financial statement database with the Revenue Department database. This connection facilitates the SME entrepreneurs so that they are not required to submit their financial statements when they submit their tax returns. Furthermore, to facilitate the SME entrepreneurs who are granted exemptions for fine and surcharge and wish to resubmit the financial statements when it is found that the submitted financial statements contain any errors, Department of Business Development has opened Fast Track channel for resubmitting the financial statements via DBD e-Filing system.”

Mrs. Wajeetip Pongpech, Assistant Governor Financial Institutions Policy Group of Bank of Thailand, stated that “In order to encourage SMEs entrepreneurs to do their accounting and financial statements with transparency, Bank of Thailand has launched a guideline of credit approval for financial institutions and special financial institutions based on the financial statements submitted to the Revenue Department together with the tax returns. With this approach, the documents would reflect historical status and turnover of business which are significant factors for credit approval process. In addition, other quantitative and qualitative factors (e.g. business plan, purchase orders) could be used to evaluate business potential and ability to repay debts. This guideline has already been effective since 1st January 2019.

In addition, to help this policy to meet its objective and to increase transparency and business governance in order to promote accountability and sustainability in the long run, the Bank of Thailand encourages the financial institutions and special financial institutions to have incentive measures for their customers who have transparent financial statements such as reducing interest rates for loan, as well as having measures to promote the single accounting standard.”

Mr. Chakkrit Parapuntakul, President of Federation of Accounting Professions, stated that “Federation of Accounting Professions would support and collaborate with other organizations from both the government and private sector to encourage entrepreneurs to do accounting correctly even though this objective would be difficult because it involves various factors (e.g. entrepreneurs, obligations, etc.). However, at present, the government has already relaxed some obligations in order to allow accounting adjustment. The SME entrepreneurs should provide to their accountants the information based on real business activities such as information on purchases, sales, expenses, revenue, so that the accountants can correctly book transactions in the account. Furthermore, Federation of Accounting Professions is aware of complexity of the process that would be time consuming and require substantial effort. Therefore, in order to reduce the time consuming and complexity of the process, Federation of Accounting Professions has developed “Application SME Sa-bai-Jai” system which will be available by April 2019.”

Mr. Supant Mongkolsuthree, Chairman of The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB), stated that “The Joint Standing Committee on Commerce, Industry and Banking has encouraged the SME entrepreneurs to do their accounting correctly corresponding to the real business conditions. However, some SME entrepreneurs have limited knowledge to do accounting correctly. Therefore, the Joint Standing Committee on Commerce, Industry and Banking would like to be the center of information in order to support the SME entrepreneurs to be capable of conducting their businesses. We have heard good news that the Revenue Department proposed the single accounting standard policy which encourages the entrepreneurs to do their accounting correctly corresponding to the real business conditions with a special offer that the Revenue Department will exempt fine, surcharge and relevant criminal liability in accordance with the Revenue Code.”

Besides, the members of the Joint Standing Committee on Commerce, Industry and Banking have consistently promoted the single accounting standard by organizing more than ten seminars across the country in order to encourage the use of single accounting standard. The proposal of using single accounting standard would be considered to be a supportive measure for SMEs since this is a good opportunity for the entrepreneurs to do accounting correctly otherwise the entrepreneurs might be at risk when they would like to conduct financial activities which may deter their businesses’ competitiveness.

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