



Revenue Department News

News No. : 35/2019

Date : 30th April 2019

Subject : The Revenue Department Joined Hands with Four Key Allies to Encourage the Adoption of Single Financial Account

The Revenue Department, the Federation of Accounting Professions, the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB), the Department of Business Development, and the Bank of Thailand jointly organised a seminar on "Measures to Encourage Businesses to Prepare Financial Accounts Which Truly Reflect Business Conditions under the Collaboration of Five Agencies" at Sapphire Room 204-206, Muang Thong Thani, Chaeng Wattana Road, Nonthaburi to encourage businesses to prepare financial accounts which truly reflect their business conditions, support businesses in preparing accurate financial statements, expand access to financing, and enhance the competitiveness of small and medium enterprises (SMEs) in order to support sustainable economic growth.

Dr. Ekniti Nitithanprapas, Director-General of the Revenue Department, stated, "All relevant agencies have cooperated to encourage SMEs to prepare financial accounts which truly reflect their business conditions and to comply with the accounting standards and tax requirements. All the five agencies have worked together to introduce and create awareness about this measure and reliable financial accounting as well as encourage accounting firms to assist businesses in preparing accurate financial statements in nine major cities and at this event at IMPACT Arena Muang Thong Thani. Financial accounts and statements act as business thermometer. When there is a lack of financial liquidity or lower-than-expected profit, financial accounts and statements can reveal the pain and gain points of business, allowing business to identify specific solutions. This measure will eliminate the pain points and expand the gain points for SMEs. Past mistakes have led to fines, surcharges, and criminal liabilities; however, this measure will help mitigate those burdens for businesses and help them carry out business under accurate financial accounting and statements which reflect actual business conditions and allow businesses to obtain reliable information for business planning and business expansion. This is because good accounting and financial statements will be the key foundation for access to financing which is important to business growth."

Mr. Jakkrit Parapantakul, President of the Federation of Accounting Professions, said, "The Measure to Encourage Businesses to Prepare Financial Accounts Which Truly Reflect Business Conditions under the Fine, Surcharge, and Criminal Liability Exemption Act is a good measure and truly aimed at helping and supporting businesses in adopting accurate

accounting systems which is a single accounting system in order to provide reliable business information which will allow the public sector to create better targeted development plan for the country.

The Federation of Accounting Professions, the Department of Business Development, and the Revenue Department have provided examples of accounting adjustments for businesses based on TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Chapter 5 of NPAEs Accounting Standards. In terms of auditor's report, the FAP has provided an example of auditor's report in which the auditor is either able or unable to check the adjustments of accounting errors. Further details are available at the FAP's website www.tfac.or.th."

Mr. Supant Mongkolsuthree, Chairman of the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB), noted, "The JSCCIB comprising the Board of Trade of Thailand, the Federation of Thai Industries, and the Thai Bankers Association has cooperated with the Revenue Department, the Department of Business Development, the Bank of Thailand, and the Federation of Accounting Professions to organise a seminar to encourage SMEs to prepare accurate financial accounts and statements which truly reflect their business conditions to ensure tax compliance and full access to capital from financial institutions in support of the government's measure to exempt fines and surcharges for businesses.

Since there remain some SMEs which lack the knowledge and understanding about accurate accounting, the JSCCIB will be the center to support the information for SMEs to ensure their competitiveness and business potential. According to the information on 700,000 businesses which have registered with the DBD and have tax liabilities, only 400,000 businesses have submitted financial statements, whether accurate or inaccurate. Under this measure, it is expected that 200,000 more businesses (existing and new) will adopt the single accounting system.

The Thai Bankers Association as a member of the JSCCIB recognises the importance of providing information to businesses and issues which will affect loan approval in the future as banks are required to give greater consideration to financial statements submitted to the Revenue Department and businesses are required to have a single financial account. Since capital is vital to business continuity, if businesses are unable to use the financial statements submitted to the Revenue Department to secure loans, they are likely to miss important business opportunities. As a result, this is an important issue for businesses to address, readjust their financial statements, and pay taxes in full by the upcoming date of 30th June 2019. If businesses need credit to pay the taxes, they should quickly contact the banks to apply for loans.

The supporting measures of Thai commercial banks will focus on providing knowledge and advice to businesses in order to prepare them for accounting adjustments

which will reflect actual conditions of their business as well as on introducing the rules to support the adoption of the single account measure.”

Mr. Vuttikrai Leewiraphan, Director-General of the Department of Business Development, stated, “The Department of Business Department has continued to support businesses and oversee auditors in preparing accurate financial statements. The Department has also linked the database of financial statement information submitted by businesses to the Department to the Revenue Department so that businesses do not have to resubmit their financial statements when filing tax returns. For those who have registered under the Act, after having adjusted their financial accounts and paid taxes to the Revenue Department by 30th June 2019, if they wish to resubmit their financial statements to replace the previous ones, the Department has offered a Fast Track channel to facilitate this group of businesses until 31st July 2019.”

Mrs. Wajeetip Pongpetch, Assistant Governor Financial Institutions Policy Group, the Bank of Thailand, said, “To encourage SMEs to produce financial statements with greater transparency, the Bank of Thailand (BOT) has launched new loan approval practices for financial institutions and specialised financial institutions by requiring them to give greater consideration to financial statements submitted to the Revenue Department for tax filing which represent businesses’ financial status and past performance when considering loans. Financial institutions can take into account other quantitative and qualitative factors such as business plans and purchase orders when determining business potential and loan repayment ability. The new practices have come into effect since 1st January 2019. Aside from this, to ensure success of the measure and promote transparency and good governance in business which will promote business credibility and sustainability in the long run, the BOT has supported financial institutions and specialised financial institutions in providing incentives such as cheaper interest rates to customers who have financial statement transparency as well as in promoting knowledge and understanding of businesses about single accounting.”

.....