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Official language is Thai language

ROYAL DECREE

Governing Designation of Businesses Liable to
Specific Business Tax and Designation of Tax Base
for Businesses Liable to Specific Business Tax
for Certain Cases (No. 358)
B.E. 2542 (1999)

BHUMIBOL ADULYADEJ, REX.

Given on the 5th Day of September B.E. 2542 (1999);
Being the 54th Year of the Present Reign

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to designate businesses which are liable to specific business tax and designation tax base for businesses which are liable to specific business tax for certain cases.

By virtue of Section 221 of the Constitution of the Kingdom of Thailand and Section 91/2(8) and Section 91/5(8) of the Revenue Code as amended by the Revenue Code Amendment Act (No. 30) B.E. 2534, the King's Most Excellent Majesty hereby enacts a Royal Decree as follows:

Section 1 This Royal Decree is called the "Royal Decree Issued under the Revenue Code Governing Designation of Businesses Liable to Specific Business Tax and Designation of Tax Base for Businesses Liable to Specific Business Tax for Certain Cases (No. 358) B.E. 2542 (1999)"

Section 2 This Royal Decree shall come into force on the day following the date of its publication in the Government Gazette.

Section 3 In this Royal Decree,

"Factoring" means a business of which the seller of goods or the services provider agrees to transfer title of its account receivable to a factoring company, whereby the factor agrees to give credit including loan and advance payment to the seller of goods or the services provider and agrees to proceed according to one of the followings:

- (1) Providing a statement of asset receivable from debt payment,
- (2) Collecting an asset receivable from debt payment,

(3) Responsible for a defaulted debt of the seller of goods or the services provider.

Factor under the first paragraph shall include other factors who transferred or agree to transfer assets from factor under the first paragraph and also agrees to proceed as (1) (2) or (3) of the first paragraph.

Section 4 Factoring is designated to liable to the specific business tax.

Section 5 Factoring tax base under Section 4 includes interest, discount, fees or service charge.

Section 6 The Minister of Finance shall have charge and control of the execution of this Royal Decree.

Countersigned by

Chuan Leekpai

Prime Minister

Remarks :- The reason for the promulgation of this Royal Decree is that there is currently an unclear issue regarding the factoring business shall liable to the value added tax or specific business tax. Since each factor submits the tax payment differently due to the unclear issue, the agreement shall be designated. Moreover, there are some similarities between factoring and loans from business with regular transactions similar to commercial banks which liable to specific business tax. Hence, factoring business is expedient to liable to specific business tax and the tax base shall be designated. It is necessary to enact this Royal Decree.

(Government Gazette, Volume 116, Part 83 Gor, dated 17 September B.E.2542 (1999))