

Thai News Update: 4 June 2018

1. Revenue Chief Scotches VAT Rise Talk

Source: [The Nation \(Link\)](#)

The new chief of the Revenue Department plans to add artificial intelligence (AI) to the agency's arsenal for tax collection and has dismissed rumours of a planned increase in the value-added tax (VAT) rate. The department would not propose a rise in VAT from 7 per cent as has been widely speculated on social media, Ekniti Nitithanprapas, the newly appointed director general of the department, said June 1 in his first media briefing. The VAT rate would hold at the current level as the tax should not rise during the country's fragile economic recovery, he said. The department would next week propose to the Cabinet that the VAT rate be left unchanged, he said. The Revenue Department routinely makes a proposal on the tax rate every year; otherwise, the rate would automatically rise to 10 per cent. The department will also strictly investigate whether companies have fully paid their corporate income tax obligations, said Ekniti, referring to the many firms that still use multiple accounting books in order to evade tax payments. Meanwhile, the Public Debt Management Office on June 1 reported that the country's public debt outstanding on April 30 was Bt 6.5 trillion - equivalent to 41.04 per cent of GDP. Of this amount, domestic debt accounted for about 96 per cent, while long-term debt represented about 91 per cent of the total public debt.

2. Sepo Sell-Off Of Foreclosed Shares Nears

Source: [Bangkok Post \(Link\)](#)

The State Enterprise Policy Office's plan to put the foreclosed shares of 24 unlisted companies on sale is expected to be finalised this month, Sepo's chief says. The plan is being considered by Finance Ministry policymakers, said Sepo director-general Prapas Kong-Ied. None of the 24 companies operate in the government's strategic industries, and most have been seized from politicians, he said. Sepo will evaluate the value of each security and select the proper timing for divestment. The cabinet on Sept 27 last year resolved to permit the Finance Ministry to dispose of assets that were derived from foreclosures, as well as shares in companies that fare better when operated by the private sector. Of the total, 23 companies with book value of 771 billion baht are state enterprises, while the remaining 86 with book value of 31 billion are non-state enterprises. A

source at Sepo said other shareholders or relatives of those whose shares had been foreclosed had asked to buy them back, but legal issues had hampered their requests.

3. NESDB: Room For Growth For Social Enterprises

Source: The Nation ([Link](#))

Thailand's social enterprises have been facing issues of sustainability and limited ability to have a positive social impact, but they have plenty of room to grow, the National Economic and Social Development Board said. To promote social enterprise is part of the government's 20-year national strategy, aiming to narrow the income gap between the rich and the poor and protect the environment. The government wants private and social institutions to participate in the development of the country, according to the report released recently by the state's planning agency. Major issues facing social enterprises in Thailand include poor coordination, lack of innovation, difficulty in accessing capital and lack of assessment of progress, according to the report. "Social enterprises in Thailand have room to grow," said Chutinart Wongsuban, the deputy secretary-general of the NESDB. Before the advent of social enterprises, there were several forms of organisations pushing social causes. These organisations included cooperatives, non-profit organisations, charity foundations and corporate social responsibility (CSR). However, some of these organisations face problems with financial sustainability as they largely rely on donations. The concept of social enterprise has developed to fill a gap, as it could be used as a tool to both make profit and take care of social issues at the same time. Unlike normal corporates, these are not solely to make profits for shareholders.

4. Time To Buy For Investment As SET Likely To Rebound Later

Source: The Nation ([Link](#))

Outflow of foreign capital has pressured the Thai stock market for a long time. From early 2018 to now, foreign investors were net accumulated sellers of Thai stocks worth more than Bt130 billion. However, local purchase of Thai stocks, particularly from local institutional investors, has remained strong. Meanwhile, compared to early 2018, the SET Index has been positive so far. We expect foreign capital outflow to almost end its journey from the following three factors. First, differential between 10-year US bond yield has gradually moved into a balance after the US bond

yield has remained higher than the Thai bond yield since January 9, with a differential higher than 30 basis points. Second, in a case for readjusting the weight of the MSCI, in the latest round, A-Share of China and South Korea have been increased in weight significantly. Third, previous uncertainties over the schedule for the general election are ebbing. However, the bills on election to the House of Representatives and selection of senators have not been against the Constitution and, then, the schedule has been made relatively certain.

5. Chinese Businesses Interested In Investing In Thailand

Source: Vietnam Plus ([Link](#))

Chinese investors have shown interest in investing in the Eastern Economic Corridor (EEC) during a recent meeting with Prime Minister Gen Prayut Chan-o-cha at Government House. A group of Chinese entrepreneurs led by Air Business College Chairman Zhao Tao met with Gen Prayut to discuss possible investments in the Southeast Asian nation. Tao said he was ready to use the knowledge he gained from observing China's special economic zones to promote sustainable development in the EEC. He added that Thailand is a destination suitable for long-term foreign investments. The Thai economy is expected to benefit from Chinese technology and future cooperation.-VNA