

80 Years – 80 Outstanding Achievements
Chapter 1 – Tax Measures for Sustainable Social and Economic Development

1. Collection of Liquor Excise Tax: Before and After Liquor Liberalization of B.E. 2541 (1998)

Liquor was controlled and made a source of revenue before B.E. 2429 (1886). A law for liquor taxation was enacted in B.E. 2429 (1886) and was called the Internal Tax law of M.E. 1248 (1886). The current enactment in force is the Liquor Act B.E. 2493 (1950) and its amendments. A major revision was the Announcement of the National Executive Council (NEC) No. 175, effective since the 18th day of July B.E. 2515 (1972), which combined business tax on liquor under the Revenue Code with excise tax on liquor.

On the 15th day of September B.E. 2541 (1998), the Council of Ministers resolved to approve the liquor administration policy after B.E. 2542 (1999) through the concept of liberalization by liberalizing production and sale of white and blended spirits. It also permitted the sale of 11 facilities by competitive bidding of and gave approval to the setting up of a committee for sale by competitive bidding the liquor factories belonging to the Excise Department. The committee was chaired by the Permanent Secretary of the Ministry of Finance.

On the 26th day of October B.E. 2542 (1999), the Council of Ministers resolved to approve the sale of 11 liquor factories which was closed on the 29th day of September B.E. 2542 (1999) in the total amount of 7,210 million baht: 3,370 million baht for land and building structures and 3,840 million baht for machinery and equipment. The payment was divided into two installments. The first installment had to be made within 15 days from the date of approval for sale by the Council of Ministers. All eleven bidders entered into agreements and paid their first installments on the 4th day of November B.E. 2542 (1999). The second installment was made on the 30th day of December B.E. 2542 (1999).

The winning bidders of such factories were able to produce white and colored spirits without restrictions on production sources, and sales could be made throughout the Kingdom by the criteria of the Ministry of Finance under the laws on liquor, factory and industrial products. They had to pay excise tax at the rates stipulated. For production of beer, wine, and native fermented liquor such as rice wine or palm wine, licenses could be applied for at the Excise Department and the licensee had to act in compliance with the pertinent Resolutions of the Council of Ministers, Orders, Notifications, Directives and Rules of the Ministry of Finance.

After the expiration of the liquor agreements of B.E. 2542 (1999), the government liberalized the liquor industry by allowing entrepreneurs to set up factories to freely produce white and colored spirits under the criteria and conditions stipulated by the government



Later on, the government of Police Lt. Col. Taksin Shinawatra implemented policies to promote and develop products of local wisdom and to rehabilitate community economies as well as to support basic rights and liberty in occupation engagement of local people. Under such policies, the Ministry of Finance issued a Notification Re Procedure for Liquor Administration B.E. 2544 (2001) (No. 3) permitting community enterprises to produce and sell fermented fruit liquor and native fermented liquor which resulted in large, rapidly increasing number of applications for producing and selling fermented fruit liquor and native fermented liquor. However, the white spirit producing communities had to face high tax rates. For white spirits having 28, 30, 35 and 45 degrees of alcohol content, the taxes were 17.50, 18.75, 21.88, and 25 baht respectively while the selling price of a bottle of moonshine was approximately 25 to 30 baht as it was not taxed. For the communities to be able to sell their liquor, the prices must be competitive.

In order to enhance the effectiveness of the governmental policy in promoting the community economy, the Ministry of Finance considered it expedient to allow communities to form proper and legitimate organizations to enable the people to use their local wisdom to produce local distilled liquor using agricultural produce. In this regard, the Ministry of Finance revised the liquor tax structure to support community economies to be in harmony with the changing current situation under the following principles.

1. To strengthen community economies for self-reliance
2. To create fairness in tax collection from liquor producers of the same or similar level
3. To create simplicity in tax collection, i.e., fewer tax rates to avoid disputes or chances for tax evasion

Excise tax collection for liquor and beer in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

Excise tax collection for liquor and beer in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

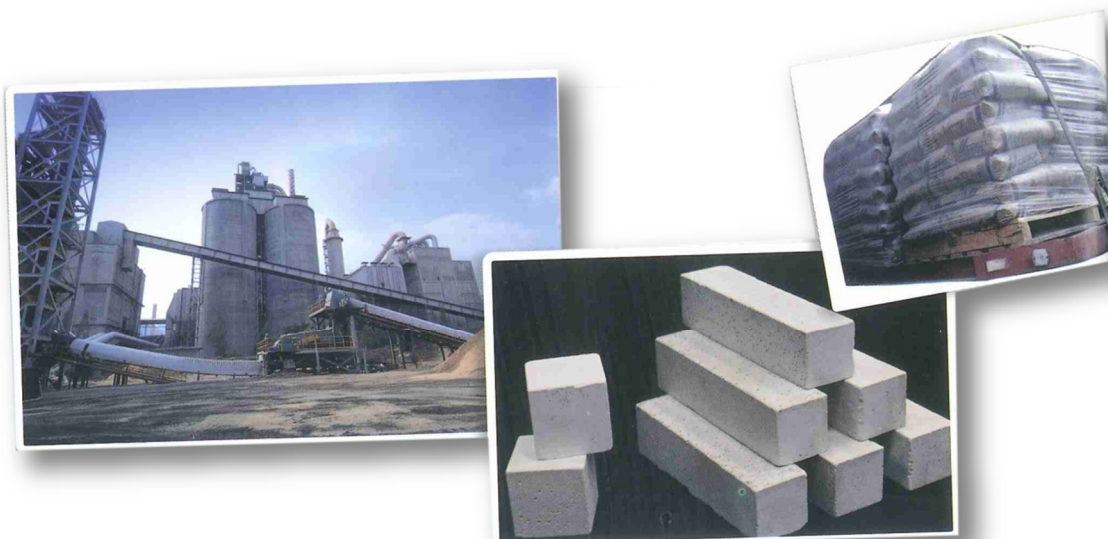
Fiscal Year	Liquor Tax	Beer Tax	Total (millions of baht)
B.E. 2545 (2002)	22,290.19	31,650.33	53,940.52
B.E. 2546 (2003)	25,676.15	36,986.64	62,662.79
B.E. 2547 (2004)	26,181.47	42,748.62	68,930.09
B.E. 2548 (2005)	28,619.97	45,482.85	74,102.82
B.E. 2549 (2006)	29,145.77	44,210.02	73,355.79
B.E. 2550 (2007)	33,289.22	52,087.55	85,385.77
B.E. 2551 (2008)	36,815.56	53,465.46	90,281.02
B.E. 2552 (2009)	37,981.72	48,993.35	86,975.07
B.E. 2553 (2010)	42,377.12	58,832.32	101,209.44
B.E. 2554 (2011)	48,625.16	61,498.29	110,123.45

2. Cement Excise Tax: History before Discontinuation of Collection

The Excise Department used to collect cement excise tax under the Cement Tax Act for Cement Manufactured in the Kingdom B.E. 2475 (1932) beginning on the 5th day of August B.E. 2476 (1933). On the 10th day of September B.E. 2527 (1984), the Excise Tax Act B.E. 2527 (1984) came into force and repealed the Cement Act. The cement tax therefore was instead collected under the Excise Tax Act B.E. 2527 (1984) and the Excise Tariff Act B.E. 2527 (1984). Later, cement tax was repealed by the Excise Tariff Act (No. 3) B.E. 2534 (1991) and the collection was assigned to the Revenue Department which collected taxes on 4 products, i.e., cement, snuff, matches, lighters.

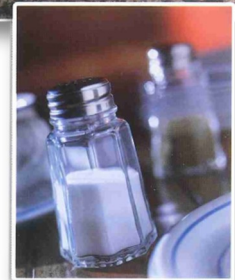
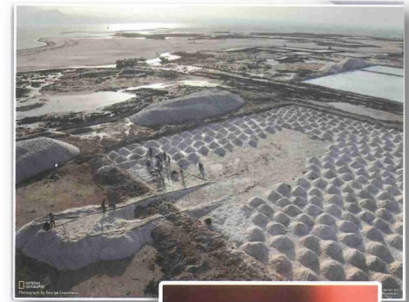
Cement Excise Tax Collection in fiscal years of B.E. 2526 – B.E. 2535 (1983-1992) was as show below.

Fiscal Years	Tax (millions of baht)
2526 (1983)	655.23
2527 (1984)	764.74
2528 (1985)	791.40
2529 (1986)	748.40
2530 (1987)	878.50
2531 (1988)	1,036.00
2532 (1989)	1,352.90
2533 (1990)	1,697.06
2534 (1991)	1,820.75
2535 (1992)	621.03



3. Excise Tax Collection from Salt and Khlong Sanphasamit (Excise Canal)

Salt tax had been collected since R.E. 111 (B.E. 2435) (1892) under the Internal Revenue Tariff Act R.E. 111 (B.E. 2435) (1892) and the Collection of Tax on Salt Fields Act R.E. 123 (B.E. 2447) (1904). Afterwards, as there were complaints that salt tax collection adversely affected the welfare of salt farmers, the law was repealed by the Act Repealing Duty on Salt Fields B.E. 2475 (1932). Later, however, the government determined that the salt fields industry would prosper if it was technically promoted with price protection and market expansion including resolution of middleman problems. Rewards were to be given to exporters of salt or salt-used products thus the enactment of the Salt Act B.E. 2481 (1938) under the control and charge of the Excise Department. Over 7 years later, there were complaints that the collection of tax from salt farmers caused them troubles and the Act was eventually repealed by the Act Repealing the Salt Act of B.E. 2481 (1938), B.E. 2489 (1946).



Salt tax collection provided under the Internal Revenue Tariff Act R.E. 111 (B.E. 2435) (1892) was such that "Section 35 Salt tax shall be collected from the selling owner or the person bringing it through tax checkpoint at the rate of 6 baht per kwian."

The Salt Section of the Industrial Tax Division under the Excise Department was responsible for salt tax collection. In addition to collecting salt tax, the Excise Department was the agency fixing the salt price.

Khlong Sanphasamit is a canal evidencing promulgation in the Government Gazette of the 22nd day of March B.E. 2481 (1938), pp. 1104-1106 as a Royal Decree "Prescribing Restricted Land Areas in Mueang Samut Prakarn District, Samut Prakan Province, and Mueang Samut Sakhon District, Samut Sakhon Province, B.E. 2481 (1938). The Royal Decree deemed it expedient to place the land areas under restrictions for the purpose of the salt fields industry by charging the Ministry of Finance as a competent agency for the restriction of the land areas under the Royal Decree, and the Minister of Finance and the Minister of Interior shall be charged with the execution of this stipulation." The map of the restricted land areas attached to the Royal decree also showed a name designating "Khlong Sanphasamit".



It is presumed that the name Khlong Sanphasamit derives from its use by people in the area as an important communication route to transport salt from Samut Prakan Province and Samut Sakhon Province to Bangkok as the majority of them engaged in salt farming and because the Excise Department was an agency collecting salt tax, hence the name Khlong Sanphasamit.

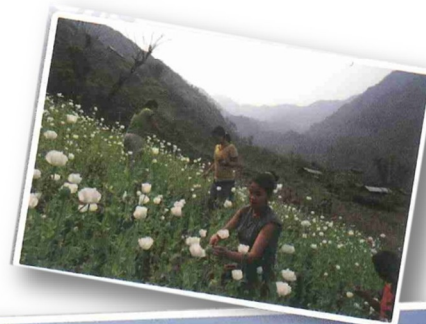
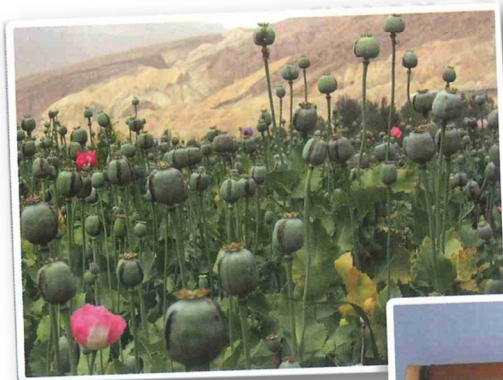
Khlong Sanphasamit is not presently used as a salt transport route as in the past and although salt is no longer taxed by the Excise Department, fewer and fewer people are engaged in salt farming as they have turned to shrimp farming instead.



One thing to remember, however, is that the *khlong* was once an important artery of communication for the people. Anyone travelling to Phrasamut Chedi District has to pass through this Khlong Sanphasamit, a reminder of longstanding relationship between the people and the waterway.

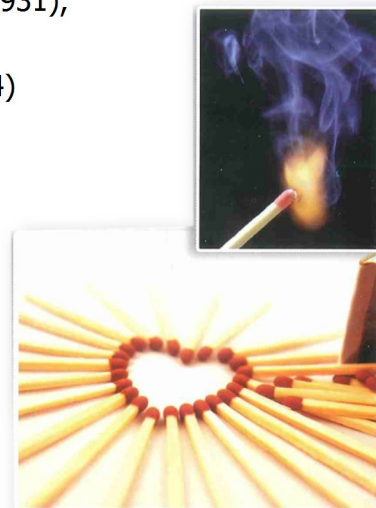
4. Opium Tax Collection: History before Discontinuation

Originally, the Opium Tax Law of M.E. 1213 (B.E. 2394) (1851) was in force. It was amended in B.E. 2424 (1881) and in B.E. 2433 (1890). The "Department of Opium" was established on the 20th day of January B.E. 2449 R.E. 125 (1906) having Mom Chao Piyaphakdinat as Director-General in charge of taking over the opium business back from duty masters and organizing it as a governmental affair. The law was repealed by the Opium Act B.E. 2472 (1929) which was promulgated on the 27th day of November B.E. 2472 (1929). In the year of B.E. 2501 (1958), the Chief of the Revolutionary Party, Field Marshal Sarit Thanarat, issued a Notification of the Revolutionary Party No. 37 dated the 9th day of December B.E. 2501 (1958) prohibiting the sale of opium and opium smoking throughout the Kingdom from the 1st day of July B.E. 2502 (1959) onwards. However, as the Opium Act had not been repealed, the Excise Department still had the duty of policing and retaining the evidence seized under the said Act.



5. Excise Tax on Matches and Lighters: History before Discontinuation

Excise tax on matches was collected under the promulgation of the Act for Tax Collection of Matches Manufactured in the Kingdom B.E. 2474 (1931), on the 1st day of March B.E. 2474 (1931). On the 10th day of September B.E. 2527 (1984), the Excise Tax Act B.E. 2527 (1984) repealed the Act for Tax Collection of Matches Manufactured in the Kingdom. The tax on matches was then collected under the Excise Tax Act B.E. 2527 (1984) and the Excise Tariff Act B.E. 2527 (1984) instead. Later, tax collection for matches was discontinued by the Excise Tariff Act (No. 3) B.E. 2534 (1991).



Excise tax on lighters was collected by virtue of the Act for Tax Collection of Lighters Manufactured in the Kingdom B.E. 2476 (1933) which was discontinued by the Excise Tax Act B.E. 2527 (1984).

Excise tax collected from matches and lighters in fiscal years of B.E. 2526 – B.E. 2535 (1983-1992) was as shown below.

Fiscal Years	Tax (millions of baht)
2526 (1983)	44.65
2527 (1984)	42.78
2528 (1985)	51.70
2529 (1986)	54.70
2530 (1987)	64.40
2531 (1988)	73.20
2532 (1989)	78.40
2533 (1990)	86.59
2534 (1991)	81.78
2535 (1992)	19.57

6. Excise Tax Collected from Playing Cards

The Excise Department began enforcing the Playing Cards Act B.E. 2481 (1938) on the 8th day of March B.E. 2481 (1938) to collect tax on playing cards, and to control the operation and distribution of playing cards and the importation of playing cards into the Kingdom. Playing cards are produced by the monopolistic playing card factory of the Excise Department.



Excise tax collected from playing cards in fiscal years of B.E. 2545 – 2554 was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	60.38
2546 (2003)	64.90
2547 (2004)	43.82
2548 (2005)	74.23
2549 (2006)	51.94
2550 (2007)	45.63
2551 (2008)	37.34
2552 (2009)	42.36
2553 (2010)	26.01
2554 (2011)	29.36

7. Excise Tax on Snuff: History before Discontinuation

Excise tax on snuff was levied by the promulgation of the Snuff Tax Act B.E. 2486 (1943) on the 17th day of September B.E. 2486 (1943). On the 10th day of September B.E. 2527 (1984), the Excise Tax Act B.E. 2527 (1984) repealed the Snuff Tax Act. The tax on snuff was then collected under the Excise Tax Act B.E. 2527 (1984) and the Excise Tariff Act B.E. 2527 (1984) instead. Later, snuff tax collection was discontinued by the Excise Tariff Act (No. 3) B.E. 2534 (1991).



Excise tax collected from snuff in fiscal years of B.E. 2526 – B.E. 2535 was as shown below.

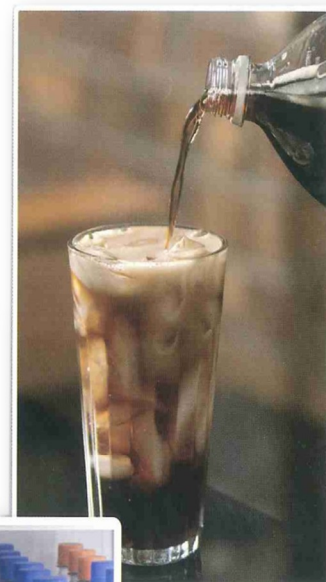
Fiscal Years	Tax (millions of baht)
2526 (1983)	21.13
2527 (1984)	23.05
2528 (1985)	31.10
2529 (1986)	31.70
2530 (1987)	32.90
2531 (1988)	29.60
2532 (1989)	32.60
2533 (1990)	29.20
2534 (1991)	24.15
2535 (1992)	10.27



8. Excise Tax on Beverages

The Excise Department began to collect taxes on beverages since B.E. 2495 (1952) by the promulgation of the Beverages Tax Act B.E. 2495 (1952) on the 30th day of December B.E. 2495 (1952) which controlled the collection of tax on non-alcoholic beverages filled in sealed containers but not including plain water, mineral water, non-carbonated beverages.

This was because, at that time, the domestic beverages bottling industry was strong enough to shun imports from foreign countries and it was expedient to bring in more state revenue to compensate for diminishing import duties. Certain beverages were exempted to lessen the consumers' burden. Later, in B.E. 2509 (1966), the beverages tax law was amended by repealing the Beverages Tax Act B.E. 2495 (1952) and the Beverages Tax Act (No. 2) B.E. 2505 (1962), and promulgating the Beverages Tax Act B.E. 2509 (1966), for the purpose of control and collection of taxes from beverages manufactured and filled in containers. Certain definitions were revised as well as the principle on tax collection in addition to what had been provided in the already repealed Act of B.E. 2495 (1952).



In B.E. 2527 (1984), the Excise Tax Act B.E. 2527 (1984) and the Excise Tariff Act B.E. 2527 (1984) came into force which repealed the Beverages Tax Act B.E. 2509 (1966) including all other laws used in the administration of all beverages taxes. The Excise Tariff Act B.E. 2527 (1984) defined beverages as follows:

“Beverage” means nonalcoholic soft drink, whether carbonated or non-carbonated, normally used for drinking without any additive and filled in sealed container; e.g., mineral water, sweet drinks, fruit juice, vegetable juice and soda water etc. including beverage made or filled in, or obtained from, beverage vending machine regardless of its selling method even if it is not filled in sealed container, but not including:

- (1) Natural water and mineral water;
- (2) Distilled or filtered drinking water with no additives;
- (3) Non-carbonated beverages with no chemically preservative substances produced particularly for retail by the producer;
- (4) Flavorless milk and other milk with or without additives which are in accordance with food standard under the law on food;
- (5) Beverage as notified by the Minister in the Government Gazette.

Excise tax collected from beverages in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	7,748.27
2546 (2003)	8,620.50
2547 (2004)	9,349.60
2548 (2005)	10,105.71
2549 (2006)	10,764.94
2550 (2007)	11,735.30
2551 (2008)	12,390.67
2552 (2009)	12,185.94
2553 (2010)	14,244.90
2554 (2011)	14,525.99



9. Tax Exemption for Fruit and Vegetable Juice

Firstly, the Ministry of Finance issued a Notification for Excise Tariff Reduction No. 2, dated the 16th day of January B.E. 2529 (1986) for 20 items of beverages produced from fruits or vegetables of not less than the ingredient proportion stipulated in the Schedule attached to the Notification at the time of issuance. Later, the Excise Department stipulated the criteria for tax exemption by prescribing the ingredient proportion of 92 types of fruit and vegetable juice. On the 25th day of November B.E. 2545 (2002), the Excise Department revised the tax exemption criteria by discarding the required ingredient proportion but the beverages had to be non-carbonated, and no application for exemption was required to be filed. On the 29th day of January B.E. 2551 (2008), the Excise Department issued a Notification for the Criteria and Conditions for Tax Exemption for Fruit and Vegetable Juice by repealing the Notification for Exemption of Tax on Fruit and Vegetable Juice dated the 25th day of November B.E. 2545 (2002).



10. Collection of Excise Tax on Imported Cigarettes

In the year B.E. 2533 (1990), the United States Cigarette Export Association pressured Thailand to open its market to foreign cigarette producers. On the 9th day of October B.E. 2533 (1990) the Council of Ministers resolved to permit import of foreign cigarettes on condition that imported cigarettes should be treated in the same manner as domestically produced cigarettes. On the 28th day of August B.E. 2534 (1991), private companies began to import foreign cigarettes for the first time, the quantity of which kept increasing. In fiscal year of B.E. 2534 (1991), the first year Thailand opened its market to foreign cigarettes, the proportion of tax on foreign cigarettes to total amount of taxes on cigarettes was only 1.38 percent. Twenty one years later, in the fiscal year of B.E. 2554, the proportion of revenue from foreign cigarettes to total revenue from cigarettes increased to 23.97 percent.

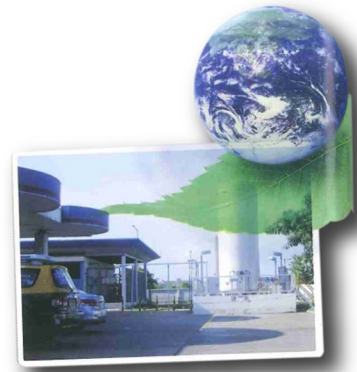


11. Excise Tax on Gasoline and Resolution of Environmental Problems

In the fiscal year of B.E. 2534, in addition to using excise tax as a tool to generate revenue for the State, excise tariffs were also used to support the resolution of environmental problems. This was done by reducing the excise tariff for unleaded gasoline to 2.90 baht per liter while the tariff for gasoline containing lead of more than 0.15 gram/liter was 3.90 baht per liter. This made the selling price of unleaded lower than that of leaded thereby creating incentives for higher consumption of unleaded gasoline.



Besides that, the excise tariff on diesel oil with sulfur content of not less than 0.5 percent by weight was set at 2.50 baht per liter while the excise tariff on diesel oil with the sulfur content exceeding 0.5 percent by weight was set at 2.60 baht, for the same purpose as the reduction of excise tariffs of unleaded gasoline.



12. Excise Tax Collected from Air-conditioners

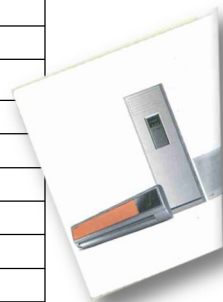
Since the 1st day of January B.E. 2534 (1991), the Excise Department began collecting excise tax from electrical appliances in accordance with the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991), specifically from air-conditioners with cooling capacity of not exceeding 72,000 BTU per hour and electrical ceiling or wall lamps but not including those for lighting of outdoor public places or public roads.



Presently, tax on air-conditioners with cooling capacity of not exceeding 72,000 BTU has been exempted since the 1st day of September B.E. 2552 (2009) pursuant to the resolution of the Council of Ministers of the 25th day of August B.E. 2552 (2009). In the fiscal year of B.E. 2554 (2011), excise tax for electrical appliances collected from automobile air-conditioners was 1,183.04 million baht.

Excise tax collected from electrical appliances in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as show below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	1,792.54
2546 (2003)	2,346.78
2547 (2004)	2,858.86
2548 (2005)	3,711.85
2549 (2006)	3,522.72
2550 (2007)	3,726.51
2551 (2008)	3,769.44
2552 (2009)	3,110.54
2553 (2010)	1,615.52
2554 (2011)	1,183.04



13. Expanding of Excise Tax Base after the Introduction of Value-added Tax (VAT) on the 1st day of January B.E. 2535 (1992)

Thailand went through a significant revision of her taxation system on the 1st day of January B.E. 2535 (1992) by introducing a VAT system in place of the then business tax system. In this regard, since the 1st day of January B.E. 2535 (1992), 4 types of goods, being, cement, snuff, matches and lighters, which were once taxed by the Excise Department, were transferred to the Revenue Department for VAT collection. At the same time, 6 additional new goods transferred to the Excise Department for tax collection were motor vehicles, electrical appliances (air-conditioners and electrical lamps), perfumery, glass and glassware, vessels, service establishments (horse racing tracks). When combined with other goods under ongoing collection, namely, tobacco, oil and oil products, liquor, beverages, and playing cards, the Excise Department is responsible for 11 types of goods. Tax collection from such goods and services is carried out by virtue of 5 Acts as follows:

- The Liquor Act B.E. 2493 (1950)
- The Tobacco Act B.E. 2509 (1966)
- The Playing Cards Act B.E. 2486 (1943)
- The Excise Tax Act B.E. 2527 (1984)
- The Excise Tariff Act B.E. 2527 (1984)



The outcome of the administration showed that the revenue collected in fiscal years B.E. 2535 (1992) was 102,031 million baht – 21.36 percent higher than estimate and 10.31 percent higher than B.E. 2534 (1991). The top 5 goods from which tax was collected were oil and oil products, automobiles, tobacco, liquor and beer, respectively..

14. Motor Vehicle Excise Tax

The Excise Department began collecting excise tax on automobiles since B.E. 2535 (1992) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). Presently, excise tax is collected from passenger cars, buses with less than 10 seats, and pick-up trucks.

In B.E. 2527 (1984), the tax base was adjusted to support economic stimulation and use of alternative energy. This could be seen in B.E. 2550 (2007) as automobile items were the second most important export of the country with an 8% share of Thailand's exports. Ever-changing energy saving innovations forced the Excise Department to change its tax measures to promptly deal with such changes. On the 1st day of October B.E. 2552 (2009), the Excise Department enforced an ad valorem tax at the rate of 17%.



Such rate was deemed appropriate taking into account the overall economy of the country, investment, energy conservation, and environmental conservation, in order to motivate people to use "eco cars".

Not only would it save people the costs and preserve the environment, but it would also be deemed a policy supporting the country to become a base for production of energy saving automobiles in the future. According to the international standard, the engine displacement of energy saving automobiles using gasoline shall not exceed 1,300 cc, while the engine displacement of energy saving automobiles using diesel oil shall not exceed 1,400 cc.



Excise tax collected from motor vehicles in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	41,559.51
2546 (2003)	56,473.89
2547 (2004)	65,011.81
2548 (2005)	57,759.63
2549 (2006)	59,814.87
2550 (2007)	55,843.80
2551 (2008)	57,830.83
2552 (2009)	49,278.14
2553 (2010)	77,138.00
2554 (2011)	92,843.89



15. Excise Tax on Lead Crystal Glass

The Excise Department has begun collecting excise tax on lead crystal glass since the 1st day of January B.E. 2535 (1992) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). In the fiscal year of B.E. 2534 (1991), excise tax collected from crystal glass was 21.91 million baht.



Excise tax collected from lead crystal glass in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as show below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	14.89
2546 (2003)	22.31
2547 (2004)	33.84
2548 (2005)	40.49
2549 (2006)	58.89
2550 (2007)	67.95
2551 (2008)	64.10
2552 (2009)	43.36
2553 (2010)	39.37
2554 (2011)	21.91



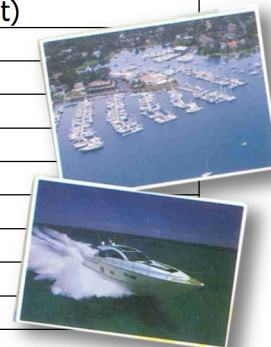
16. Excise Tax on Vessels

The Excise Department has begun collecting excise tax on vessels since the 1st day of January B.E. 2535 (1992) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). The tax was levied on yachts and vehicles for pleasures, but currently, the tax is exempted.



Excise tax collected from vessels in fiscal years of B.E. 2540 - B.E. 2549 (1997-2006) was as shown below.

Fiscal Years	Tax (millions of baht)
2540 (1997)	18.66
2541 (1998)	3.05
2542 (1999)	3.07
2543 (2000)	52.59
2544 (2001)	5.36
2545 (2002)	4.73
2546 (2003)	19.00
2547 (2004)	4.79
2548 (2005)	0.08
2549 (2006)	-





17. Excise Tax on Horse Racing Track Services

The Excise Department has begun collecting excise tax from horse racing track services since the 1st day of January B.E. 2535 (1992) under the Excise Tariff

Act B.E. 2527 (1984), Part 9: Service Establishment of

Type 09.21: Horse Racing Track. The tax was collected on an ad valorem basis.

Under the provisions of Section 4 of the Excise Tax Act B.E. 2527 (1984), the business operator of a service establishment means the owner, the manager, or other person who is responsible for the operation of a horse racing track service which is deemed gaming business. A person engaging in gaming business has a duty to pay tax.

In the past, the excise tariff on horse racing track services was revised three times as follows:

The first levy on horse racing tracks was set at 13% of the entrance fees.

The second levy was adjusted from 13% to 20% of the entrance fees plus the revenue after deduction of horse betting prizes, gambling tax, and municipality tax. The excise tax base was determined by entrance fees plus revenue from the sale of horse betting tickets minus betting prizes paid to the bettors, gambling tax and municipality tax. Excise tax was then computed from the balance.

The third levy remained at the rate of 20% but the base was widened to be based on the entrance fees and revenue after deduction of horse betting prizes but before deduction of certain other taxes. The tax base was therefore determined by revenue from entrance fees plus revenue from sale of horse betting tickets minus horse betting prizes paid to bettors. The balance was then used to compute the excise tax before deduction of gambling tax and municipality tax. As the tax base was determined by revenue before deduction of gambling tax and municipality tax, the tax value was therefore higher than before even though the tax was computed at the same rate of 20%. In the fiscal year of B.E. 2554 (2011), the amount of tax collected was 61.86 million baht.

Excise tax collected from horse racing track services in fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	44.68
2546 (2003)	67.66
2547 (2004)	96.95
2548 (2005)	86.45
2549 (2006)	87.03
2550 (2007)	87.17
2551 (2008)	84.32
2552 (2009)	72.56
2553 (2010)	64.37
2554 (2011)	61.86



18. Excise Tax from Services

The Excise Department has begun collecting excise tax from services since the 1st day of January B.E. 2535 (1992) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). Formerly, excise tax was levied on 6 types of services, namely, horse racing tracks, golf courses, night clubs and discotheques, bathing, body steaming and massage parlours, telecommunications, and lotteries. In the fiscal year of B.E. 2554 (2011), excise tax collected from service establishments totalled 811.14 million baht.

On the 28th day of January B.E. 2546 (2003), the government passed two Emergency Decrees, namely, the Emergency Decree Amending the Excise Tariff Act (No. 4) B.E. 2546 (2003) and the Emergency Decree Amending the Excise Tax Act B.E. 2527 (1984) B.E. 2546 (2003).

Collection of excise tax under the Excise Tariff Act B.E. 2527 (1984) was from goods and services. Excise tax collection from goods covered 8 Parts of the Act while collection from services covered only one Part levying tax on service establishments. As the tax was imposed on establishments and not the services themselves, it did not reflect excise tax aimed at collecting from services. Besides, as excise tax collection from goods was systematically stipulated, it was expedient to amend excise tax collection from services into a similar systematically stipulated fashion.

The rationale for the passage of the Emergency Decree Amending the Excise Tariff Act (No. 5) B.E. 2546 (2003) was to amend Part 9: Service Establishments of the Excise Tariffs attached to the Excise Tax Act B.E. 2527 by dividing it up into 5 new Parts as follows:

1. Part 9: Entertainment or Amusement Business
2. Part 10: Gaming
3. Part 11: Environmental Impact Business
4. Part 12: Business under Permission or Concession from the State
5. Part 13: Other Services

The rationale for the passage of the Emergency Decree Amending the Excise Tax Act B.E. 2527 (1984) B.E. 2546 (2003) was because the amendment to Part 9: Service Establishments of the Excise Tariffs attached to the Excise Tax Act B.E. 2527 (1984) had affected the definition of the terms "Service" and "Service Establishment" provided in the Excise Tax Act B.E. 2527 (1984) currently in force. In this regard, in order to be in line with such amendment, it was necessary to amend the definition of the terms "Service" and "Service Establishment" in the Excise Tax Act B.E. 2527 (1984) to be as follows.

"Service" means the business of rendering of service in service establishment as mentioned in the law on excise tariffs.

"Service Establishment" means place to carry out service activities and shall mean the principal office set up to carry out the activities in the event the place where service is rendered cannot be definitely determined. Presently, excise tax on business activities of telecommunication and lottery has been exempted.

Excise tax collected from horse racing tracks, golf courses, night clubs and discotheques, bathing, body steaming and massage parlours, in fiscal years of B.E. 2546 – B.E. 2554 (2003-2011) was as shown below.

Fiscal Years	Tax (millions of baht)
2546 (2003)	6,855.33
2547 (2004)	13,297.24
2548 (2005)	14,671.09
2549 (2006)	16,334.43
2550 (2007)	8,076.30
2551 (2008)	989.43
2552 (2009)	755.38
2553 (2010)	753.26
2554 (2011)	811.15

19. Excise Tax from Fuel Oil

Excise tax from fuel oil was collected under the Excise Tax Act B.E. 2527 (1984). Originally excise tax for fuel oil was bifurcated, i.e., collected by ad valorem tax or specific tax, whichever was higher.

The purposes of collecting excise tax from fuel oil were:

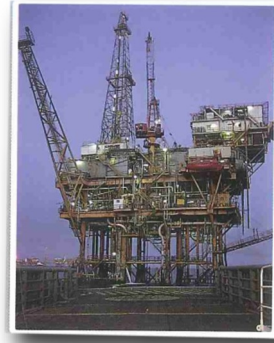
- To restrain the use of fuel oil, to control pollution created by fuel oil, and to protect the environment
- To conserve energy and natural resources as fuel oil was a consumable natural resource
- To prevent distortion of interchangeability of energy consumption; as certain fuel can be used interchangeably with others, tax exemption of a kind of fuel would make it relatively cheaper and cause it to be used in place of other fuel hence the economic distortion.



At the same time, other agencies such as the Ministry of Commerce also divided fuel oil into 5 types according to its sulfur content and areas of use. The Department of Pollution Control, Ministry of Industry, set controls on the management of effluent discharged from the burning of fuel oil in factories to minimize the impact on the environment.

Collection of tax from fuel oil was discontinued in B.E. 2535 (1992) when a value-added tax system was introduced. However, it was again collected under the Excise Tax Act B.E. 2527 (1984) in Category 01.90 as notified by the Minister in the Government Gazette (1)

Fuel oil and similar oil which was levied only by ad valorem tax at 42% ceiling was to be collected by ad valorem tax at 17% as the quality of fuel oil at that time was not high, with 3.0 – 3.5 % sulfur content by weight together with the lack of standard for pollution venting from use of fuel oil in electricity generating plants and factories. No excise tax was collected from fuel oil to limit the use of fuel oil and to encourage fuel oil users to use other fuel with less impact on the environment.

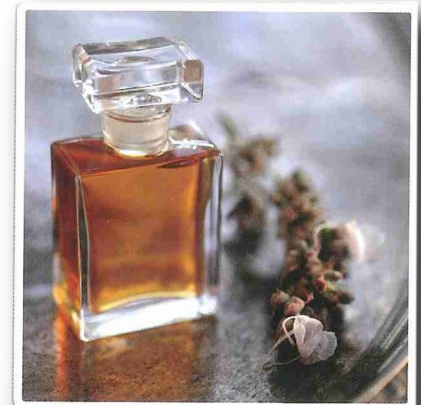


Later, on the 3rd day of September B.E. 2539 (1996), the tax rate on fuel oil was revised from 17% to 17.5% of value. The most recent revision was on the 1st day of April B.E. 2542 (1999), when tax on fuel oil was reduced to 5% of value primarily to stimulate the economy.

In addition, presently, the value of fuel oil domestically produced was determined and announced (weekly) by the Excise Department for it to be used as criteria for tax computation in accordance with the provisions of Section 8 (1), paragraph three, of the Excise Tax Act B.E. 2527 (1984). The price was determined using the 3-week weighted average price and announced in the week before.

20. Excise Tax on Perfumery and Cosmetics Products

The Excise Department collected excise tax on perfumery and cosmetics products under the Excise Tariff Act B.E. 2527 (1984) which levied excise tax on perfumes, perfume concentrates, and scented oils at 15% ad valorem. Collection began on the 1st day of January B.E. 2535 (1992), and also under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). Originally, perfumes, perfume concentrates, and scented oils were levied by business tax of the Revenue Code at the rate higher than 7%. When the business tax was replaced by the value-added tax at the rate of 7%, the shortfalls were compensated for by excise tax collection. In the fiscal year of B.E. 2554 (2011), the amount of excise tax collected totalled 201.13 million baht. Perfumes are categorized as luxurious goods and most of the products were imported in the form of finished products or concentrates for manufacture of perfumery products and cosmetics.



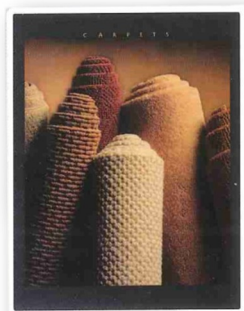
Perfumes and perfume concentrates produced domestically such as fragrance water or Thai scented water and aroma oils, were exempted from tax.

Excise tax collected from perfumery and cosmetics products in fiscal years of B.E. 2545– B.E. 2554 was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	125.67
2546 (2003)	145.37
2547 (2004)	166.72
2548 (2005)	178.75
2549 (2006)	186.08
2550 (2007)	176.95
2551 (2008)	166.80
2552 (2009)	182.72
2553 (2010)	190.90
2554 (2011)	201.13



21. Excise Tax on Carpets and Floor Covering Fabric made of Wool



Carpets and floor covering fabric made of wool have been levied with Excise tax for over 10 years since the 18th day of September B.E. 2539 (1996). The reason for excise tax collection at that time was to improve the country's current account deficits and to enhance tax collection efficiency. Only carpets and floor covering fabric made of wool were levied with excise tax. Those made of other materials were tax exempted. Currently, carpets and floor covering fabric made of wool are taxed at the rate of 20% ad valorem, (the excise tax ceiling rate for carpets and floor covering fabric made of wool is 30%), provided in Part 8: Other Goods, under the Excise Tariffs attached to the Excise Tariff Act B.E. 2527 (1984).

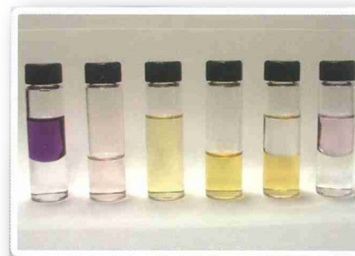
22. Controlling Measures for Hydrocarbon Solvent

Hydrocarbon, an organic compound consisting only of hydrogen and carbon, is found in crude oil, coal and plants. Generally, it is in the form of a transparent liquid like water but does not mix with water. Hydrocarbon is aromatic and volatile and is used in the dissolution of organic matters such as paint, fat, bitumen, and rubber, is also used in resin production industry and insecticide.

Besides its usefulness in industrial works, some of the characteristics of hydrocarbon solvent are very similar to those of gasoline but cheaper,



for instance, white spirits and rubber solvent. And, for that reason, some people mixed white spirits with diesel oil, and rubber solvent with gasoline to sell the mixtures at gas stations causing damage to consumers as well as the State by way of less tax being collected. Later, as the gasoline adulteration situation became more serious with more and more hydrocarbon solvent being removed from manufacturing facilities, the Council of Ministers resolved to approve the proposals of the National Office of Energy Policy to allow the Excise Department, the agency already collecting tax on oil and oil products with control at source, to become the agency controlling and overseeing related hydrocarbon solvent manufacturing businesses. In this regard, a Notification of the Ministry of Finance re Reduction and Exemption of Excise Tax (No. 40) dated the 21st day of November B.E. 2538 (1995) was issued to collect 30% excise tax on the value of hydrocarbon solvent under the 42% excise tax ceiling. However, the tax was exempted if used in certain industries under the criteria, procedure, and conditions set forth by the Director-General. This came into force on the 1st day of January B.E. 2540 (1997) onwards.

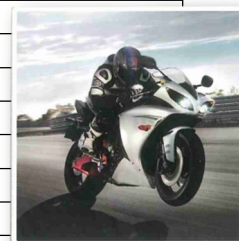


23. Excise Tax on Motorcycles

The Excise Department has begun collecting excise tax on motorcycles since the 21st day of May B.E. 2540 (1997) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991) which was levied only on motorcycles with 2-stroke and 4-stroke engine. The amount of tax collected in fiscal year B.E. 2554 (2011) was 2,283.58 million baht

Excise tax collected on motorcycles in the fiscal years of B.E. 2545 – 2554 (2002-2011) was as follows.

Fiscal Years	Tax (millions of baht)
2545 (2002)	1,224.39
2546 (2003)	1,580.70
2547 (2004)	1,640.96
2548 (2005)	1,848.65
2549 (2006)	2,010.15
2550 (2007)	1,665.37
2551 (2008)	1,672.65
2552 (2009)	1,608.33
2553 (2010)	1,978.98
2554 (2011)	2,283.58



24. Excise Tax on Marble and Granite

The Excise Department has begun collecting excise tax on marble and granite since the 21st day of May B.E. 2540 (1997) under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991) and which was exempted on the 25th day of June B.E. 2540 (1997).




25. Excise Tax from Batteries

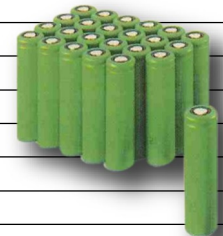
The Excise Department collected excise tax from batteries since the 21st day of May B.E. 2540 (1997) because Thailand's economy was slowing down and tax collection did not reach the target.

The Council of Ministers resolved to approve measures for revisions of the excise tax for more revenue and compatibility with the social and economic situation. The resolution approved in principle to pass a Royal Decree prescribing types of products under the Excise Tariff (No. 2) B.E. 2540 (1997).



Excise tax collected from batteries in fiscal years of B.E. 2545 – B.E 2554 (2002-2011) was as follows.

	Fiscal Years	Tax (millions of baht)
	2545 (2002)	581.95
	2546 (2003)	590.80
	2547 (2004)	762.34
	2548 (2005)	762.69
	2549 (2006)	1,190.35
	2550 (2007)	1,426.11
	2551 (2008)	1,707.79
	2552 (2009)	1,478.51
	2553 (2010)	1,949.38
	2554 (2011)	1,196.57



26. Excise Tax Measures for the 13th Asian Games Sport Competition

The Excise Department issued a Notification of the Ministry of Finance Re Excise Tax Exemption (No. 53) on the 21st day of August B.E. 2541 (1998) exempting excise tax on goods imported to Thailand for use in the 13th Asian Games Sport Competition for which the import duty was exempted, in accordance with the same criteria, procedure and conditions as the exemption of duty under the law on customs.



27. Tax Measures for Increase in Revenue under Conditions by IMF in accordance with the 3rd Letter of Intent

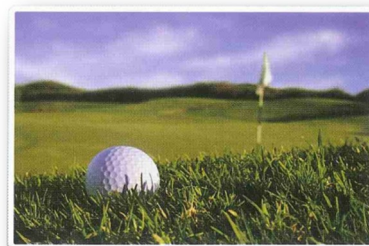
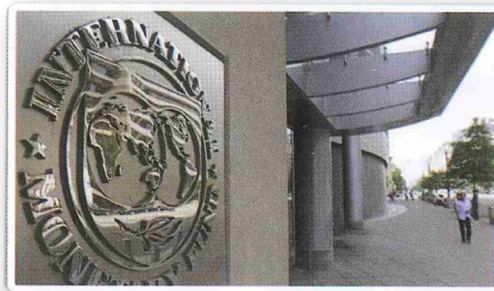
On the 24th day of February B.E. 2541 (1998), the Council of Ministers approved the proposed measures of the Ministry of Finance to increase government sector revenue in accordance with the conditions of the IMF as stated in the 3rd Letter of Intent. The 7 measures proposed by the Ministry of Finance and approved by the Council of Ministers aimed at increasing the government's revenue for the remaining seven months of the fiscal year of B.E. 2541 (1998) were as follows:

1. Increase of excise tax on gasoline creating revenue of 4,541 million baht.
2. Increase of excise tax on 3 percent beer from the rate of 50% to 53% creating revenue of 1,079 million baht
3. Increase of excise tax on 5 percent wine from the rate of 50% to 55% creating revenue of 17.59 million baht.
4. Increase of customs duty collected from imported cigarettes creating revenue of 780 million baht.
5. Increase of customs duty on 8 product items creating revenue of 482 million baht.
6. Assigning the Land Department to collect specific business tax on sale of immovable property on behalf of the Revenue Department creating revenue of 770 million baht.
7. Increase of tax on automobile license plates creating revenue of 1,450 million baht. The measures yielded a total increase of 9,119.59 million baht in revenue.

28. Excise Tax on Golf Courses

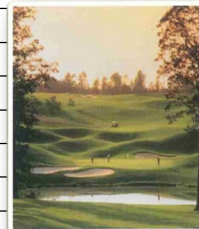
The Excise Department collected tax on golf courses under the Excise Tax Act B.E. 2527 (1984) and the Excise Tariff Act B.E. 2527 (1984).

As provided by law, golf course were service establishment under Category 09.90 of Part 9 attracting a maximum tax rate not exceeding 20% of its revenue. A Notification of the Ministry of Finance Re Reduction and Exemption of Excise Tax (No. 47) dated the 14th of October B.E. 2540 (1997) reduced the excise tax rate for golf courses from 20% to 10%. Also, the excise tax on income other than membership fees and green fees was exempted. Excise tax on golf courses has been collected since the 15th day of October B.E. 2540 (1997) with revenue starting in the month of November B.E. 2541 (1998) onwards.



Excise tax collected from golf courses in the fiscal years of B.E. 2545 – B.E. 2554 (2002-2011) was as shown below.

Fiscal Years	Tax (millions of baht)
2545 (2002)	268.14
2546 (2003)	298.80
2547 (2004)	331.68
2548 (2005)	372.10
2549 (2006)	424.92
2550 (2007)	447.02
2551 (2008)	490.26
2552 (2009)	428.21
2553 (2010)	452.45
2554 (2011)	494.02



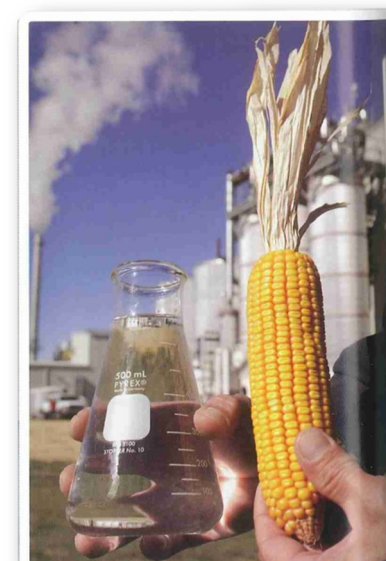
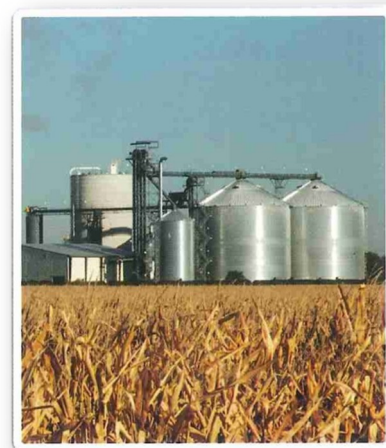
29. Liberalization of Ethanol for Use as Fuel Factories

As oil prices were continually increasing, Thailand, was unavoidably, facing energy crisis. The government planned to reduce oil import by using alternative energy sources.

“Gasohol” is an alternative energy which Thailand is able to produce by blending ethanol or 99.5% pure alcohol with gasoline at various proportions depending on specific formulae. Thailand, as an agricultural country, has sufficient quantities of tapioca, sugar cane, and molasses to use as raw materials for ethanol production.

The resolution of the Council of Ministers on the 19th of September B.E. 2543 had approved, in principle, a project for the production of alcohol from plants for use as fuel by permitting the Ministry of Finance to pass a Ministerial Regulation exempting excise tax for tri fold liquor used to mix with gasoline for use as fuel. The Ministry of Finance passed that Ministerial Regulation dated the 24th day of October B.E. 2544 (2001) in response to such policy.

Later, the Prime Minister issued an Ordinance of Office of the Prime Minister appointing a National Ethanol Committee B.E. 2545. The Committee issued a notification prescribing criteria and conditions for permission to set up an ethanol factory for use as fuel dated the 20th day of July B.E. 2545 (2002).



On the 12th day of April B.E. 2548 (2003), the Council of Ministers resolved to form a Committee for the Development and Promotion of Bio-fuel with the same functions as the National Ethanol Committee, and resolved to dissolve the National Ethanol Committee.

On the 4th day of September B.E. 2549 (2006), a meeting of the National Energy Policy Committee resolved to liberalize applications for setting of ethanol producing and distributing factories for use as fuel. It was approved by a resolution of the Council of Ministers on the 12th day of December B.E. 2549 (2006) which instructed the Ministry of Finance, the Ministry of Industry, and the Ministry of Energy, to jointly carry out the instructions and preparation of the Notification of the Ministry of Finance on the liberalization of the setting of ethanol factory for use as fuel.

Eventually, following a period of joint operation by the three ministries, a Notification of the Ministry of Finance Re the Administration of Tri Fold Distilled Liquor (Ethanol) for Use as Fuel B.E. 2550 (2007) came into force on the 24th day of September B.E. 2550 (1997) prescribing conditions for the liberalization of the setting up of ethanol factory for use as fuel.

Criteria for application for the setting up of liberalized ethanol factory for fuel were as follows:

- Applicant must be a juristic person registered under Thai law with Thai national shareholders not less than 51% of the total number of shares.
- Applicant must own machinery capable of producing ethanol with 99.5 degree of alcohol content.
- Applicant must complete factory construction within the specified time which shall not be longer than 3 years.
- Applicant shall comply with the law, directives, and other stipulations as required by the Excise Department.

The liberalization of the setting up of ethanol factories for use as fuel would not only help coping with continually rising oil prices but would promote the farmers' income in the sale of their produce.

The Council of Ministers resolved on the 26th day of December B.E. 2543 (2000) approving the directions for promoting and supporting the production of and use ethanol for fuel as proposed by the Ministry of Industry and the government would support the private sector in their investment in setting up ethanol producing factories for fuel.

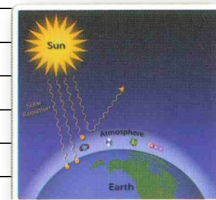
30. Excise Tax on Ozone-Layer Depleting Substances

The Excise Department collected excise tax on ozone-layer depleting substances B.E. 2534 (1991) from the 12th day of February B.E. 2545 (2002) at 15% of the value under the Excise Tax Act (No. 2) B.E. 2534 (1991) and the Excise Tariff Act (No. 3) B.E. 2534 (1991). The tax rate was increased to 30% from the 1st day of January B.E. 2546 (2003).



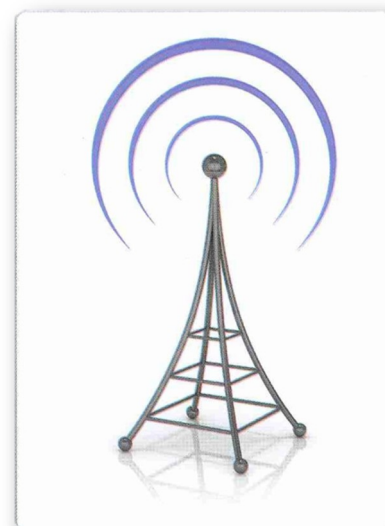
Excise tax collected from ozone-layer depleting substances in fiscal years of B.E. 2545 – B.E 2554 (2002-2011) was as follows:

Fiscal Years	Tax (millions of baht)
2545 (2002)	14.76
2546 (2003)	53.79
2547 (2004)	48.18
2548 (2005)	52.96
2549 (2006)	26.13
2550 (2007)	15.98
2551 (2008)	6.42
2552 (2009)	6.75
2553 (2010)	2.98
2554 (2011)	0.04



31. Excise Tax and Telecommunication Business Operation

The Excise Department began collecting tax from telecommunication business operations in the year B.E. 2546 (2003). At that time, two emergency decrees were passed, namely, the Royal Decree Amending the Excise Tariff Act B.E. 2527 (1984) B.E. 2546 (2003) and the Royal Decree Amending the Excise Tariff Act B.E. 2527 (1984) (No. 4) B.E. 2546 (2003), effective on the 28th day of January B.E. 2546 (2003). Telecommunication business operations were levied with an excise tax under Part 12 of the Tariff: Business under Permission or Concession from the State, Category 12.01 subject to excise tax at 50% of the value. A Notification of the Ministry of Finance was passed to reduce the excise tax rate: for mobile telephone or cellular communication radio business operations, the tax would be levied on revenue from local telephone services and revenue from international telephone services, only. Revenue from local telephone services was subject to tax at 10% of the value. Other revenue was exempted from tax. For basic telephone business operations, the tax would be levied on revenue from local telephone services and revenue from international telephone services only. Revenue from local telephone service was subject to tax at 2% of the value; other revenue was exempted from tax. Since then, the Excise Department has been able to collect and remit to the government a large amount of excise tax from telecommunication business operations, especially in the year B.E. 2549 (2006) when the tax collected was approximately 16,000 million baht. Later, a Notification of the Ministry of Finance was passed reducing the tax on telecommunications to 0% which was published in the Government Gazette of the 26th day of February B.E. 2550 (2007) resulting in 0% tax for telecommunication business operation effective from the 27th day of February B.E. 2550 (2007) onwards.



32. Measures to Help Business Operators Affected by Tsunami on the 26th day of December B.E. 2547 (2004)

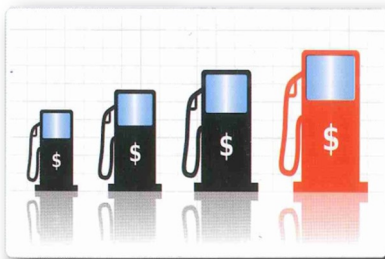
The Excise Department passed a Notification of the Ministry of Finance Re Extension of Time for Excise Tax Payment (No. 7) dated the 5th day of January B.E. 2548 (2005), for an extension of time for excise tax payment to be offered to industrialists and business operators engaging in service establishment or conducting business in the provinces of Phuket, Phangnga, Krabi, Ranong, Trang, and Satun, for the tax liability occurring from the 1st day of December B.E. 2547 (2004) through the 30th day of April B.E. 2548 (2005). Filing of tax returns together with tax payment was required to be done by the 15th day of May B.E. 2548 (2005).



33. Oil Excise Tax Measures in the "6 Measures for 6 Months Project"

On the 15th day of July B.E. 2551 (2008), the Council of Ministers resolved to approve a project called "6 Measures for 6 Months to Fight Crises for Thai People", effective from the 1st day of August B.E. 2551 (2008) onwards for a period of 6 months. The Excise Department's reduction of excise tax resulted in cheaper oil prices. Formerly levied at 3.3165 baht per liter, the reduction of 3.30 baht per liter brought the new tax to 0.0165 baht per liter. Taking into account value-added tax and marketing margin, it would be

reduced by 3.88 baht per liter in order to keep the price gap of 8 baht per liter between gasoline and gasohol. B2 diesel oil excise tax was reduced by 2.30 per liter to 0.005 baht or the reduction of 2.71 baht per liter, and B5 bio-diesel oil excise tax was reduced by 2.19 baht to 0.0048 baht or a reduction of 2.45 baht per liter. The Minister of Finance issued a Notification of the Ministry of Finance on Reduction of Excise Tax on the 23rd day of July B.E. 2551 (2008) to become enforceable on the 25th day of July B.E. 2551 (2008) onwards in order to alleviate the short-term impact on costs for the transport sector.



34. Excise Tax Measures to Support the Use of E 85 Fuel

On the 3rd day of June B.E. 2551 (2008), the Council of Ministers approved in principle tax measures to support the use of E 85 fuel as proposed by the Ministry of Finance, as follows.

1. Three-year exemption (after the date the law came into force) of import duty on parts for E 85 automobiles having the characteristics and being the main equipment for switching to the use of E 85 fuel the production of which was not available in Thailand.



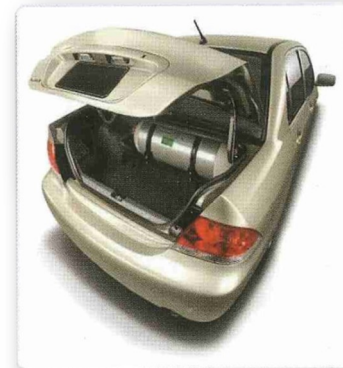
2. Reduction of excise tax for E 85 automobiles to 25%, 30% and 35% in accordance with the engine capacity, to the same current excise tax rate for E 20 automobiles.

3. Reduction of excise tax for E 85 fuel from 3.6850 baht per liter to 2.5795 per liter computed in accordance with heat efficiency value or 70% of the excise tax rate for gasoline 95 at the time the law came into force.



35. Supporting NGV Use

The Excise Department proposed the issuance of a Notification of the Ministry of Finance Re Reduction of Excise Tax (No. 83) dated the 8th day of September B.E. 2551 (2008) to extend the time period for the exemption of tax on passenger cars or buses with less than 10 seats having an engine displacement of not exceeding 3,000 cubic centimeter with natural gas equipment installed in the amount equal to the amount expended in installation of the Retrofit NGV



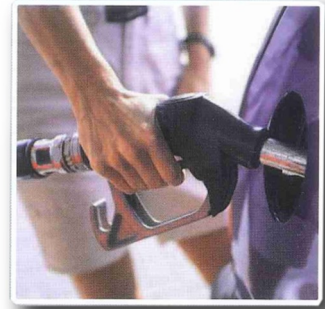
equipment but not exceeding 50,000 baht for each automobile, from the period of time originally set from 16th May B.E. 2549 (2006) to the 15th day of November B.E. 2551 (2008), for another 3 years being from the 16th day of November B.E. 2551 (2008) to the 15th day of November B.E. 2554 (2011).

36. The Promulgation of an Emergency Decree Amending the Excise Tariff Act B.E. 2527 (1984), (No. 5) B.E. 2552 (2009) given on the 13th day of May B.E. 2552 (2009)

The rationale for the passage of this Emergency Decree was because the provisions of the Excise Tariffs, Part 1: Oil and Oil Products under Categories of 01.01, 01.02, 01.05, 01.06 and 01.90 of the Excise Tariff Act B.E. 2527 (1984) as amended by the Excise Tariff Act (No. 3) B.E. 2534 (1991), were in force for a long period and were not suitable to the current economic situation. Therefore, in order to collect more excise tax for oil and oil products so as to increase the revenue of the State, such tariffs had to be increased. As it was an enactment concerning taxation, scrutiny had to be urgent and confidential in the interest of the State.



The essence of the Emergency Decree Amending the Excise Tariff Act B.E. 2527 (1984), (No. 5) B.E. 2552 (2009), was the prescription of tax on oil in the Excise Tariff under Category 01.01: Gasoline and Similar Oil to be 42% of value (no change) and 10.00 baht per liter by volume (5.00 baht previously); Category 01.02: Naphtha, reformat, pyrolysis gasoline and similar liquid to be 53% of value (no change) and 10.00 baht per liter by volume (5.00 baht previously); Category 01.05 Diesel oil and Similar Oil to be 34% by value (no change) and 10.00 baht per liter by volume (4.00 baht previously); Category 01.06: Natural Gas Liquids (NGLs) and Similar Liquefied Gas to be 42% by value (no change) and 10.00 baht per liter by volume (5.00 baht previously); and Category 01.90 Other Particulars as Notified by the Minister in the Government Gazette to be 42% by value (no change) and 10.00 baht per liter or kilogram as notified by the Minister (not prescribed previously).



The said Emergency Decree was beneficial in that the prescribed tariffs were made to be in line with the current situation of the economy and helped increasing channels to boost state revenue of the State from oil tax as previous legal restrictions prevented tax increase. With this, the State would gain approximately 52,069 million baht annually from

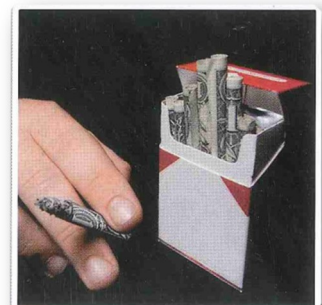
tax increase which would be expended in the development of the country under the policy of the State. Enough revenue for country development would be beneficial to the country's economy. Besides, energy conservation policy would be promoted together with alternative sources of energy.

As the House of Representatives resolved to approve this Emergency Decree on the 19th day of August B.E. 2552, it was therefore passed as an Act for further enforcement.



37. The Promulgation of an Emergency Decree Amending the Tobacco Act B.E. 2509 (1966), (No. 2) B.E. 2552 (2009) given on the 13th day of May B.E. 2552 (2009)

The rationale for the passage of this Emergency Decree was because the price rates of tobacco stamp for pipe tobacco and tobacco were not suitable to the current economic situation, and to serve as a means of increasing the country's revenue. It was therefore expedient to increase the price of tobacco stamp or pipe tobacco and tobacco.



As it was an enactment concerning taxation, scrutiny had to be urgent and confidential in the interest of the State hence the promulgation of this Emergency Decree. In essence, the prices for pipe tobacco and tobacco in the Schedule No. 13 for fees and stamp prices for tobacco attached to the Tobacco Act: Prices for Stamps for Pipe Tobacco and Tobacco were revised to 90% by value (80% previously) or by volume at 3 baht per gram, any fraction of one gram being considered one gram (60 satang per gram previously).



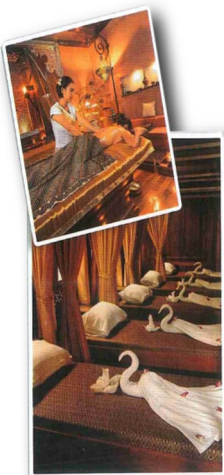
The Emergency Decree Amending the Tobacco Act B.E. 2509 (1966), (No. 2) B.E. 2552 (2009), was beneficial in that the prescribed tariffs were made to be in line with the current situation of the economy and helped increasing channels to boost revenue of the State from tobacco tax as previous legal restrictions prevented tax increase. With this, the State would gain approximately 13,760 million baht annually from the tax increase which would be expended in the development of the country under the policy of the State. Enough revenue for country development would be beneficial to the country's economy. Besides, this would support the control of tobacco consumption.

As the House of Representatives resolved to approve this Emergency Decree on the 18th day of May B.E. 2552 (2009) and the Senate resolved to approve it on the 22nd day of June B.E. 2552 (2009), it was therefore passed as an Act for further enforcement.

38. Excise Tax Exemption for Spa Business

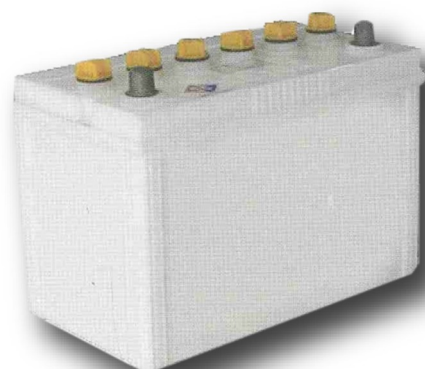
The Council of Ministers had approved the exemption of excise tax on spa business which was collected at 10% of the revenue from services rendered. The Excise Department therefore made revisions and issued a Notification Re Criteria and Conditions for the Exemption of Excise Tax on Service Establishments for Bathing or Body Steaming and Massage in Beauty Salon or for Health, which was announced on the 19th day of October B.E. 2552 (2009) and effective since the 20th day of October B.E. 2552 onwards.

Such exemption was another way of assisting the spa business operators with potential to be internationally competitive and to promote Thailand to become a center of spa services. It would raise the level of capability of business operators to be able to compete internationally which in turn would be beneficial to the tourism industry by attracting tourists from foreign countries to visit Thailand.



39. Exemption of Excise Tax for Battery Products Used as Raw Materials or Components in Manufacturing of Other Products for Export

Battery was listed in the Excise Tariff Act B.E. 2527 (1984). Industrialists were exempted from excise tax if they exported battery products or were entitled to tax refunds. However, some batteries were used as raw materials or components in manufacturing of other products for export. These batteries were not tax-exempted or eligible for tax refunds. The Excise Department deemed it expedient to provide tax privileges to industrialists, importers or users. Besides, it would reduce the excise tax burden on batteries as major raw materials in the production of electrical appliances and electronics ranking in the top 5 of Thailand's exports, and enhance the level of competition. The Excise Department then proposed to the Ministry of Finance to reduce excise tax on battery products used as raw materials or components in the manufacture of other goods for export, which came into force on the 29th day of January B.E. 2554 (2011) onwards.



By virtue of the provisions of Section 103 of the Excise Tax Act B.E. 2527 (1984) in conjunction with the Notification of the Ministry of Finance Re Exemption of Excise Tax (No. 88) dated the 26th day of January B.E. 2554 (2011), the Excise Department issued a Notification of the Excise Department Re Prescribing Criteria and Conditions for the Exemption of Excise Tax for Battery Products Used as Raw Materials or Components in Manufacturing of Other Articles for Export B.E. 2554 (2011), dated the 25th day of March B.E. 2554 (2011), as directives for industrialists, users and importers for proper practice.



40. First Car Project

The Council of Ministers resolved on the 13th day of September B.E. 2554 (2011) to approve, in principle, a money refund to first-time buyers of new cars under the conditions for eligibility for first new car refund according to the government policy as follows:

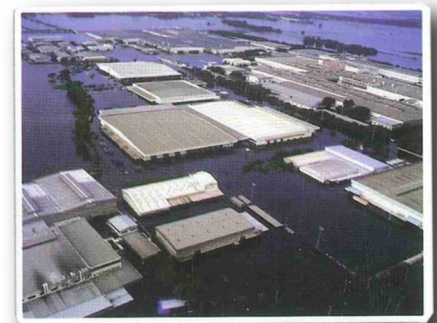
1. The car must be a first new car purchased during the 16th day of September B.E. 2554 (2011) and the 31st day of December B.E. 2555 (2012).
2. The car must be selling for retail, each not exceeding 1,000,000 baht.
3. The car must be passenger car having engine displacement not exceeding 1,500 cubic centimeters / pick-up truck / double cab pickup truck.



4. The car must be domestically produced not including those assembled from imported used parts.
5. Right to refund amount shall be in accordance with the actual excise tax paid but not exceeding 100,000 baht per unit.
6. Purchaser must be 21 years of age or older.
7. Purchaser must possess the car for not less than 5 years.
8. Right to refund amount shall begin after 1 year of possession of the car (payment shall begin from the 1st day of October B.E. 2555 (2012) onwards.)

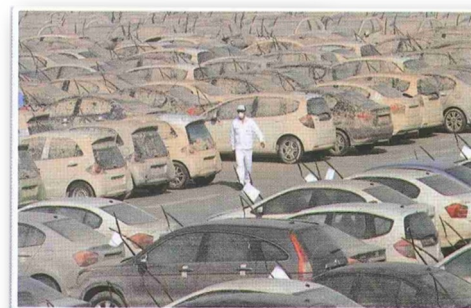
41. Measures to Assist Flood Victims

The Excise Department also extended the excise tax payment period to industrialists and business operators affected by floods in 8 provinces, namely, Nonthaburi, Pathum Thani, Phra Nakhon Si Ayutthaya, Sing Buri, Nakhon Sawan, Phichit, Uthai Thani, and 9 Khet (districts) in Bangkok Metropolis, namely, Bang Bon, Bang Phlat, Don Mueang, Bang Khen, Bueng Kum, Min Buri, Sai Mai, Lat Krabang, and Nong Chok. Such time extension was for the filing of tax returns which had to be filed during the 1st day of September – 30th day of November B.E. 2554 (2011). Subsequently, tax returns could be filed by the 15th day of December B.E. 2554 (2011). All categories of goods and services under the Excise Tariff Act B.E. 2527 (1984) were given said time extension for excise tax payment.

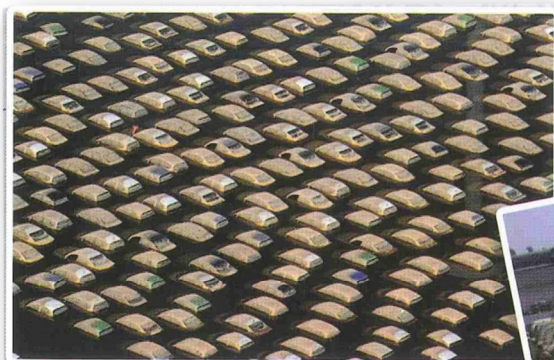


42. Measures to Assist Flood Victims with Damaged Cars

The floods that took place around the 25th day of July B.E. 2554 (2011) had a widespread impact on people. 383,128 households in 38 provinces and 681,355 households in Bangkok Metropolis were affected. It was estimated that about 100,000 cars were damaged by the floods and about 30,000 new cars would need to be purchased. In conjunction with the government's first car policy to relieve the cost burden of necessities on the general public, such policy was implemented to assist and alleviate the difficulties of flood victims who wished to purchase new cars.

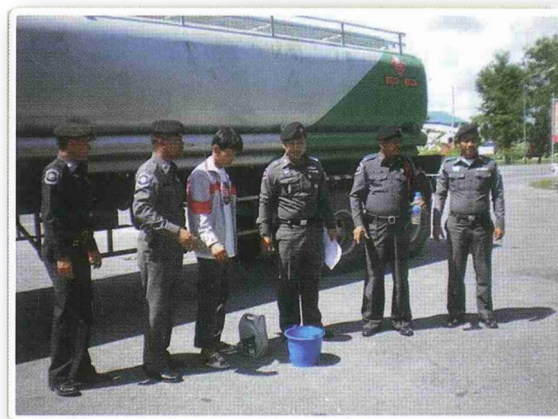


In order to relieve the burden of the possessors of the automobiles affected by the floods, the Council of Ministers resolved on the 4th day of January B.E. 2555 (2012) to approve, in principle, supporting funds equal to the actual amount paid but not exceeding 100,000 baht per unit except in all instances of automobiles exercising insurance coverage claims from insurance companies. Eligible persons had to be a natural person of Thai nationality. Criteria were prescribed for new automobiles that qualified and evidence had to be produced by eligible persons.



1. Enhancement of Excise Tax Audit Efficiency

The excise tax law enacted in B.E. 2527 (1984) came into force on the 19th day of November B.E. 2527 (1984) and can be considered as the first excise tax code facilitating the work of tax collectors and taxpayers' understanding of compliance. The Excise Tax Act B.E. 2527 (1984) is the principal law for tax administration while the Excise Tariff Act B.E. 2527 (1984) specifies types of goods and services on which excise tax is levied and also prescribes tax rates. The excise taxpayers are required to file their tax returns and tax payments by making self assessment in the same manner as taxpayers paying tax to the Revenue Department which requires the Excise Department to establish a back tax audit procedure through the setting up of tax auditor positions. The tax audit procedure was established in the form of directives for tax audit procedure rules in B.E 2528 (1985) by adaptation from the procedure of the Revenue Department at that time. However, the directives for tax audit procedure of the Excise Department was revised there times, i.e., in B.E. 2529 (1986), B.E. 2545 (2002), and B.E. 2547 (2004) but no changes were made to any of the principles and implementation since B.E. 2528 (1985). This made excise tax audit procedures to not be in harmony with the nature and characteristics of the business operations of taxpayers regarding either goods or services which require modern administration principle emphasizing on rapidity, cutting back on unnecessary costs, and creation of network. These approaches are popular in many countries as taxpayers can survive, grow and become competitive with other domestic and international business operators.



Some of the requirements of the former directives were not suitable to tax audit and therefore revisions of the forms and reduction of their number used in the audit became necessary for more flexible work and less form filling especially to be in line with administrative law. The supervision and comprehensive audit at the premises of the operators provided in the new directives helped shorten the audit process hence less audit time per case. More and thorough audits could be carried out thereby creating fairness in the excise tax system and not creating an unpaid tax burden for the Excise Department. Regional audits could be made more transparent and appropriate audit patterns chosen to suit the situation. Revisions of audit directives provided an opportunity for good taxpayers with no tax evasion intent so as to make them able to pay the shortfalls without having to be assessed thus promoting an affiliation network with good taxpayers.

In this regard, the Directives of the Excise Department Re Excise Tax Audit according to the Excise Tax Act B.E. 2527 (1984), B.E. 2553 (2010) dated the 23rd day of November B.E. 2553 (2010), newly in effect, were an improvement to update the excise tax audit, to build up flexibility and rapidity and, at the same time, reducing unnecessary disruption to taxpayers' operations with more elasticity and diversity in tax audit suitable to specific business operations and situations.



Besides, in the fiscal years of B.E. 2554 (2011), a state-of-the art information technology analytical program "IDEA Data Analysis Software Version 8.4" was used in tax audit operation. With its high speed data processing and accuracy, tax audit became more efficient and effective.

2. A Project Increasing Efficiency of Coastal Oil Control System

In B.E. 2539 (1996), the Excise Department installed automatic oil measuring meters at 37 coastal oil depots. These meters worked automatically with computer controlled on-off valves connected with the controlling systems of the Excise Department or Provincial Excise Offices, as the case may be. The systems were able to monitor, control and report the movement of incoming and outgoing oil at the depots with the ability to record the quantity, temperature, and density of the oil constantly. The project operation yielded satisfactory results, i.e.,

1. Effective prevention and suppression of smuggling duty-unpaid automotive diesel fuel into various coastal oil depots;
2. Convenient, speedy, and efficient operations;
3. Reduction of personnel at oil depots for other missions.

3. "Green Oil Project" to Help Fishermen and Marine "GPS"

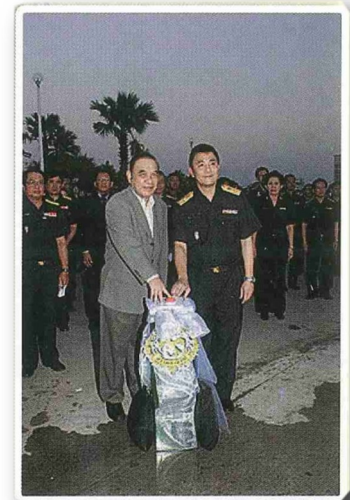
A project to sell diesel fuel to fishermen on the Kingdom's boundary (Green Oil Project) was initiated by the Council of Ministers on the 3rd day of October B.E. 2543 (2000). The project workgroup was chaired by the representative of the Excise Department. Other concerned agencies comprised the Revenue Department, the Customs Department, the Marine Department, the Department of Energy Business, the Department of Fisheries, Royal Thai Police, Energy Policy and Planning Office. The agencies concerned carried out their parts in the project: the Department of Energy Business (the Department of Business Registration) issued a notification of the Ministry of Commerce on the prescription of the quality of diesel fuel for sale in the project. The Excise Department issued a notification of the Ministry of Finance on exemption of excise tax and prescription of criteria, procedure

and conditions concerned. The Customs Department had issued a notification of the Ministry of Finance for duty exemption and prescription of procedure concerned. The Revenue Department issued a Royal Decree exempting value-added tax for oil in the project. Green oil was oil mixed with green marker in diesel oil sold to large fishing vessels at a price lower than onshore oil price via oil tankers anchored in the boundary area 12-24 nautical miles offshore. Green Oil Project was another government project to help fishermen affected by the continually increasing oil price which began selling in the latter part of April B.E. 2544 (2001). The Green Oil price sold to fishing vessels was much cheaper than the offshore oil price as excise tax, value-added tax, and Oil Funds remittance were exempted. The project considerably reduced the smuggling of illegal oil from foreign countries and besides, the Green Oil tankers were much nearer than the illegal oil tankers.

However, as Green Oil price was cheaper than market price, there could be incentives to smuggle the Green Oil and sell it beyond the 12-24 nautical-mile limit. The Excise Department therefore installed GPS (Global Positioning System) equipment on the oil tankers to monitor their routes and anchorages for Green Oil selling. The Excise Department assigned its Center for Prevention and Suppression to monitor and investigate vessels' navigation and positions 24 hours a day.

4. Patrol Boats and Onshore GPS Project

The Ministry of Finance laid down a policy for the Excise Department to strictly control contrabands including implementation of proactive measures in the prevention and suppression of excise law violations and to induce those who evaded the system to return. The Excise Department emphasized on the combination of controlling and auditing tax offenders by employing and integrating information technology on prevention and suppression by linking said data nationwide for maximum efficiency. Two 500-HP sea-patrol speedboats equipped with radar equipment were purchased called "Ratchawat 1" and "Ratchawat 2". The monitoring task of the Center for Prevention and Suppression for vessel positions via satellite (GPS 1) was expanded to include the monitoring of onshore oil transport vehicles (GPS 2) by installing controlling a computer network server and related equipment to support the nationwide system. GPS for transport monitoring and controlling was also employed by the setting up of the Center for Prevention and Suppression of Commission of Petroleum-related Offences at the Excise Department. The system required oil carriers and oil tankers to have satellite GPS installed.



5. Tax Map and Excise Tax Offenders Map Development Project

In fiscal year B.E. 2552 (2009), the Excise Department organized a project for the development of tax map and excise tax offenders map for investigation and data collection of business establishments both newly opened and shutdown without notifying the Excise Department. The operation center was set up to link excise tax map database information to various concerned areas nationwide and to display the statistics on geographical maps. This was done to enhance the efficiency of the audit, prevention and protection tasks of the Excise Department.

The Excise Department aimed to develop the geographical maps linking its information concerning collection and suppression thereby integrating preventive and suppressive tasks nationwide.

6. Pilot Project for the Opening of Joint Checkpoints and Destruction of Seized Liquor

Large amounts of tax-unpaid liquor were traded illicitly out of community liquor factories in various forms especially in the upper northern region: smuggled liquor was traded in bags, recycling of used liquor stamps, or taking unstamped liquor out of the factories. This had an impact on the society and created unfairness for taxpayers. The Excise Department drew up measures to intercept or pressure the tax-evading liquor smugglers by combining the task force of the Office of Prevention and Suppression with the Excise Offices of Region 5 and Region 6 in setting up checkpoints as well as a destruction of seized liquor coordination center to intercept the smuggling of tax-unpaid community liquor to the central region and Bangkok Metropolis and its greater areas in order to provide consumers with standard quality liquor. A "War Room" was established and 11 checkpoints were set up in coordination with the Excise Offices of Regions 2, 3, 7 and 10. The Operation started on the 15th day of March B.E. 2554 (2011) and ended on the 15th day of June B.E. 2554 (2011).

The coordination center arrested 829 cases of liquor violation with 23,162.25 liters of distilled liquor, 4,110.54 liters of fermented liquor, 3,300 grams of liquor starter, and imposed fines totalling 4.38 million baht. In the area of Phrae province, collection of liquor tax amounted to 90.77 million baht being 11.59 million baht higher than the corresponding period of the previous year (79.18 million baht) or 14.63% higher than the previous year. The tax collected was 30.57 million baht over the target or 50.78% higher than target. In the area of Sukhothai province, collection of liquor tax amounted to 6.59 million baht being 0.675 million baht higher than the corresponding period of the previous year (5.91 million baht) or 11.41% higher than the previous year. The tax collected was 1.36 million baht over the target or 26.05% higher than target.

Results of suppression of tobacco offences: 12 arrests with 294 packets of foreign cigarettes and 77 packets of domestic cigarettes, and fines totalling 131,972.50 baht; 15 arrests under the Excise Tax Act B.E. 2527 (1984), with 21,000 liters of gasoline, 7 motorcycles, 132 batteries, 900 bottles of beverages, and fine of 854,260.00 baht; 3 other arrests with 16,987 methamphetamine pills. The overall results: 658 arrests with 4,350,231.54 baht in fines.

1. Regional Tax Collection Administration

The Excise Department first set up Provincial Excise Offices and District Excise Offices and appointed Regional Inspectors in B.E. 2477 (1934). In B.E. 2545 (2002), the organizational structure of the Excise Department went through major changes and the Provincial Excise Offices were renamed as Area Excise Offices. Normally, there is one Area Excise Office in one province except in the provinces of Phra Nakhon Si Ayutthaya, Pathum Thani, Nakhon Pathom, Chon Buri, Samut Prakan, and Rayong, in each of which there are two Area Excise Offices as the workloads are high. Besides, 5 Area Excise Offices have been set up in Bangkok Metropolis area. District Excise Offices have been changed to Branches of Area Excise Offices where one Branch of Area Excise Office is responsible for several districts.

Presently, the regional structure of the Excise Department is divided into 10 Regional Offices with 86 Area Excise Offices and 178 Area Excise Office branches in accordance with the Ministry of Finance Re Designating and Restructuring Government Agencies under the Ministerial Regulations Restructuring the Excise Department, Ministry of Finance, B.E. 2551 (2008).

2. The Promulgation of the Excise Tax Act B.E. 2527 (1984)

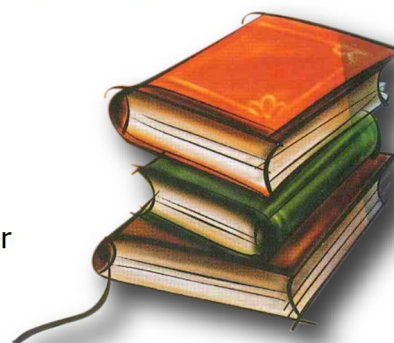
The Excise Department made improvements in the administration of tax collection to ensure efficiency towards the goals set for fairness and to facilitate the taxpayers in order to suit the economic situation of the country. In this regard, the following laws were repealed.

- The Cement Tax Act for Cement Manufactured in the Kingdom B.E. 2475 (1932)
- The Act for Tax Collection of Lighters Manufactured in the Kingdom B.E. 2476 (1933)
- The Snuff Tax Act B.E. 2546 (2003)
- The Oil and Oil Products Produced in the Kingdom Tax Act B.E. 2507 (1964)
- The Act for Matches Manufactured in the Kingdom B.E. 2508 (1965)
- The Beverages Tax Act B.E. 2509 (1966)

The following laws, ministerial regulations, notifications, orders, and directives were passed

- The Excise Tax Act B.E. 2527 (1984)
 - The Excise Tariff Act B.E. 2527 (1984)
 - The Excise Tax Allotment Act
 - The Liquor Tax Allotment Act B.E. 2527 (1984)
- and came into force from the 19th day of November

B.E. 2527 (1984).



The rationale for the promulgation of this Act was because in order to collect tax from one type of goods, the Excise Department had to rely on one specific law while the manner of tax collection of those goods were similar thereby causing difficulties to taxpayers and tax collectors. Besides, it was inconvenient to revise tax rates or to tax additional goods as fresh legislation was required for each new type of goods. It was therefore expedient to compile all similar collection of taxes in one place hence the passage of this Act (published in the Government Gazette, Special Edition, Volume 101, Part 128, dated the 20th day of September B.E. 2527 (1984))

3. The Use of Computers to Enhance the Efficiency of the Excise Department

In B.E. 2527 (1984), the Excise Department initiated a project called "A Project to Purchase Appropriate Computer System to Use in the Operation of the Excise Department" and proposed it to the Committee for the Consideration of Development of Computer Center Operation, Ministry of Finance. However, under the "Directives of the Office of the Prime Minister on the Administration of the State's Computers", a committee was set up to consider projects to have/use computers for government agencies and government enterprises. Therefore, the Excise Department's project to purchase an appropriate computer system was forced to be suspended as the project had to be submitted to said Committee for State's Computers. Towards the end of B.E. 2531 (1988), the Excise Department purchased 9 sets of microcomputers. The purchase agreement was signed on the 2nd day of November B.E. 2531 (1988) in the amount of 905,030 baht. The computers were of 80286-model together with 24-pin dot matrix printers installed at the Technical and Planning Division for use with word processing tasks with application programs such as CW Word, or with LOTUS 123 application program for spreadsheet calculation and small database application programs such as Dbase III or Fox Base.



4. Collection of Excise Tax from Beer Using Meters

For beer which is produced in Thailand, in addition to paying tax by stamping, the Excise Department also allowed the use of liquor liquid measuring equipment, the so-called "meter" provided in the Directives of the Excise Department on the use of liquor liquid measuring equipment for payment of tax for fermented liquor B.E. 2545 (2002) dated the 22nd of January B.E. 2545 (2002).



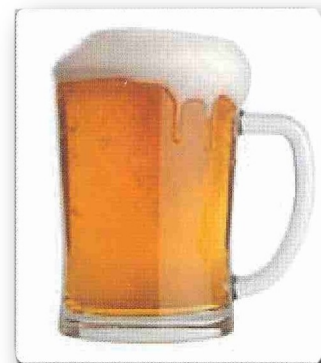
Specifications and Installation of the meter are as follows.

1. Measurement error shall not exceed $\pm 0.25\%$, rereading error shall not exceed $\pm 0.10\%$.

2. There shall be electrical conductivity value for liquor liquid and a backup power supply unit to measure the difference between water and beer.

3. There shall be verification by calibration and accuracy test review by other agency approved by the Excise Department within 15 days after installation.

4. Each test shall be conducted at least 3 times. Each time shall meet the accuracy value mentioned in clause 1 above. The test shall be conducted once every six months.



5. Setting up of Oil Operation Room

On the 22nd day of February B.E. 2538, the Council of Ministers considered a subject concerning proposals to resolve oil import problems and passed a resolution concerning the Excise Department for its operation as follows.

1. Installation of automatic oil level gauges for coastal oil depots which had been done and have been in operation.

2. Setting up of a 24-hour operation room to control, follow and monitor oil receiving and distributing via vessels, to control, monitor and investigation of oil smuggling, to link information networks, to control transfer of oil and oil products, to investigate oil receiving and distributing, and to be a center for coordination with concerned provinces and agencies.

3. Oil receiving and distributing systems at coastal and river depots.

The Council of Ministers resolved on the 18th day of December B.E. 2544 (2001) to assign the Ministry of Finance as a principal agency responsible for formulation of policies and measures to prevent and suppress petroleum offences in place of the Office of the National Energy Policy Committee. The Ministry of Finance then designated the Excise Department a principal agency in coordinating cooperation with 4 other agencies concerned: the Customs Department, the Energy Business Department, the Energy Policy and Planning Office, and Royal Thai Police.

6. The Concept for the Setting Up of a National Institute for Liquor Research and Development

In B.E. 2538 (1995), the Excise Department was supported by an expert from the Ministry of National Revenue, Canada, who worked as an advisor to the Excise Department in the setting up of a National Institute for Liquor Research and Development. The objectives were to provide the Institute with responsibility for the promotion of the liquor industry and research as well as being a center for technical services for other agencies.

7. The Excise Department and the ISO 9002 Quality Standards

In B.E. 2542 (1999), the Excise Department had a policy to apply the ISO 9002 Quality Standards in its 3 service operations, namely, the Revenue Section under the Revenue Division; the License Division under the Tax Collection Administration Office 1, and the Tax Registry and Tax-paid Mark Division under the Tax Collection Administration Office 2. This was to publicize that the services rendered by the Excise Department met the ISO 9002 Quality Standards and were suitable to its operations. The Department was confident that its services were satisfactory.

8. The Excise Department's Integrated Services for Taxpayers through the Internet (e-Excise)

Internet online tax payment service was a reformation of the service system and work procedure of the Excise Department for efficiency through information technology and communications for the convenience and promptness for taxpayers. The service started on the 1st day of July B.E. 2546 (2003) and was joined by 10 commercial banks, namely, Krungthai Bank Public Company Limited, Siam Commercial Bank Public Company Limited, Asia Bank Public Company Limited, Citibank Limited, Mizuho Bank Limited, Sumitomo Mitsui Banking Corporation, and PCC e-pay banking group comprising the Thai Military Bank Public Company Limited, Bangkok Bank Public Company Limited, the Thai Farmers' Bank Public Company Limited, the BankThai Public Company Limited. The Excise Department hired a private company to develop the work system since the 2nd day of May B.E. 2544 (2001).

9. The Mobile Lab Project

In fiscal year B.E. 2549 (2006), the Excise Department organized a project granting liquor quality certification marks extending from fiscal year B.E. 2548 (2005) by expanding the scope from community fermented fruit liquor to all kinds of liquor in order to upgrade liquor standards to gain consumers' acceptance. Realizing the significance of production problems faced by producers of community liquor, the Excise Department therefore formulated a proactive policy to provide technical assistance in giving advice on the liquor production process which led to the "Mobile Lab" project. The principal functions were to inspect and analyze the characteristics of excise goods and seized goods such as liquor, alcohol, perfume, oil and oil products, beverages, tobacco, crystal and lead crystal glass. The results of the analyses were used in the examination of tax payments and to prove seized evidence in the audit and suppression of excise law offenders.

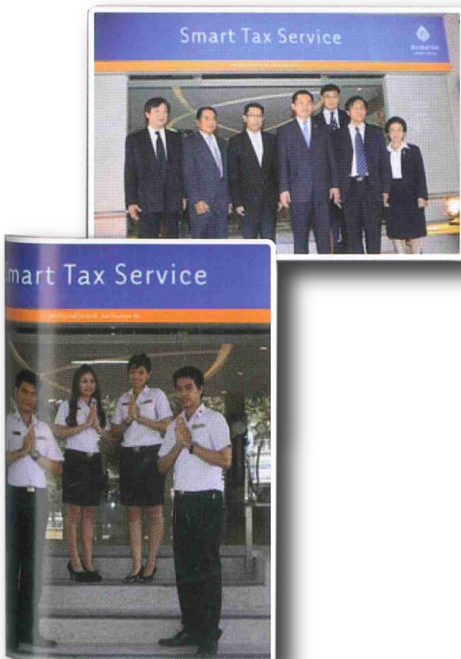
In addition to the principal function of goods analysis, the Lab also inspected the excise goods production process for consideration in granting licenses. It also provided scientific advice to industrialists or other agencies concerning goods taxable by the Excise Department.

10. Public Sector Management Quality Development Project

Since fiscal year B.E. 2550 (2007), the Excise Department has been a pilot agency implementing Public Sector Management Quality Development Project (PMQDP) to develop government agencies and make self-assessment based on organizational quality standards which could be used as guidelines for improvement of organizational management in order to raise the quality standards of government sector agencies to international level. Such operations required synthetic overview in the same direction with joint integration meaning to link operations of all 7 chapters of the PMQDP. The Excise Department approved the implementation of said project from B.E. 2550 (2007) until the present in the form of the Public Sector Management Quality Award (PMQA). The Excise Department was able to continually attain the required level in the past. In the fiscal year B.E. 2553 (2010), the Excise Department was awarded the full 5 marks. The only two agencies under the Ministry of Finance to achieve 5 marks were the Excise Department and the Comptroller General Department. In fiscal year B.E. 2555 (2012), Department executive planned to extend the PMQA requirements to various units both in central and regional administrations.



11. The Setting Up and Development of Smart Office System of the Excise Department



The Excise Department developed and set up the Smart Office System and improved the overall image including the landscaping of the Bangkok 3rd Excise Office (prototype) which was open for operation on the 17th day of February B.E. 2553 (2010). The Back Office area was also renovated by rearranging working desks into clusters of four. Facing each other, occupants of opposite desks and their adjacent occupants on their left or right were able to conduct work discussions. The atmosphere became more friendly thus enhancing teamwork. Knowledge could then be exchanged from "Tacit Knowledge" of individual staff members to "Explicit Knowledge".

Lockers for personal property were provided thus making the working desks tidier. New space-saving filing cabinets of built-in type were installed for easy file keeping and file retrieving and rendering the office well-organized.

12. Creation of Organizational Culture

The Excise Department has clear administrative principles to attain sustained development for the organization. In fiscal year B.E. 2547 (2004), the Excise Department initiated its "MEET" conceptual values. An acronym is always easy to remember. The concept prioritized tax collection using modernized technology. The indicators were the number of IT working systems that were created or developed. The acronym "MEET" can be defined as follows:

M = Modern. The system aimed at applying information technology for the administration of tax collection by using measuring and counting instruments together with distance communications system and the application of online tax payment services through Internet networks and the use of e-office in various administration affairs such as electronic document management.

E = Efficiency. Worthiness of budget spending and service time is the emphasis. The e-Excise system accepting electronic tax payment has been initiated starting with goods such as playing cards, automobiles, and telecommunication services, to increase tax payment channels for the public.

E = Efficiency. The RBM (Result Based Management) System was used in 4 administration dimensions: Customers (Taxpayers), Process, Innovation and Finance.

T = Transparency. Governmental service was designed for the people. Electronics service channels were developed to listen to public opinions emphasizing on development participation on the outside-in viewing principle. Public opinions are to be considered. Opinions of the private sector or the public concerning services or complaints about corruption, or information on excise tax evaders are welcome. Director-General's hotline is also available. This is to demonstrate transparency and examinable operations of the Excise Department. Suggestions offered by the public will be taken into account to improve work efficiency and effectiveness.

In fiscal year B.E. 2551 (2008), the Excise Department planned a paradigm shift to be in line with its social value under its plan/project to adjust and create the Excise Department's organizational culture. Selected pilot agencies within the 5th and 6th Area Excise Offices for the implementation of this plan/project were: 1) Lampang Area Excise Office and Mueang Branch, 2) Uttaradit Area Excise Office and Mueang Branch



3) Kamphaeng Phet Area Excise Office and Mueang Branch, 4) Nakhon Sawan Area Excise Office and Mueang Branch, 5) Phitsanulok Area Excise Office and Mueang Branch. Public relations for the implementation of the plan/project on S-M-I-L-E social values have been carried out continuously.

S-M-I-L-E social value means

S = Standard (We undertake to maintain international standards by providing services with fairness, righteousness, transparency, and speediness, taking into account the people's satisfaction.)

M = Modern (We aim to develop our organization to keep abreast with information technology and innovation on administration of tax collection by providing readiness to all levels of the organization to build up excellence in our organization.)

I = Integration (We aim to develop joint operation processes both within the organizational networks and outside with harmony and understanding by making it worth the resources for the highest goals.)

L = Learning (We aim to learn new things to keep up with changes and share the knowledge and experience with each other to perpetually increase the work capability of personnel.)

E = Empowerment (We undertake to do our work willingly and develop ourselves to be readily receptive of decision-making power. We support authorization at every level for speedy work and provision of opportunity for personnel to fully perform on the basis of joint responsibility.)

The assessment to select 23 leaders of change ("Change Champions") for a study visit to Australia was carried out using a 360-degree method.

13. Excise Hotline 1713

The Excise Department realizes the importance of communications with people therefore its 9-digit telephone numbers were changed to 4-digits or "Excise Hotline 1713" which has been in service on the 24th day of June B.E. 2553 (2010) to facilitate taxpayers and the public in general. The number was originally for informants to inform officials of excise law offences. The services covered general enquiries and information on excise law, leads to the commission of offences against the excise law and complaints via a 30-line telephone network.

The public can make enquiries on all matters concerning the Excise Department from 8:30 a.m. to 4.30 p.m. Leads to commission of offences of the excise law can be given 24 hours. The Excise Department will keep the personal details of informants confidential.



14. The Production of the People's Manual

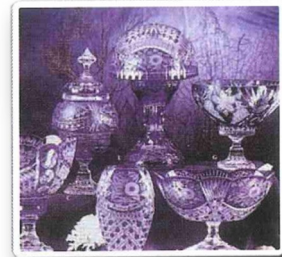
Public administration and services provided by government agencies having service recipients as center are services provided to satisfy the needs of service recipients. The agencies are bound to invent new techniques to improve their service quality to create good and impressive relationship with the people who act as service recipients and interested parties.

The Public Sector Management Quality Development Workgroup (PMQA) Chapter 3: Prioritizing the Importance of Service Recipients and Interested Parties, fiscal year B.E. 2552; the Excise Department produced People's Manuals on "Application for Licenses to Sell Liquor, Tobacco, and Playing Cards", and on "Rights and Duties of Excise Taxpayers under the Excise Tax Act B.E. 2527 (1984)" for distribution to service recipients and the public in general. The purpose of the manuals was to advise the people and help them understand the services for their convenience and satisfaction and make them willing to comply with the law and directives of the government.

15. Revisions of Excise Tax Policy on Lead Crystal Glassware Business

On the 15th day of June B.E. 2553 (2010), the Excise Department revised its notification re criteria and conditions for tax exemption for lead crystal and other crystal glass used as raw materials or components in production of goods. This was done to facilitate business operators of decorative and fashionable items with more flexibility for their business operations comprising the following essentials.

1. Discontinuing the requirements for letters of guarantee to be deposited against the excise tax amount.
2. No more quantity inspection prior to customs clearance inspection by import customs officials, or prior to storing in warehouse, or prior to shipment to the location of industrial establishment using lead crystal as raw materials.
3. No requirements for the filing of formulae and processes for production of the goods.
4. No requirements for the use of tax-exempted raw materials to produce goods and export the same from the Kingdom within 1 year.
5. Additional criteria and conditions were made to the Notification of the Excise Department to cover business operators who imported goods under the Excise Tariff to distribute as raw materials to the first stage producers of goods revised by the said Notification of the Excise Department. The Excise Department believed that doing so would reduce trade obstacles for Thailand's gem and ornament industry especially the small and medium enterprises (SMEs), support the potential to compete with imported finished ornaments and enhance the capability of ornamental export industry which was estimated by the Excise Department to be in excess of 6,000 million baht.



16. The Center of Excise and Customs Studies (CECS)

On the occasion of the 78th anniversary of the Excise Department on the 17th day of February B.E. 2553 (2010), the Excise Department set up a Center for Excise and Customs Studies: CECS, a cooperation between the Excise Department and the Center for Customs and Excise Studies, University of Canberra, to study and compare various systems of tax collection administration and frameworks of excise tax policy under international standard rules to improve the excise tax system keeping it in line with changing situations and the Free Trade Agreement. The studies aimed to achieve this by improvements towards a clearer and fairer tax system for taxpayers and to use excise tax measures to protect the society and environment.



17. The Setting Up of Excise Taxpayers' Rights Protection Center

In B.E 2554 (2011), the Excise Department had a plan to create transparent operations aiming at standards and clarity, reduction of burden of business operators, and fair enforcement of the law. In this regard, the Excise Department resolved to set up an Excise Taxpayers' Rights Protection Center with objectives to promote the protection of taxpayer's rights, giving advice and knowledge to new and existing business operators on excise tax payment, disclosure of information on tax collection administration, and following up on solutions to taxpayers' problems.

The Excise Taxpayers' Rights Protection Center was officially opened on the 3rd day of June B.E. 2554 (2011) pursuant to the Order of the Excise Department Reference No. 228/2554 dated the 28th day of April B.E. 2554 (2011), and operated by a group of 6 consultants. Of the 6 consultants, 2 were honorary. Each of the consultants is publicly known to be knowledgeable and capable. The modern and wide-ranging communications channels have made access convenient and easy.



18. Excise Tax Payment by Automatic Account Debiting via Excise Smart Card

In fiscal year B.E. 2554, the Excise Department added another service channel for taxpayers by accepting tax payment by automatic account debiting via Excise Smart Card in real-time.

The added tax payment service channel helped reduce expenses incurred by withdrawing cash from the bank including the process of cheque preparation made out to the Excise Department by taxpayers or payers. It is convenient for taxpayers to be able to file tax returns and make tax payments at every Area Excise Office nationwide.

The Excise Department can access information such as the operator's name, type of tax, and amount of tax. The service channel lessens cheque clearing time for the Excise Department for payments received from taxpayers thus increasing efficiency for banking deposits of the Department. This service channel also supports real-time information on all kinds of tax payments for executives useful for the administration of tax collection, prevention and suppression of the commission of excise law offences.



19. Innovation Promotion Project

The Excise Department promotes innovation in the organization. Prizes received from the 2nd MOF Innovation Awards 2010 comprised

1. Departmental Level or Equivalent Awards

1. **Champion Award** for services within Ministry of Finance

Innovation Title: Mobile Fuel Laboratory Unit

Innovator: Goods and Seized Goods Analysis Workgroup

2. **Champion Award** for services to public and external agencies

Innovation Title: Remote Metering and Computer Communications System Controlling the Production and Tax Payment of Beverages

Innovator: Office of Tax Collection Standard and Development I

Besides, the Excise Department received 3 Public Service Quality Awards for B.E. 2554 (2011) from the Office of Public Sector Development Commission on the 21st day of December B.E 2554: two top awards in the service innovation category and an honorable mention award in the work procedure category.

80 Years – 80 Outstanding Achievements Chapter 4 – Social Missions and Activities

1. Budget Allotment for the Construction of Thetsaban Sanphasamit Bamrung School

“Parents Give Life, Excise Gives Education” is a slogan of Thetsaban Sanphasamit Bamrung School located at Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya Province. The school was established in B.E. 2466 (1923) as a local administration provided school called “Rongrian Prachaban Tambon Tha Wasukri 1” located at Salapun Temple using a pavilion at the temple as classroom building. Later, in B.E. 2476 (1933), the pavilion became too small as the number of pupils increased. The school was then moved to a military dining facility. Before B.E. 2482 (1939), the Excise Department had built a liquor factory in the military camp and a part of the dining facility had been demolished. The military requested the remaining part of the food facility back from the school. The school then had to move to a certificate teacher’s training school which was also situated in the military camp. Later on, in B.E. 2483 (1940), the Excise Department allotted a budget for new school construction on the east side of the liquor factory which has been the school location till today. On the 14th day of December B.E. 2554 (2011), the Excise Department arranged an activity called “Sanphasamit Ruam Chai Khuen Wan Sotsai Hai Nong” for the rehabilitation of the school which had been damaged by floods.



2. Remittance of Oil Fund Contributions for the Stabilization of Retail Prices of Oil

The Oil Fund was set up under the purpose and intent of the Emergency Decree to Resolve and Prevent Oil Shortage B.E. 2516 (1973) as an instrument of the government to prevent oil shortage and to stabilize the country’s fuel retail prices due to high world market prices to minimize the impact on the economy and the people. The Excise Department has been responsible for oil fund remittance from domestically manufactured oil. Each type of oil requires a different rate of remittance. This portion of contributions would have been used to compensate for the difference of some types of fuel such as NGV and diesel fuel, to relieve people of the burden of a hike in the price of domestically manufactured fuel. In fiscal year B.E. 2554 (2011) (October B.E. 2553 (2010) through October B.E. 2554 (2011)), the Excise Department remitted to the Oil Fund the amount of 39,876 million baht.

3. Royal Kathin Ceremony of the Excise Department to Uphold Buddhism

The Excise Department realizes the importance of religious activities in Buddhism. The religion is regarded as the national religion of Thai people. Royal Kathin Ceremonies by the Excise Department were continually organized since B.E. 2544 (2001) annually. The Department received the Royal Kathin Robes from His Majesty the King to give as gifts to monks staying in various royal monasteries during the Buddhist Lent. Each year, faithful Buddhists are invited to participate in the donations for royal monasteries to maintain Buddhism. In the most recent year, B.E. 2554 (2011), a party from the Excise Department travelled to Wat Sisudaram Wihan, Bangkhunnon Sub-district, Bangkok Noi District, Bangkok Metropolis, and donated a sum of 1,804,189 baht contributed by all participants to the Wat. The merit-making activities have continued annually.

4. Tax Collection on behalf of the Provincial Administration Organizations

The Council of Ministers resolved on the 29th day of December B.E. 2541 (1998) to approve the proposals submitted by the Ministry of Interior to appoint the Excise Department, Ministry of Finance, to collect maintenance taxes for provincial administration organizations because the Excise Department was the agency currently collecting taxes from tobacco and oil. Taxes on tobacco and oil to be collected from retailers by the provincial administration organizations as stipulated in the Provincial Administration Organization Act B.E. 2540 (1997) are of the same nature as excise tax, i.e., specific tax (5 satang for a roll of tobacco and 5 satang for a liter of oil). Having under its control work units at provincial and district levels nationwide, the Excise Department stands ready to give cooperation to locality development by collecting taxes on behalf of the provincial administration organizations.

Goods from which taxes are collected on behalves of the provincial administration organizations:

1. Tobacco (cigarettes and cigars)
2. Gasoline and similar oil and diesel fuel and similar oil

5. Remittance of Contributions to Thai Health Promotion Foundation for Reducing, Suspending, and Quitting 'Sin' Products

The Office of Thai Health Promotion Foundation was established under the Thai Health Promotion Foundation Act B.E. 2554 (2011). Its functions are to coordinate cooperation among groups of people, organizations and general communities in the hope of creating 4 aspects of good health: physical, mental, intellectual and social, to make Thailand a good place to live without restrictive means. The program welcomes new concepts and approaches to the expansion of social value to help create healthy behavior in the people. It is considered a new form of health organization in harmony with the World Health Assembly Resolution Item 12.8: Health Promotion and Healthy Lifestyles.

The revenue for the operation of the Thai Health Promotion Foundation came from 2% excise tax collected from tobacco and liquor in the form of "earmarked fund". This means tax collected from certain goods and services is to be spent in activities related to such goods or services.

The spending does not have to go through budget allotment procedure because it was expressly provided in the Act setting up the Fund for the purpose of educating and raising awareness of the harms of liquor, tobacco and health detrimental substances, eventually leading to reducing, suspending, and quitting. The Excise Department began to make contributions to the Fund in B.E. 2544 (2001) – the first year the Act came into force – and is still contributing. In fiscal year B.E. 2554 (2011), the Excise Department contributed more than 2,775.8 million baht to the Thai Health Promotion Foundation. It is considered a move to strengthen Thai society through a campaign of directly responsible independent organization.

6. Stipulation of Conditions for Issuance of Licenses for Liquor, Tobacco to Lessen Opportunities for Youth and People to have Access to Sin Products

The Excise Department is an agency having principal duty in overseeing policy for distribution of liquor and tobacco in the form of granting licenses to permit their sales. Formulation of policy at each time requires consideration of propriety and Thai social values. For most people, traditionally, religious establishments are places for spiritual shelter, academic institutions for knowledge and life maintenance, and gasoline stations for resting during long car journeys. Selling addictive substances and intoxicants in such places is improper. The Excise Department realizes the significance of this matter as evidenced by the issuance of Ministerial Regulation on Requirements Concerning Issuance of License for Liquor Selling and Liquor Sale B.E. 2548 (2005), dated the 17th day of November B.E. 2548 (2005). It was clearly stipulated that "liquor shall not be sold in academic institutions, religious establishments or gasoline stations or any area adjoining academic institutions, religious establishments or gasoline stations". Besides, saleable times were also stipulated for uniformity of standard, i.e., from 11 a.m. – 2 p.m. and from 5 p.m. – 12 p.m., effective since the 1st day of January B.E. 2549 (2006). Additionally, a Ministerial Regulation No. 28 (B.E. 2549 (2006)) issued by virtue of the Tobacco Act B.E. 2509 (1966), dated the 30th day of June B.E. 2549 (2006), prohibits the issuance of tobacco selling license to places in the vicinity of academic institutions, religious establishments, or gasoline stations.

7. The Production of "With Our Hearts" – A Book in Honor of Her Royal Highness Princess Galyani Vadhana Princess of Naradhiwas

The Excise Department published a book called "With Our Hearts" (in Thai: ด้วยดวงอาทิตย์) in honor of Her Royal Highness Princess Galyani Vadhana Princess of Naradhiwas on her 84th birthday (the 7th constellation cycle) on the 6th day of May B.E. 2550 (2007), an auspicious occasion for the Excise Department, as for all the Thai populace, to express loyalty and

gratitude for the endless kindness Her Royal Highness had towards the people and Thailand as a country.

As a daughter of the King's Father and the King's Mother, and the elder sister of two great Kings of Thailand, and being a member of the Chakri House, Her Royal Highness Princess Galyani Vadhana Princess of Naradhiwas performed her duties impeccably in all aspects. Her tasks were greatly beneficial to the Royal Family, the country and the Thai people.

To express our loyalty and endless gratitude towards Her Royal Highness Princess Galyani Vadhana Princess of Naradhiwas, the Excise Department, on such an auspicious occasion, published a set of books in honor of Her Royal Highness to sustainably disseminate her glory and kindness. The set contained 3 books as follows:

1. Princess of Mahidol Family
2. August Princess of the Chakri House
3. Princess in the Heart of People

8. The Excise Department and the Setting Up of Public TV

Public TV is a knowledge exchanging medium for the people which is beneficial to them. Its operations including its operating funds must be of an independent nature, not under government control or the influence of capital groups. Therefore, its formation had to be made by legislation. The law was called the Public Broadcasting Service Organization Act which officially came into force in B.E. 2551 (2008). Its principal objectives were to carry out radio and television broadcasting operations, news and information production, quality knowledge and entertainment programs for the public as well as supporting public activities, people's participation, promoting freedom to be informed without political bias and influence from interest groups.

With regard to the fund, the Excise Department played a role in what is known as "earmarked funding" which means the tax collected from certain goods and services is to be spent in activities related to such goods or services without having to go through budget allotment procedure. This is because it was expressly provided in the Public Broadcasting Service Organization Act that the organization is empowered to collect money for operations from taxpayers under the laws on liquor and tobacco. However, as the organization was new and understaffed, the Excise Department was requested for assistance in collection of the money for operation.

However, this kind of role was not new to the Excise Department because it had been collecting levies on behalf of Thai Health Promotion Foundation under the Thai Health Promotion Foundation Act B.E. 2544 (2001). The collection under the Public Broadcasting Service Organization Act is at the rate of 1.5% of excise taxes on liquor and tobacco but shall not exceed the 2,000 million baht ceiling for each fiscal year. The Minister of Finance is empowered to upwardly adjust the revenue ceiling limit every 3 years taking into account the inflation of the past years. In the event the payment made by the taxpayer was late or not paid in full, the surcharge would be at the rate of 1.5% per month.

9. "Family Day, Say No" Program

From the 31st day of March to the 30th day of June B.E. 2552 (2009), pursuant to the policy of the government to reduce the people's consumption of cigarettes and liquor, the Excise Department organized a Family Day, Say No Program to start up a campaign to raise awareness among family members of the importance of cooperating in discontinuing ruinous ways of life by refusing cigarettes and alcoholic drinks. The program activities were joined by the government agencies concerned campaigning for instillation of no-cigarette and no-liquor consciousness. Over the 3- month period of the program, from the 31st day of March to the 30th day of June B.E. 2552 (2009), 5,438 activities were organized. The Excise Department set up a "Turbo Room" and assigned Regional Excise Offices 1 through 10 as representatives for Area Excise Offices nationwide to report the outcome of suppression of illicit cigarettes and liquor including tax collection on liquor and tobacco to the Ministry of Finance on every Friday beginning on the 10th day of April B.E. 2552 (2009). Throughout the duration of the project, 11,766 arrests were made under the Tobacco Act B.E. 2509 (1966) and the Liquor Act B.E. 2493 (1950), which was 2,415 cases or 25.83% higher than the corresponding period of the previous year. The amount of fines totalled 130.19 million baht which was 37.26 million baht or 40.09% greater than fines collected during the corresponding period of the previous year. At the conclusion of the program, the Excise Department destroyed 1,000,000 packets of cigarettes and 50,000 liters of liquor seized by campaign operations.

10. Cooperation in the Control of Tobacco Consumption by Tax Measures

On the 21st day of April, B.E. 2554 (2011), the Excise Department, the Center for Research and Knowledge Management for Tobacco Control, and the World Health Organization, jointly organized a seminar on the control of tobacco consumption by tax measures. The objectives were to disseminate information on tobacco consumption control in general, efficient tobacco control methods in foreign countries, and tobacco consumption control by excise tax measures. This seminar provided a good opportunity for Thailand to gain foreign knowledge from tobacco economic experts from WHO's Tobacco Free Initiative.



11. Excise Department Helped Conserve Environment

In the past, seized illicit tobacco and liquor were destroyed by fire to prevent such goods from being smuggled into domestic reproduction and resale. The practice had an impact issue on the environment. The Excise Department resolved the problem by delivering seized cigarettes and tobacco leaves to the Department of Agriculture, Ministry of Agriculture and Cooperatives, and to Sa Kaeo Agriculture and Technology College, for the manufacture of fertilizer and pesticide by mixing them with other materials. The products were then distributed to various agricultural works under the Excise Department for Society Project.



In fiscal year B.E. 2553 (2010), the Excise Department in conjunction with Sa Kaeo Agriculture and Technology College, the 2nd Region Excise Office, and Sa Kaeo Area Excise Office, organized an "Excise Department's Project for Environmental Protection, Lifestyle Support for Sustainable Development", under a concept to change methods for destroying seized goods to benefit the environment and to help alleviate climate change. The agricultural sector would benefit by reduced costs as tobacco was used as a mixture in bio-pesticide. Operations over past years were satisfactory both in quantity and quality. The project was regarded as a pilot project in environmental protection and lifestyle support for sustainable development.

In this current year (B.E. 2554 (2011)), the Excise Department is formulating a Green Excise Plan which realizes the significance of and displays responsibility towards the society and the environment. The plan's concept and methods for implementation have been conveyed to Regional Excise Office 1 through 10 and Area Excise Offices nationwide for implementation uniformity across the country, in order to be in line with the policy of the Excise Department to not destroy seized tobacco items by fire but to use them as raw materials for the production of bio-pesticide or offer to other agencies which could put them to use.

Additionally, the Excise Department also participated in protection of environment through all provincial excise offices nationwide by reforestation in various projects such as the "Tree Planting Project – Gift for Mother of the Land"

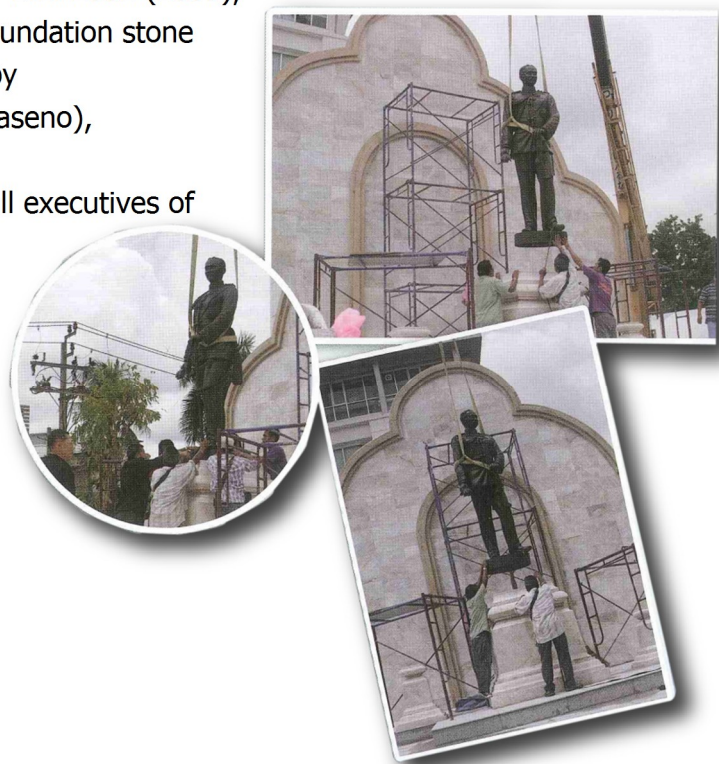


at Baan Khao Wong, Nong Phak Waen Sub-district, Ta Phraya District, Sa Kaeo Province, which was launched on the 20th day of October B.E. 2553 (2010) where 2,500 trees were planted; or the "Reforestation of Mangrove Forest – Merit Making as a Charity Gift to His Majesty the King on the Auspicious Occasion of His 84th Birthday", which was carried out by the Regional Excise Office 8 in conjunction with the 14th Unit of the Mangrove Resources Administration. The program was launched at Wat Wachirapradit School, Village No. 4, Takhianthong Sub-district, Kanchanadit District, Surat Thani Province, on the 8th day of December B.E. 2554 (2011).

12. The Construction of the Royal Monument of His Majesty King Chulalongkorn

With gratitude to H.M. King Chulalongkorn of his work on the taxation system of the country by improving tax collection administration via the Internal Tax Act of R.E. 111 (B.E. 2435 (1892)), and because the year B.E. 2552 (2009) was his 156th birthday (the 13th constellation cycle), the Excise Department as a tax collecting agency requested permission from the Fine Arts Department to construct a Royal Monument of His Majesty King Chulalongkorn to be situated at the site on the left of the main entrance to the Excise Department. Permission was granted in the letter of the Fine Arts Department Reference No. Wor Thor 0414/3839 dated the 5th day of October B.E. 2552 (2009).

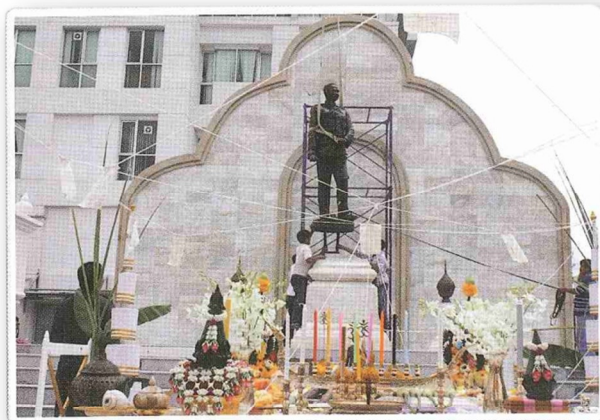
On the 17th day of September B.E. 2552 (2009), the Excise Department arranged a foundation stone ceremony which was presided over by Somdet Phra Phutthachan (Kiao Uppaseno), Chairperson on the Sangha side, the Deputy Minister of Finance and all executives of the Excise Department at that time.





On the 18th day of March B.E. 2553 (2010), the Excise Department arranged a ceremony to pay homage to the foundation stone site, and on the 29th day of July B.E. 2553 (2010), the Royal Monument Statue of His Majesty King Chulalongkorn was installed at the site.

The official opening ceremony was held on the 30th day of December B.E. 2553, which was presided over by Her Royal Highness Prince Maha Chakri Sirindhorn.



13. The Excise Department's Relief for Flood Victims

The floods of B.E. 2554 (2011) were the most severe and caused indeterminable damage with great impacts on all sectors. The Excise Department was concerned and sympathetic to all who suffered, excise officials or general public alike and therefore had helped flood victims by various measures, i.e., donations of money and distribution of relief, supplies, providing the opening of the excise officials' club as temporary shelters for excise officials, and opening the Tax Collection Development Institute, and the Excise Department at Nonthaburi, as temporary shelters for the people, as well as using Ratchawat patrol speedboat as transport for people who were affected by the floods.

The Excise Department was concerned about teachers and pupils who suffered from the floods and therefore arranged a convention called "Sanphasamit Ruam Chai Khuen Wan Sot Sai Hai Nong" (Excise People Join Hands to Bring Back Happy Days to the Young Ones) on the 19th day of December B.E. 2554 (2011) at Thetsaban Sanphasamit Bamrung School to bring back smiles to their faces and happiness to the school and its pupils. The convention activities included painting the school fences and name wall, and restoration of landscape and environment to livable condition as previously. The activities included entertainment performances to inspirit the pupils of Thetsaban Sanphasamit Bamrung School, and donations of scholarships, teaching and learning media, and sports equipment, to the teachers and pupils.

