



Ministry of Finance



The Tenth IMF-Japan High-Level Tax Conference For Asian Countries in Tokyo

Value-Added Tax (VAT) Rebate via Electronic Payment: Thailand Experience

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Outline

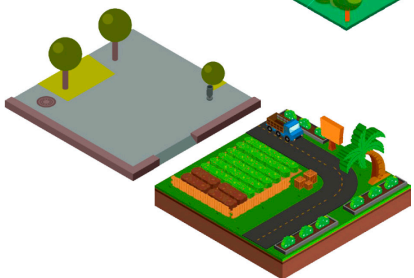
- VAT Rebate Scheme
 - (1) By State Welfare Smartcard
 - (2) By Electronic Payment
- Results
- Lessons Learned & The way forward

State Welfare Smartcard

Applicant qualification



1. Thai Nationality
2. Aged at least 18
3. Unemployed or annual income of the year 2016 not more than 100,000 baht
4. Not possess over 100,000 baht in financial assets such as bank accounts or bonds.
5. Nor possess immovable property or having immovable property with the following condition



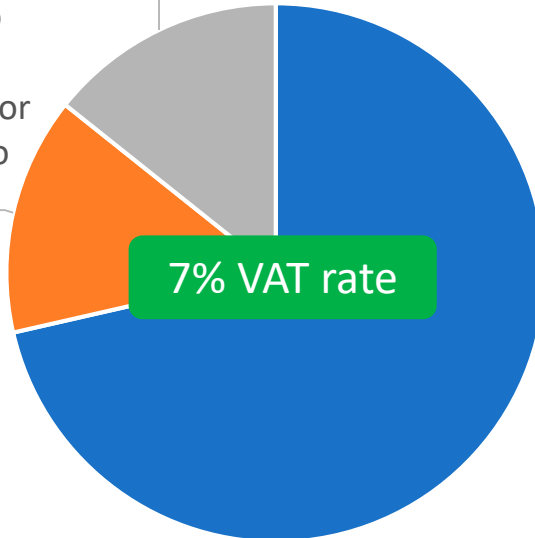
- 5.1 They must live in homes smaller than 25sqm.
If living in an apartment or condominium, they must not exceed 35sqm.
- 5.2 Those who own land cannot own more than 1 rai (1,600sqm).
If it is farmland, it must not exceed 10 rai (16,000sqm).

VAT Rebate Scheme for Low-income Earners via State Welfare Smartcard



1% Redirected to the revenue department

1% Transferred to the buyers' Saving Account or contribution to the National Savings Fund (NSF)



5% Rebate to the buyers' e-Money

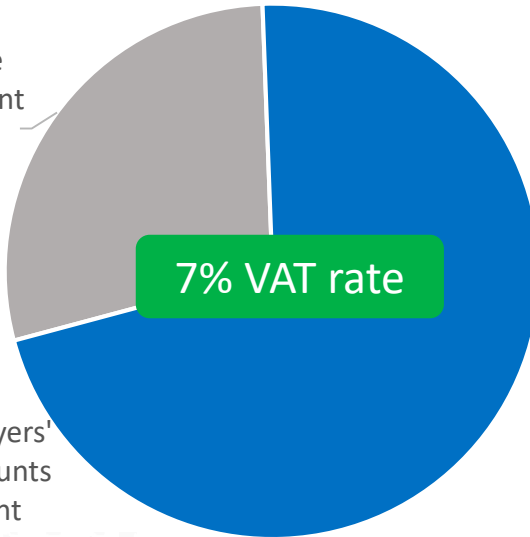


Period	November 1, 2018 to April 30, 2019.
Objective	- Improve Smartcard holders purchasing power. - Improve the current welfare delivery system.
Target group:	State Welfare Smartcard Holders. (14.5 million people)
Payment	By State Welfare Smartcard (e-Money).
Registered Shops	Blue-flag shops / department stores and discount stores which are VAT registrants equipped with Point-Of-Sale (POS) terminals that are linked with electronic data capture (EDC) devices.
Products coverage	All products except alcohol and tobacco.
Rebate Channel	e-Money with State Welfare smartcard.
Ceiling	Maximum VAT rebate 500 baht per month.

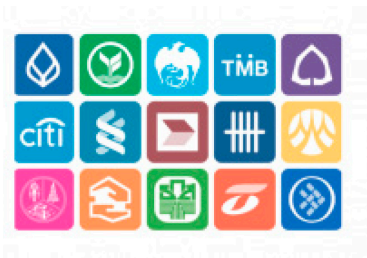
VAT Rebate Scheme via Electronic Payment



2% Redirected to the revenue department



5% Rebate to the buyers' "PromptPay" accounts up to 1,000 Baht



Citizen ID

Bank Account

Period	February 1-15, 2019. (Two-weeks during the Chinese New Year)
Objective	Encourage people to use electronic payment.
Target group:	Thai nationality
Payment	By QR code payment or Debit cards with savings accounts linked to PromptPay, an electronic payments that ties ID numbers with bank accounts.
Registered Shops	All shops / Department stores and Discount stores which are VAT registrants equipped with Point-Of-sale (POS) terminals that are linked with Electronic Data Capture (EDC).
Products coverage	All products except alcohol, tobacco, refined oil and related products, cars, and motorcycles.
Rebate Channel	PromptPay accounts
Ceiling	Maximum VAT rebate 1,000 baht.

Results

VAT Rebate Scheme for Low-income Earners via State Welfare Smartcard

VAT Rebate Scheme via Electronic Payment

Saving Accounts

1% VAT

Transfer to Smartcard Holder's saving account
3.72 Million Baht

e-Money

5% VAT

Rebate amount
20.02 Million Baht

Estimated Budget
5,000 Million Baht

Total Registrants
34,865 people

Beneficiaries
6,466 people (18.54% of registrants)

Promptpay account

5% VAT

Estimated Budget
9,240 Million Baht

Sale Amount
16.23 Million Baht

Rebate amount
0.65 Million Baht

*As of March 28, 2019.

Lessons Learned & The way forward

VAT Rebate Scheme for Low-income Earners via State Welfare Smartcard

Lessons Learned

- Department stores still need to develop their electronic payments and sign up as operators under the VAT system
- Rebate system can be useful in promoting private saving.
- Rebate scheme can boost more spending and can apply to specific types of consumer products.

VAT Rebate Scheme via Electronic Payment

Lessons Learned

- People tends to use credit card more than debit card and QR payment because credit card has more privileges.
- People concerns about sharing financial information with MOFs.
- Rebate process has taken a long time comparing to rewards from credit card.

The Way Forward

- The rebate system can be applied to reduce potentially negative impact of raising VAT rate from 7% to 10% on low-income earners while promoting electronic payment at the same time.