



MOF NEWS

Finance General Information Group office of the Permanent Secretary, Ministry of Finance

Tel. 0-2273-9021 # 2256 Fax 0-2273-9763

www.mof.go.th

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Accomplishments of the Ministry of Finance during the First 6 Months

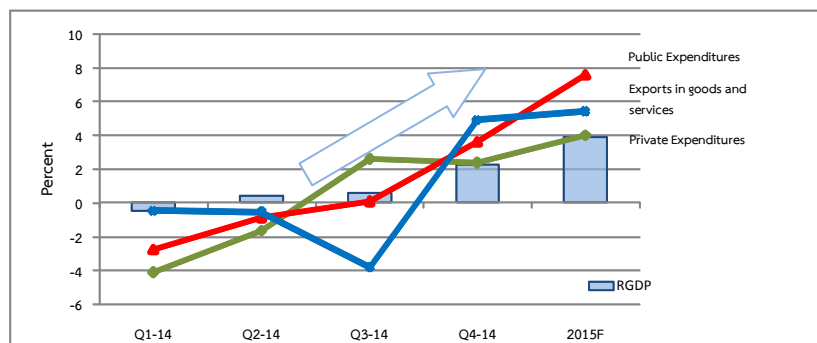
“The Ministry of Finance indicates that economic policies implemented during the past 6 months had supported economic recovery”

Finance Minister Sommai Phasee announced the accomplishments of the Ministry of Finance over the past six months. The current government has assumed administrative power since 12 September 2014 during deteriorating economic condition resulting in negative growth of economy for the first half of 2014. Negative growth was caused by factors such as political unrest in the country and the global economic slowdown. In addition, the past government had neglected the country’s economic structural reforms to enhance competitiveness but had used the populist policies for short-term economic stimulation which has caused large fiscal burden and could not help the country to overcome the middle income trap.

Throughout the past six months, the Ministry of Finance as the main responsible government entity for economic and fiscal management has formulated and supported important economic policies in many ways to help accelerating the economic recovery and laid the foundation for a strong economy of the country in the future.

Overall, the economy eased up and there were signs of recovery, though still fragile, that the Thai economy was able to gradually recover during the second half of 2014 with a growth rate of 1.4 percent per year (compared with a contraction of -0.02 percent per year in the first half of 2014). Also, other economic activities showed an expansion with better prospects.

Development in Thai Economy 2014 - 2015



Source: Office of the National Economic and Social Development Board (NESDB)

and Thailand’s economic forecast in 2015 by Ministry of Finance

However, the presence of the fragile global economy resulted in the slowdown of Thai exports. Therefore, economic policies need to play a key role in stimulating domestic spending in both public and private sectors.

During the first 6 months of Fiscal Year 2015, the government's net revenue collection was 970 billion Baht, increased by 3.9 percent from the previous year. The real VAT collection based on domestic consumption, which is the main revenue of the government, expanded by 6.8 percent per year reflecting the continued growth in domestic consumption. Meanwhile, the government could disburse budget of 1.46 trillion Baht, increased by 5.6 percent from the previous year, reflecting that the government injecting money into the economy through the deficit balance, which totaled 491.8 billion Baht.

Unit : Million

	First half of Fiscal Year		Comparison	
	FY 2015	FY 2014	Amount	Percent
1. Revenues	969,950	933,567	36,383	3.9
2. Expenditures	1,461,719	1,384,103	77,616	5.6
3. Budget balance	(491,769)	(450,536)	(41,233)	9.2

In this regard, the Ministry of Finance has taken significant measures during the past six months comprising of both short-term measures to support the economic recovery and medium- to long- term measures to enhance country's competitiveness, reduce social inequality, decrease debt burden and living costs for people, and support infrastructure development, transparency, and good governance as follows:

(1) Short-term measures to support the economic recovery and resolve short-term problems for accelerating the economic recovery of the country due to a variety of problems.

- 1.1 Accelerating payment arrears of rice pledging scheme
- 1.2 Accelerating disbursement of the carry over
- 1.3 Accelerating contracts of investment projects under the 2014 and 2015 budget
- 1.4 Accelerating spending of leftover central fund (7.8 billion baht)
- 1.5 Accelerate spending of leftover budget from previous Thai Khem Kaeng projects (15.2 billion baht)
- 1.6 Increasing rice farmers' income by supporting production costs
(40 billion Baht)

- 1.7 Increasing rubber farmers' income by supporting production costs
(8 billion Baht)
- 1.8 Economic Stimulus Package Phase II comprising loans for Water Resource Management Project (amount of 37,603 million Baht) and Road Transport System Project (amount of 40,692 million Baht)
- 1.9 Special tax deductions for domestic travel and seminar

(2) Measures to enhance competitiveness and lay the foundation in the long term for the sustainable economic development of the country.

- 2.1 Custom tax restructuring in terms of raw materials and capital goods
- 2.2 Enhancing SMEs Competitiveness
 - 2.2.1 Reduced corporate income tax for SMEs
 - 2.2.2 Special loan for SMEs
 - 2.2.3 SMEs Private Equity Trust Fund

SMEs Private Equity Trust Fund aims to support and strengthen Thailand's SMEs in the form of venture capital fund to invest in SMEs, which will lower the ratio of debt to equity of SMEs. The guideline of the SMEs Private Equity Trust Fund is providing a fund between the public and private sectors with the size of 10,000-25,000 million Baht. The ratio of the joint investment from public sector is defined at 10-50 percent and the rest will allow the private sector to invest. This aims to help SMEs, which have the potential to grow particularly the SMEs in agro-industrial sector and digital industry.

- 2.2.4 Credit guarantee by Thai Credit Guarantee Corporation (TCG)
- 2.3 Promote public accessibility to capital
 - 2.3.1 Draft Secured Transactions Act B.E.
 - 2.3.2 Nano-Finance to promote financial inclusion

Nano-Finance Loan aims to permit the qualified entities to provide loans for occupation purpose. This will support people who earn low income access to capital in the system. Presently, there are 15 cases applying for registration. Among those, 4 cases completely submitted documents and passed qualifying criteria, while 11 cases are in document review. The lending is expected to start in the second quarter of 2015.

2.4 Enhancing state enterprises' operational efficiency

2.5 Special tax rates for Eco-car

(3) Measures to reduce social inequality and decrease the debt burden and the cost of living for alleviating people suffering and strengthen economic equality of citizens.

3.1 Social inequality reduction

3.1.1 The enhancement of people's savings through National Saving Funds (NSF)

National Saving Funds (NSF) aims to create savings for 25 million people aged 15-60 years who are in informal labor sector so that they can have accumulated savings from working and have pension after retirement. In addition, the NSF will transfer the insurers and their pension account under section 40 of Social Security Act to all who request membership of NSF. The insurers who do not wish to become a member of NSF will receive lump sum money that they contributed to Social Security Fund including the government contribution and the interest.

3.1.2 Inheritance Tax

3.1.3 The Process to return the rights granted under the original Civil Servant Government Pension Act of 1951 (The Undo Act Bill.)

3.1.4 National Rice Insurance Scheme

3.2 Debt burden and living costs reduction

3.2.1 Debt relief and restructuring scheme in agricultural sector through BAAC.

3.2.2 Mitigation scheme in Southern border provinces

3.2.3 Increasing living cost allowance for government officials and employees

3.2.4 The 6-month extension of the measures such as free bus and train for reducing people's living costs

(4) Measures to promote Thailand as a hub of trade and investment in the region for increasing business opportunities to grow along with other countries in the region.

- 4.1 Tax measures for International Headquarters (IHQ) and International Trading Center (ITC) settlement
- 4.2 Supporting measures for Special Economic Zones
 - 4.2.1 Corporate Income Tax Deduction
 - 4.2.2 Access to soft loans and portfolio guarantee schemes
 - 4.2.3 State property lands available for the development of Special Economic Zones
 - 4.2.4 Provision of infrastructure and Customs facilities
 - 4.2.5 The establishment of One Stop Service
- 4.3 Implementing National Single Window and upgrading ASEAN Single Window

(5) Measures to develop infrastructure project in order to develop transportation network domestically and internationally to be in line with regional economic connectivity to increase efficiency of country transportation.

- 5.1 Providing financial source to invest in infrastructure project in transportation sector
- 5.2 Issuing the Private Investments in State Undertakings Act B.E. 2556 to promote Public-Private Partnership (PPP)

(6) Measures to promote transparency and good governance, and improve tax collection efficiency for promoting public sector management with sustainability and fairness.

- 6.1 Extra budgetary fund reform
- 6.2 Initiatives for promoting transparency and anti-corruption in public procurement
 - 6.2.1 Collaborative projects for preventing corruption in public procurement
 - 6.2.2 Construction Sector Transparency Initiative (CoST)
 - 6.2.3 Guidelines for procurement by e-Market and e-Bidding (e-Bidding)
- 6.3 Close tax loophole in tax collection
 - 6.3.1 Tax reform on private school and tutorial school
 - 6.3.2 Tax reform on ordinary partnership and non juristic body of person
- 6.4 Debt Collection Act B.E. 2558

The Ministry of Finance is confident that the various economic policies and measures would help supporting the economic recovery, and reducing social inequality and living costs. In addition, policies for enhancing competitiveness in the long term would promote Thailand to be a center of trade and investment in the region in the future.