

KNOWLEDGE, UNDERSTANDING AND PERCEPTION OF PEOPLE ON THE LOCAL TAX AUTHORITY SERVICE IN PHRA NAKHON

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Abstract

The research aimed, firstly, to study on knowledge and understanding of population on local tax payment in Phra Nakhon Sri Ayutthaya Province. Secondly, this study was to compare the knowledge and understanding level of population on local tax payment in Phra Nakhon Sri Ayutthaya Province. Finally, the objective of the study was to explore the perception of people on the local tax authority service in Phra Nakhon Sri Ayutthaya Province. The samples were 400 people who paid local tax in Phra Nakhon Sri Ayutthaya Province, calculated by using the Yamane's formula. The questionnaire was applied to the samples as a tool used in this study. The data was then analyzed by using descriptive statistics, including percentage, mean, standard deviation, t-test and One-Way ANOVA.

The results showed that the samples had knowledge and understood the local tax payment in the moderate level. Moreover, one can see that gender, age, educational level, status, occupation and income had an influence on knowledge and understanding on the local tax payment, with statistically significant at 0.05. Overall, people had a high level, with the mean as 3.69, on the perception of local tax payment. Considering by the sub-topics, the perception of people on the interpersonal relation for service of the authorities and the convenience to communicate with the staffs were in a high level as the mean of 3.77 and 3.70, respectively. Additionally, the mean of the attentiveness on service were 3.60, which was the smallest one among the other sub-topics.

The results from this study can be translated into a set of recommendation for the local tax authority service in Phra Nakhon Si Ayutthaya Province. It can be a guideline to support, promote, and transfer the knowledge to the tax payers. Moreover, the results can be applied as an input to develop the service plan, in order to make people feel most satisfied on local tax authority service.

Keywords: Knowledge, local tax, tax authority

1. Background

The decentralization of the authority from central to a local is one of the main factors in the management and administration of the state in a democratic city through the reduction of government section's role to remain only the main necessary mission and to increase the role for the local governed organization to proceed the main mission affected the daily lives of most people. This is also include the overseeing of peace, the local development and the providing of public service together with the promotion of people participation in the performance of public service providing, the local development and problem solution as the spirit of people. The decentralization is therefore the relationship between the central and local authorities to comply with the condition under the change in social group and the increasing in state needs and expectation while the state has the limited capacity and resources to meet the needs of each of each resident in the timely manner and the local needs. (Department of Interior: 1996:5)

The sub-district Administration organization has an important legal role to prepare the basic structure of economic, public service providing, the environment reservation and more. This aim is to improve the economic and social progress and promoting the quality of life of local residents. The action to be taken in order to achieve these goals is legally determined that the sub-district Administration Organization can process some sort of income to be able to manage their own affairs under the scope defined as the income for taxation, fees, subsidies and so on.

The income structure of the sub-district administration organization is as below:

1. Taxation consists of :
 - 1.1 Self-storage taxation of sub-district administration organization are as follows:
 - 1.1.1 Signboard Tax
 - 1.1.2 Local development tax
 - 1.1.3 Property and Land tax
 - 1.1.4 Butchery taxation
 - 1.2 The Allocated taxation by Ministry of Interior
 - 1.2.1 Excise and alcohol tax
 - 1.2.2 Value-added tax and specific business tax
 - 1.3 Tax and fees allocated by the province
 - 1.3.1 Tax and fees
2. Fees license to sell liquor and gambling license
 - 2.1 The sub-district Administration Organization must issue the sub-district regulations to change more than 10% of the fees
3. The fees for right registration and survey of Land Code
4. Revenue from natural resources
 - 4.1 Swallow's Nest Taxation within only nine Southern provinces as follows: Prachuap Khiri Khan, Chumphon, Surat Thani, Phang Nga, Krabi, Trang, Satun and Trad
 - 4.2 Groundwater fees
 - 4.3 Timber royalties fees
 - 4.4 License renewal and fishing license fees
5. Income from ore royalties and petroleum royalties
 - 5.1 The sub-district Administration Organization shall be allocated a 4-period income through the criteria for the allocation of ore as 30% for the royalties and 20% royalties of petroleum.
6. Government Grants
7. Income from the money collected under the law of National Park
 - 7.1 15% of the money collected under the law of National Park within the area of sub-district administration organization by divided into 4 period of payment within 30 days of money collection.
8. Other Incomes
 - 8.1 A traffic fines when the fines is to be sentenced. The authority shall pass the fines as a revenue to the sub-district administration organization whereas the reporter and amended shall possess 17.5 % each and 25% to the amended in case of no reporter.
 - 8.2 Income from the property.
 - 8.3 Income from utilities and commerce.
 - 8.4 Donated money or other properties.
 - 8.5 Other incomes that must be provided by government section or government offices.

The revenue collection of the sub-district Administration Organization whether the taxation or fees must be legally authorized. At this present, there are several laws relating to the collection of revenue but the key income of the sub-district Administration Organization empowering the self-storage income are namely the local tax, land tax, signboard tax and the license fees according to the Bills of Public Health. The above mentioned income structure of the sub-district Administration Organization revealed that most of the income are from the taxation of the local people. Therefore, the researcher was interested in the study of knowledge, understanding and the aspects of the people toward in service providing of the local taxation authorities in Phra Nakorn Sri Ayutthaya province in order to understand the knowledge, understanding of the local taxation to be used as an guideline of the development and improvement of the revenue collection of the local taxation authorities in Phra Nakorn Sri Ayutthaya province to be more effective which can lead to the development in the performance and response to the needs in local development and service providing effectively which comply with the government policy later on.

2. Relevant theory and research

Principle of Taxation

Since a taxation has a considerable effect on the overall economic and social condition, the taxation administration therefore does not mainly focus on the seeking of revenue to be balance with the cost. If the government has determine the principle of taxation carefully and appropriately, it can assist in the economic development significantly.

By contrast, if the state mistakenly determines such principle, the unsatisfied result might be occurred and lead to the difficulty in country development or cannot achieving the goals more or less. As a result, there is an attempt to

determine the taxation principle appropriately as a guide for a long time as Adam Smith (Anek Tienlathawon, 1986:4) the world-famous economist has given the 4 favorable taxation principles as:

1. Equity: Adam Smith saw that those in the enforcement of any state should donate their properties to support the state as the part of their capabilities that is possible. By which the share of income that they have by virtue of the protection of the state. As a result, the state should be stored. Taxation of who is liable to tax in a position equally by all without an bias or exception to anyone especially and the state must collect the tax based on the ability of the individual in order to spread out the tax burden equity.

2. Certainty: means that the taxation must be certainly and persistent, not without the certain criteria. Time of payment including rate of payment must be clear and explicitly to a tax payer including any related person. According to this principle, there must be an explicitly determination of taxation in order to allow the tax payer to adjust and improve their way of business running system and to supply the tax payment in advance in order to be able to pay the tax timely manner promptly.

3. Convenience: All taxations should be collected in time or by the most convenience method for the tax payer. This principle means that by the time, the tax payer suppose to pay the tax to the state, they are assumed to have a convenience condition of paying. For example, the duration and period of payment should be get along with the travelling including there should be a recommendation for any practices related to the tax payment. If the principle of convenience is appropriately determined, it should persuade the people to willingly participate in tax payment completely.

4. Economy: means that the taxation administration should be cost for both the collector and payee as least as possible and the taxation should have the least effect on the youth performance as much as possible. The example of the taxations which in contrast to the principle of economy are: the use of too many personnel to collect the tax, too frequently of tax inspection on the tax payer which lead to the distortion of performance. Later, the economist of finance had an perception that there should be more 2 principle of taxation on the income and economy of the country as following:

4.1 Productivity: This principle believe that the state has more extension of responsibility at this present, that is, the state has to spend more and more each year therefore the proper taxation should focus on the appropriately income seeking in order to promptly respond to the needs of the state in term of income and cost.

4.2 Flexibility: since the rotation of economic has become crisis increasingly that sometimes considerably resolve yet sometime fallen that result in the suffering condition for the business entrepreneur, the proper principle of taxation should be used as a tool for controlling the country's economic. That is, in the condition where the economic is glorious, the revenue from taxation should be increase whereas by the time the economic fallen the revenue should be reduced as to relieve the severity of the economic crisis.

Introduction to property tax and land tax

Taxable property

The type of taxable properties are a house and building that is connected to based land of such house and building including the connect land which is ordinary used together which the owner gain more benefit than the purpose of dwelling in ordinary or allow the other to use such land with or without the return: Such two properties are as follows:

1. House and buildings
2. The land attached to the house and buildings which refer to the land used as a base of such house and building including the connected land in ordinary used together with su

Tax-except property

1. The palace which is a part of land
2. The government property used for government or public affair and the property of State Railway of Thailand to used directly for railway practice.
3. The property of a public hospital and school which its purpose is not for individual profit and used only for the nursing and educational purpose.
4. A property which is used exclusively as religious properties or resident.
5. A House or any other buildings that are covered throughout the year and are not owned by the owner or the others except the keepers of the house or any other building or land which is connected to each other.

6. A houses or buildings of the National Housing Authority leased for living without a storage or industrial enterprises or other business purpose as cited in the Ministry of Interior, dated of 27 January 1992, except for a reservoir of Electricity Generation Authority of Thailand which is the connected area.

Person liable to tax

The people who is liable to pay tax or so called a recipient, refers to the owner of the property that is taxable unless the land and buildings, house or building of a different owner. The owner of such building has duty to pay taxes. (Property Tax Act, B.E. 2475 and amended: Occupational Health criteria for assessing annual value of the property, B.E. 2535). Introduction of local development tax

Taxable Land

A taxable land is a land area including mountainous or watering area.

Tax-excepted land

1. A land that is home to the palace as the public
2. A land that is a public land or land property of the state in the affairs of the state or the public without the exploitation
3. A land of the local government in the affairs of local government or public without exploitation.
4. A land used exclusively for nursing, public education or public charity.
5. A land used for religious worship. An owned land measuring whether the use of worship any religion or no religion or at the shrine without exploitation.
6. A land used as a public cemetery and crematorium without exploitation
7. A land used for railway, water supply, electricity or used as a port or airport of the state of the state.
8. A land used in connection with the provision of property and land tax already.
9. Private land only the landowners consent to the government for public use by the owner of the land or interests in land used not only that section.
10. A land that is home to the headquarters of the United Nations, specialized agency of the United Nations or other international organizations where Thailand are bound to be excluded by convention or agreement.
11. A land that is home to the office of the Embassy or Consulate, according to the mutual reciprocation.
12. A land specified in ministerial regulation

The person liable to tax

The person who is liable to pay tax is the land owner which can be both individual or parties regardless the ordinary person or juristic person who has a land ownership or posses the land which is not belong to the private section such as the government's land tenant. (Act of Local Development Tax B.E. 2508, amended version: Regulation Vol.4 (B.E. 2525) issued based on the Act of Local Development Tax B.E.2508)

Introduction of signboard tax

The taxable signboard

A taxable signboard refers to a sign showing name, log or trademark with a business purpose or commercial advertising or other activities to earn money, whether expressed or links to any object with a letter or a carved inscription written or otherwise that make available any other way.

Tax-excepted signboard

1. A sign shown in the theaters and theaters area with a purpose of advertisement
2. A sign displayed on the product or on the wrapping or packaging.
3. A sign displayed in the event held occasionally.
4. A sign displayed at people or animals.
5. A sign displayed within the commercial building or other business or private spaces within the building that is to earn money. Each sign has an area of no more than 3 square meters as specified in the Regulation but does not include the sign specified on law on commercial registration
6. A sign of central, regional or local government in accordance with the regulation of administration.

7. A sign of an organization established under the Law on the Establishment of the Government or by the law, and any agency that brings revenue to the state.
8. A sign of the Bank of Thailand, Government Saving Bank, Government Housing Bank, Cooperative banks And the Industrial Finance Corporation of Thailand.
9. A sign of private schools in accordance to the law of private schools or higher education institutions under the Laws of Private University that is displayed in a building or an area of private school or a private university.
10. A sign of a commercial agriculture, agricultural productivity arisen by their own.
11. A sign of the temple or the operation for the purpose of religion or charity dedicated public exclusively
12. A sign of association or foundation
13. A sign specified in the Vol.2 Regulation (currently available volume 2) (B.E.2535) to except the taxable signboard for:
 - A) A sign installed or displayed on the automobile, motorcycle, rollers or a tractor under the law of automobile
 - B) A sign installed or displayed at the wheel under the law of wheel
 - C) A sign installed on the vehicle or the addition to a) and b) in an area not exceeding five hundred square centimeters.

Person liable to tax

Person liable to tax is the owner, but in the case that appears to the amended that no filing of tax (S.t. 1) for any signs that the authority could not find the owner or occupier of the sign is to be treated, it shall be assumed that the sign owner is liable to tax. If it is impossible to find the sign owner, the owner or occupant of the building or land at the sign is installed or display shall be deemed as person liable to tax respectively, and the competent tax assessment notice in writing to such person (tax Act B.E. 2510: Tax Act (No. 2). B.E. 2534)

The proper guideline to local taxation

1. the taxation must be neutral as much as possible
2. the administration must be simple, not complicated.
3. the taxation should be a sufficient and stable revenue base without too much fluctuate
4. the taxation is fair and correct
5. the taxation is explicit and reasonable
6. the taxation require low cost both for the authorities responsible for the collection and for the tax payer in terms of tax payment

Derek Pattamasiriwat (2009) noted about the current property taxation that taxpayers often mistaken for the taxes collected from the property-based. In practice, the property tax is a tax imposed on income base by the store from renting a majority. The principle is similar to the taxation gives the impression that the imposition of redundancy. As a result, the storage property tax inefficient. There are also restrictions on the tax rate, the tax rate is declining. The tax base is narrow because the property tax was also a small number. Moreover, it is also found the problem of land ownership concentration and the hoarding of land for speculation. This is a result of the current tax structure to taxation on income and tax rate does not reflect the utilization of land and storage of rental basis Bencharat Iamsirirat (2011) have studied about the understanding of the person liable to pay property tax and land tax in Mae Hia sub-district, Muang Chiang Mai district and found that the majority of respondents have an understanding of the property tax. In the education literature and preliminary statement has been distributed by the authorities, the return of the property to pay property tax, the preparation of documents and other evidence to pay property tax is correct and complete was at the moderate level of understanding

For the understanding of those who liable to pay property tax and land tax in the service of staff and property tax collecting authorities and determine the tax rate is based on fact, the amended and staff has a deep understanding of calculating property tax and the amended has collected the tax accurately and fair. In addition, the other understanding toward the proper tax and land tax payment of the person liable to pay tax, most respondents have a better understanding about the transparency and clarity in the property tax levy. The level of understanding and understanding of the law is always changed. The imposition of a tax payment or late payment of taxes, tax liability arises when the act of building and land at the moderate level of understanding

3. Methodology

This research is a study of the knowledge, understanding and the perception of the people on the service provided by the local taxation authorities in Phra Nakorn Ayutthaya province. The population in this study is the people who were liable to pay tax in Phra Nakorn Sri Ayutthaya province divided into 16 districts that were 797,790 people in total. The researcher determined the sample group at the confident rate at 95% through the instant table of Krejcie & Morgan (Taweerattana: 2005:303) which resulted in the sample group of 400 people. The research tool in this study was questionnaire consisted of 4 chapters as follows: Chapter one: Background of the respondent

Chapter two: the knowledge and understanding of local taxation A Measurement of knowledge measured by determining the rank of score as follows: score Level of knowledge and understanding

1 – 12 score Low level of knowledge and understanding

13 – 24 score Moderate level of knowledge and understanding

25 – 36 score High level of knowledge and understanding

Chapter three: the perception on the service of local taxation authorities. Measurement of the perception on the service are defined as the following: Average point Level of perception

4.21 – 5.00 Maximum level of perception

3.41 – 4.20 High level of perception

2.61 – 3.40 Moderate level of perception

1.81 – 2.60 Low level of perception

1.00 – 1.80 Minimum level of perception

Chapter 4: Recommendation

The study of the result was conducted through descriptive statistic to describe the information and present in the format of table that consisted of Frequency, Percentage, Mean, Standard deviation, rating scale, X²- Test, One Way ANOVA) with statistically significant at 0.05

4. Discussion

4.1 The study of background information found that the majority of the respondents were 229 female equivalent to 57.30 %, aged between 41 - 50 years-equivalent to 30.30 with education level of diploma or certificate high vocation of 99 people- equivalent to 24.80% marital status in the number of 44 people representing 61.00 %. Most of the occupations were 113 government or state enterprise officers-equivalent to 28.30% with the monthly income between 5,000 - 10,000 THB in the number of 127 people –equivalent to 31.80% 4.2 The study of knowledge and understand of the sample group on the local tax payment; most of them had the knowledge and understanding level at moderate level- equivalent to 60.30% followed by high level at 37.80 % and low level which was 2.00% 4.3 The comparison of the knowledge and understand of the sample revealed that the difference factor of gender, age, education level, marital status, occupation and income affected the knowledge and understanding of the local tax payment differently with the statistically significant at 0.05 level 4.4 The study of the perception on the service of the local taxation authorities in m overall found that the sample group had the perception level at high level which was 3.69 in average whereas the maximum level of perception was about the fair preferable relationship in service providing with the average rate at 3.70 followed by the convenience contact with the average rate at 3.60 and the low level perception was the concentration service with average rate at 2.60

5. Conclusion

The analysis of the knowledge, understanding and perception of the people towards the service of local taxation authorities in Phra Nakorn Sri Ayutthaya province found that the majority had the knowledge, understanding at moderate level with the score 13 – 24 point; followed by a high level of knowledge and understanding with the scored between 25 - 36 points, and the last is a high level of knowledge and understanding with the score between 1-12 points. This is because the authorities responsible for collecting taxes had publicized the duration of each type of tax to be paid over time through various media, including advertising boards, voice announcements continually annually. However, there is still some issues that local taxpayers do not understand or misunderstand although such issues are useful for them such as the tax appeal, period of tax payment, rate of expired tax payment, some of the local taxable property but no one makes a discrepancy that is not reported to the authorities of tax assessment.

The comparison of the knowledge and understand of the sample revealed that the difference factor of gender, age, education level, marital status, occupation and income affected the knowledge and understanding of the local tax payment differently with the statistically significant at 0.05 level.

The analysis of the people's perception on the service of local tax authorities could be seen that the perception level on the service of local tax authorities was at high level in overall with the average rate at 3.69 where the highest average rate is the preferable interpersonal relation at 3.77 followed by the convenience contact at 3.70, the promptness at 3.69 and the concentration at 3.60.

The analysis showed that what people can expect from the service of local tax authorities is local tax authorities with preferable interpersonal relation by honoring and paying respect the customer and always being ready to serve. Moreover, the other one is a concentration on providing the service of the authorities that should be eager to perform and also need to provide guidance on the procedure and practice each step in one document, which should be clear. The most important is to honor and value the people who come in contact with the willingness of non-discrimination.

6. Future research

6.1 There should be an operation to compare the knowledge of taxation in other forms, such as personal income tax, cooperate income tax or business tax

6.2 There should be a study of the tools or materials to bring to the public's knowledge and understanding of tax in various forms.

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