

Daily Thai News Summary: 17 June 2015

1. Thailand, Myanmar sign MoU on energy cooperation

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

Thailand and Myanmar have signed a memorandum of understanding on future energy cooperation, specifically in the petroleum and electricity sectors, the Thai Energy Ministry said.

Energy Minister Narongchai Akrasanee, his Myanmar counterpart Zay Yar Aung, and Myanmar Electric Power Minister Khin Maung Soe jointly signed the MoU on Monday. The MoU includes the establishment of two joint committees, one each for petroleum and electricity, to facilitate downstream petroleum trade opportunities, and cooperation in the areas of technical matters, technology, human resources, education, and exploration and drilling for oil and natural gas.

The agreement on electricity covers power generation, transmission networks and distribution via power purchase agreements, including investment by Thai electricity operators.

2. Sena Development upbeat over new rooftop solar partnership

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

Property Company Sena Development yesterday announced a partnership with First Solar, a leading US-based solar-solutions provider, and Confidante Capital, a Thai private-equity firm, to spearhead a rooftop-solar business in Thailand.

The goal is to supply 5 megawatts of solar-power systems to home-owners over the next 12 months, and to capture a 10-per-cent share of a Bt65-billion market within 10 years. Despite a slow start in the nationwide development of rooftop solar-power systems in the Thai market, Kessara Tanyalakpark, executive director of the listed residential developer, said Sena's experience and expertise in property business and the strengths of its partners could help kick-start the sector in the Kingdom, which offered a huge and promising opportunity.

3. New transfer pricing law aims to counter tax planning

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

Tax avoidance can be defined as aggressive tax-planning strategies and structures by multinational companies that take advantage of the gaps or mismatches in tax rules to shift profits to low-tax locations.

While many countries around the world have either general or specific anti-avoidance legislation to tackle this problem, the current Thai Revenue Code lacks such measures.

The approval of a draft transfer-pricing law by the Cabinet early last month was a sign that the government is seriously attempting to address the problem of tax avoidance. Thailand actually introduced transfer-pricing guidelines in 2002 in the form of a Departmental Instruction, which is not a law.

If introduced, this new transfer-pricing law will be Thailand's first introduction of specific anti-avoidance legislation to counter tax avoidance through unfair or inappropriate transfer prices charged between related parties.

4. Pepsi-Cola Thai in full throttle for synergy of Food, beverage

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

Pepsi-Cola (Thai) Trading, the local bottler, producer and distributor of PepsiCo's global beverage and snack brands, this year has moved full steam to synergise its two core businesses of food and beverage.

The move is part of the global direction of US parent company PepsiCo to create sustainable growth worldwide under the concept of "Better Together". The Thai company started developing the synergy plan last year before fully implementing it this year.

Parinya Kitjatanapan, vice president of PepsiCo Asia-Pacific and general manager of the Po1 Thailand Business Unit of PepsiCo, said yesterday that the synergy activities range from joint sales and marketing activities of food and beverage products to their collaboration to develop a joint business plan and shared utilisation of logistics.

5. Revenue Department request 1 year extension of 7% VAT rate

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

The Revenue Department has proposed that the Finance Ministry leave the value-added-tax (VAT) rate unchanged at 7 per cent for one more year as a way to stimulate domestic consumption. Meanwhile, the tax-revenue target for the 2016 fiscal year has been set at about Bt1.8 trillion after 2015 revenue is expected to be Bt160 billion below target.

Prasong Poontaneat, director-general of the department, said it would propose an extension of the current VAT rate for one more year after its expiration on September 30, given the current economic situation. The extension would be aimed at promoting domestic consumption. According to the relevant tax law, the VAT rate should be 10 per cent. When the time is right, however, the VAT rate will probably go up. Prasong said every 1-percentage-point rise in the rate should boost tax revenue by Bt150 billion. He also pointed out that Thailand's VAT rate is not high compared with regional peers.

6. Cabinet green lights plan for cash-strapped SMEs

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

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Sansern Kaewkamnerd, deputy government spokesman, said the measures were the Portfolio Guarantee Scheme (PGS) and the Policy Loan Scheme that were introduced by the Finance Ministry, Small and Medium Enterprise Development Bank and Thai Credit Guarantee Corporation.

By Harsha Hazarika