Factors Affecting Personal Income Tax Payment in Muang District, Pathumthani

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Abstract

This research aimed to study the factors affecting personal income tax payment. The samples of the research were 400 people in Muang District, Pathumthani. The questionnaire was used as an instrument for data collection. The statistics for data analysis were frequency, percentage, means, standard deviation, t-test, F-test (One-way ANOVA), LSD pairwise comparison and Pearson's Simple Correlation.

The findings showed that (1) demographic factors in terms of age, educational level, occupation and experiences in calculating personal income tax affected understanding on personal income tax laws regarding allowance rights and tax calculation, (2) demographic factors in terms of educational level, occupation and experiences in calculating personal income tax affected behaviors of personal income tax payment regarding overdue tax payment, and (3) understanding factors on personal income tax laws had a direct relation with behaviors of overall personal income tax payment at the high level.
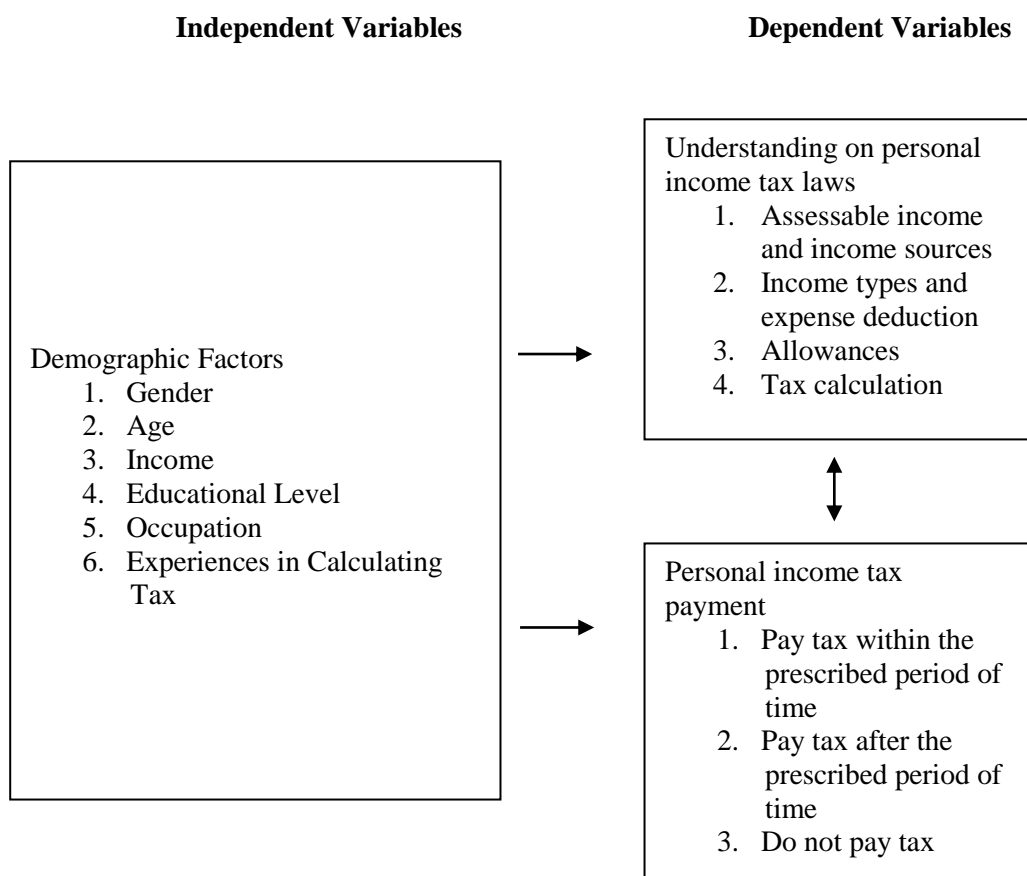
Keywords: Personal income tax

Introduction

Personal income tax is an important direct tax because it is collected from natural person having income according to section 39 of the Revenue Code and it is a progressive tax collection which high income will have more tax burden. The personal income tax base is called the net income calculating by deducting expenses and allowances from assessable income, then calculating taxes according to the progressive rates and the measures established by laws. A person having income is responsible for submitting the self-assessment personal income tax form at the revenue branch office or other places specified by laws.

Applying the progressive tax rates in collecting personal income tax has caused the personal income tax acting as a tool in automatically building stability because the revenues from collecting personal income tax can be changed depending on the economic condition, that is, during the economic recession, revenues from collecting personal income tax of the government will be decreased due to people's lower income. In this case, the tax system will alleviate the tax burden to people. Similarly, during the economic expansion, people have more income so that the revenues from collecting personal income tax will be higher or people have burden to pay more taxes. People will decrease consumption and investment if the government does not improve the tax system. The government will have more revenues from collecting taxes but at the same time people have more tax burden.

The researcher was interested to study the factors affecting personal income tax payment in Muang District, Pathumthani by emphasizing the duty of personal income taxpayers to calculate and assess their assessable income accurately according to the criteria of the Revenue Code. At present, people lack understanding on personal income tax laws and it leads to the inaccurate assessment of

their assessable income in conflict with the standard of personal income tax calculation established by the Revenue Code and leads to inefficiency. The objectives of the personal income tax collection system of Pathum Thani Revenue Office 1 was to know the level of people's understanding on personal income tax laws in order to analyze the research result and develop the knowledge for people to have knowledge and assess their income more efficiently.

Theoretical Framework

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Independent Variables   **Dependent Variables**

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Demographic Factors 1. Gender 2. Age 3. Income 4. Educational Level 5. Occupation 6. Experiences in Calculating Tax	→	Understanding on personal income tax laws 1. Assessable income and income sources 2. Income types and expense deduction 3. Allowances 4. Tax calculation
	→	Personal income tax payment 1. Pay tax within the prescribed period of time 2. Pay tax after the prescribed period of time 3. Do not pay tax

Research Objectives

1. To study demographic factors affecting understanding on personal income tax laws in Muang District, Pathumthani

2. To study demographic factors affecting personal income tax payment in Muang District, Pathumthani

3. To study relations between understanding on personal income tax laws and personal income tax payment

Research Hypotheses

1. Demographic factors had effects towards understanding on personal income tax laws in Muang District, Pathumthani.

2. Demographic factors had effects towards personal income tax payment in Muang District, Pathumthani.

3. Understanding on personal income tax laws had relations with personal income tax payment

Literature Reviews
Theory of Personal Income Tax Structure

1. People responsible for paying personal income tax, i.e., people having income during the past year with any statuses as follows: : Sappaneti Law Firm. (2015)

    1) Natural person
    2) Ordinary Partnership or Non-Juristic Body of Persons
    3) Dead people during the tax year
    4) Undivided estate
    5) Community enterprise according to laws of community enterprise promotion specially for Ordinary Partnership or Non-Juristic Body of Persons

2. Assessable income and income sources

Assessable income according to the income laws required paying personal income tax is called "assessable income" referring to income of any people or any above tax units occurring between January 1 and December 31 of any year or income occurring in the tax year.

3. Personal Income Tax Exemption

There are several important cases, i.e., exemption according to Section 42 of the Revenue Code, exemption according to Volume 126 of the Ministerial Regulations, exemption according to Royal Degree, etc.

4. Assessable income types and expense deduction

Because people having income with different occupations have different difficulties or different cost, to be fair the laws have divided (assessable) income types as appropriate to determine the tax calculation methods in order to maximize fairness.

5. Allowances

Refers to the list specified by laws to deduct after deducting expenses to alleviate the tax burden of the taxpayer before applying the net income to calculate tax according to personal income tax rate of the allowance list.

6. Personal income tax calculation   : Taxation Scholars.(2015)

Generally, people having income are required to apply all types of their assessable income throughout the tax year (excluding the tax exemption income) to calculate personal income tax at the end of the year to submit the tax form and pay tax within March of the next year from the year having income. Tax calculation consists of 3 steps.

Theories on Knowledge and Comprehension

Some scholars gave the meaning of "knowledge and comprehension" in brief as the ability of remembering and understanding details which people accumulated and passed on from generation to generation as well as conveyed, translated and interpreted the meaning. Bloom et al. divided the objective behaviors in term of personal intelligence into six levels by arranging from low to high abilities as follows (cited in Ampai Chairatmetee, 2010: 6):

1. Knowledge refers to the abilities of recalling past events and experiences both inside and outside the classroom, such as, from studying the contents in several subjects, listening to radio, watching television, reading newspaper, word of mouth, etc.;

2. Comprehension refers to the abilities of translation, interpretation and expansion;

3. Application refers to the abilities of applying knowledge and comprehension to solve new problems or unseen situations which were probably similar to the seen situations;

4. Analysis refers to the abilities of thinking and distinguishing things into portions to acquire explicit thinking hierarchy to seek the hidden truth in that matter;

5. Synthesis refers to the combination of at least two things/units to bring about the new thing with some characteristics different from existing portions. This probably combines the acquired materials, truth, or statements with numeral opinions. The synthesis is similar to creativity and results in a new principle; and

6. Evaluation refers to the decisions on values of contents and methods in brief as specified by the criterion how appropriate it was.

Related Research

Wacharee Sapkrachang (2015) studied understanding of people with assessable income on personal income tax payment in the Mae Sot Area Revenue Branch Office, Tak Province

Parichat Phutonglom (2016) studied factors affecting the efficiency of tax collection of Khlong Kham Sub-District Administrative Organization Yangtalat District, Kalasin Province

Saisamorn Sungmake (2010) studied knowledge and understanding about people's personal income tax in Phuket and found that the respondents had knowledge and understanding about person income tax at a moderate level. Comparing the knowledge and understanding level, the findings showed that gender, educational level, and occupation had effects towards knowledge and understanding on personal income tax payment at the statistical significance of 0.05.

Sorasak Phutthabucha and Chaiyant Mathanuwatanadej. (2012) studied of the taxpayers' understanding of personal income tax affecting their attitude toward tax payment in Bangkok Revenue Department Area 15 (Phra Khanong District) and found that allowances had relation with attitudes in terms of thinking and behaviors, whereas income had relation with attitudes in term of perception of tax payment.

Research Methodology

Research population was 194,429 people in Muang District, Pathumthani according to the information from Department Of Provincial Administration, Ministry of Interior (from http://stat.bora.dopa.go.th).

The research on factors affecting personal income tax payment in Muang District, Pathumthani collected the data from the population, that is, 194,429 people having income in Muang District, Pathumthani. A sample of 400 was acquired from the random sampling method by calculating from Taro Yamane's equation at the reliability of 95%. The research was done as the survey research method, collected the data by using the questionnaire, assessed the questionnaire quality by try-out with the sample group and calculated the questionnaire reliability by using Cronbach's Coefficient Alpha. The statistics used in the research were percentage (%) for analyzing data and describing general conditions of the sample group, means ($\bar{X}$) for analyzing and interpreting the data of the sample group, standard deviation (S.D.) applied together with means for showing the data distribution of the sample group, t-Test for comparing two groups of variables, and F-Test for comparing more than three groups of variables. In case of statistically significant differences at 0.05, LSD pairwise comparison was applied. Pearson's correlation coefficient was used for studying the relation between variables. The questionnaire reliability was done by using Cronbach's Coefficient Alpha.

Statistics used for data analysis were percentage, mean, standard deviation, t-test (Independent Statistic), One-Way Analysis Of Variance, F-test and in case of statistically significant differences, LSD pairwise comparison.

Research Result

Demographic data of the respondents showed that most of them were female with the age of 25-30 years old and graduating with the bachelor's degree. Most of them worked as private company employees having the average monthly income of 15,000-30,000 baht without experience in calculating tax.

Analysis of understanding factors on personal income tax laws

Table 1 Mean and standard deviation

Understanding	Level of Opinions		
	$\bar{x}$	S.D.	Meaning
1. Assessable income and income sources	3.62	0.633	high
2. Assessable income types and expense deduction	3.79	0.488	high
3. Allowances	3.89	0.520	high
4. Tax calculation	3.75	0.479	high
Total	**4.05**	**0.999**	**high**

Analysis of the factors affecting personal income tax payment

Table 2 Mean and standard deviation

Factors affecting personal income tax payment	Level of Opinions		
	$\bar{x}$	S.D.	Meaning
1. Pay tax within the prescribed period of time	3.77	0.473	high
2. Pay tax after the prescribed period of time	3.84	0.596	high
3. Do not pay tax	3.53	0.465	high
Total	**3.99**	**0.772**	**high**

Hypothesis Results

(1) Demographic factors, i.e., age, educational level, occupation and experiences had effects towards knowledge and understanding on personal income tax laws at the statistical significance of 0.05.

Table 3

Testing	F	Sig.
Age	34.74	0.000
Educational Level	11.85	0.000
Occupation	21.01	0.000
Experience	39.22	0.000

(2) Demographic factors, i.e., educational level, occupation and experiences had effects towards behaviors of personal income tax payment at the statistical significance of 0.05.

Table 4

Testing	F	Sig.
Educational Level	23.98	0.000
Occupation	98.72	0.000
Experience	121.15	0.000

(3) Knowledge and understanding factors on personal income tax laws had a direct relation with behaviors of personal income tax payment.

Table 5

		Personal Income Tax Payment
Knowledge and	Correlation Value	**0.647**
Understanding on	Sig.	**(0.000*)**
Tax Laws	Total	**400**

Conclusion and Discussion

Most of the samples were female with the age of 25- 30 years old, graduating with the bachelor's degree, the income level of $15,000 – 30,000$ baht, and working as a private company employee. Analysis of opinions on understanding regarding personal income tax payment of the samples found that overall they had opinions at the high level. Considering by aspects, the people responsible for paying tax was ranked no. 1, followed by the assessable income and income sources, the tax exemption, the assessable income types and expense deduction, the tax calculation, and allowances, respectively. The results of hypothesis testing showed that demographic factors, i.e., gender, age, educational level, income level, and occupation had effects towards understanding on personal income tax payment at the statistical significance of 0.05. Demographic factors regarding gender, educational level and occupation had similar opinions in conflict with the established hypothesis, whereas demographic factors regarding age and income level had different opinions in accordance with the established hypothesis.

Suggestions

1. The agency related to tax collection should provide support in publicizing better understanding on tax structure to people, such as, printed media, radio media, television media, exhibition, social media and arranging training and seminars thoroughly.

2. The agency related to tax collection should provide access for people to reach various media regarding tax knowledge, such as, often providing training or organizing free training registration, providing incentives for people to gain taxation knowledge.

3. The consciousness-raising project on tax payment among the people should be organized to provide knowledge, understanding and awareness of importance on tax payment leading to the budget of country development.

4. The tax collection agency should honor the taxpayers by granting wards, giving souvenirs, announcing the honor to the public to know virtues.

Recommendations for future research

　　　　1. The future research should be done as the qualitative research to acquire the in-depth data and apply the qualitative research method by using the interview or observation for better completion of the research.

　　　　2. The research should be conducted with population with the same characteristics in other provinces to obtain the information on the system of personal income tax payment thoroughly.

　　　　3. Other variables, which probably help the research findings to be more efficient and reliable, should be studied for better efficient application.

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