

Effects of E-Withholding Tax Implementation on Agency–Business Partner Processes: A case study of State Enterprise in Thailand

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Abstract

One significant tool driving digital government is the development of the E-Tax System. E-filing, E-tax invoices, E-receipts, and E-withholding tax have been developed to increase tax efficiency. The E-withholding tax system, promoted by the Revenue Department, encourages corporate taxpayers who make transactions via banks to use the system for tax withholding and to send data through electronic channels. This system reduces paperwork, resource use, processing time, and human errors when completing forms for both taxpayers and recipients of income. The government provides incentive for taxpayers by reducing withholding tax rates from 2–5% to 1% between 2023 and 2025. In addition, expenses for investing in the E-withholding system can be deducted twice for taxable income.

However, the transition from the traditional withholding tax system to the E-withholding tax system affects internal management processes. Factors to consider include document retention, submitting data to the Revenue Department, issuing withholding tax documents, and coordinating with customers. Software changes, staff training, and coordination among accounting, finance, and procurement departments cannot be ignored. This paper investigates the effects of applying the E-withholding tax system in a state enterprise on customers. Problems and obstacles are examined to improve system efficiency. In-depth interviews with 31 participants were used for data collection: 10 staff members, 15 customers, and 6 bankers and tax advisers. Preliminary results show that the key success factors for the E-withholding tax system are leadership, staff skills, and interdepartmental coordination. The main problems are customers' lack of understanding, system development costs, and human errors.

Keywords: E-filing; E-Tax System; E-Withholding Tax System; Tax benefit; Tax documents