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Government mulling taxing mobile apps

The government is considering imposing value added tax (VAT) and income tax on mobile application transactions, according to the government's Department of Revenue.

Revenue Department director-general Sutthichai Sangkamanee said on Monday that the state is able to impose such charges under tax law.

However, with many mobile app providers operating outside of the country, international cooperation is required before it could do so.

With that in mind, mobile app taxation would have to be discussed on international stages such as the Study Group on Asian Tax Administration and Research (Sgatar) forum, Mr Sutthichai said.

He added that the government is also considering whether this could be done under the double taxation treaties Thailand has signed with 55 countries.

The Ministry of Finance is looking to impose VAT and income tax on smartphone application transactions. (Bloomberg Photo)

Information technology experts have estimated that 14 million to 15 million smart phones and tablets are being used in Thailand and that the combined market value of both mobile applications and content services in 2013 is about 15 billion baht, up 10 to 15% when compared to last year.

Peerapat Poshyanonda, a tax adviser to the Revenue Department, said people who buy apps by downloading them on the internet pay for their purchases through their credit cards or online banking.

Mr Peerapat said the money would go to app providers operating outside the country. However, there is no international law that requires countries where app providers live to return VAT to the country where transactions took place.

As for income tax returns, the double taxation treaties between Thailand and other countries could come into play, he added.

These agreements rationalise tax payment liabilities by nationals living and earning in other countries.