

## Influence of Income Tax Payment on Business Investment: A Case Study of Listed Companies from the Stock Exchange of Thailand

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### ABSTRACT

*The study aimed to investigate the level and pattern of income tax payment and business investment of listed companies from the Stock Exchange of Thailand (SET) during 2014 to 2018, and to examine an influence of income tax payment on business investment. Using annual reports during 2014 to 2018, population and sample were listed companies in the SET. Descriptive analysis and panel data analysis were used to analyze the data of this study. As the results, there was a decrease of income tax payment of Thai listed companies during 2014 to 2017 before increasing dramatically from 2017 to 2018, while there was an increase of business investment during period being study. Moreover, the study found a negatively significant influence of income tax on business investment, while there was a positive relationship between industry type, business size, and business investment level. This study has demonstrated an effective of income tax payment policy in Thailand on increasing private investment level. Implications of study were to demonstrate whether positive accounting theory can be used to explain the negative relationship between income tax payment reduction and business investment level in Thailand as well as the other countries.*

**Keywords:** Income tax payment, Business investment, the Stock Exchange of Thailand

### INTRODUCTION

The majority income of government from many countries around the world has come from tax payment. There are two main tax categories which are personal and income taxes. On one hand, personal tax is collected from the people who have personal income over standard rate of the revenue department. On the other hand, income tax is kept from net profit of business units such as partnership, limited company, or listed company. In Thailand, income tax payment rate has been changed from 30 percent of businesses' net profit to 23 percent in 2012, and reducing to 20 percent since 2013 (Nhoohong and Buranakunaporn, 2017). There are several reasons why Thai government would reduce income tax payment rate which are (1) to reduce cost and expanse of business units, (2) to let business units have competitive advantage, and (3) to increase investment from domestic and international business units (Pratomsrimek et al., 2018). Moreover, after Thailand has become a part of ASEAN Economic Community (ACE), business units of AEC member countries can move to invest and run their businesses in the other member countries. For example, in terms of service industry, ASEAN business units can invest their businesses in the other