



THAI EXPERIENCE ON EXTRACTIVE SECTOR TAXATION

Natural Resource Taxation in the Asia-Pacific Region , August 13 - 15, 2015

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THAI EXPERIENCE ON EXTRACTIVE SECTOR TAXATION

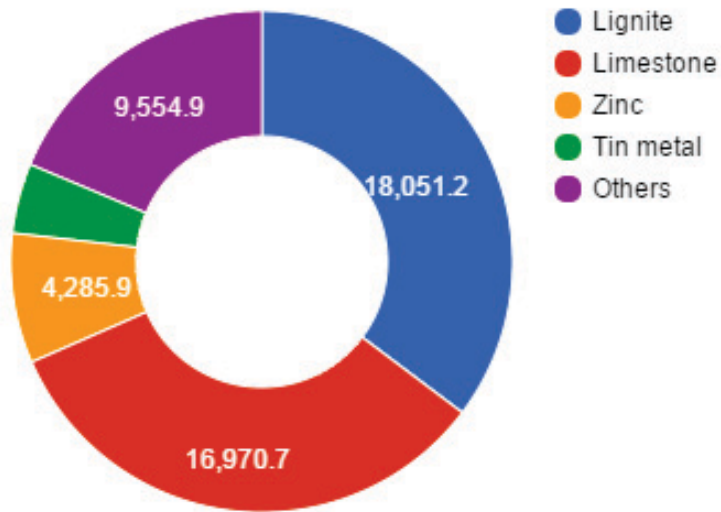
OUTLINE

- ▷ Brief overview EI activities in Thailand
- ▷ The fiscal regime in Thailand
- ▷ Main current challenges with the EI fiscal regime in Thailand

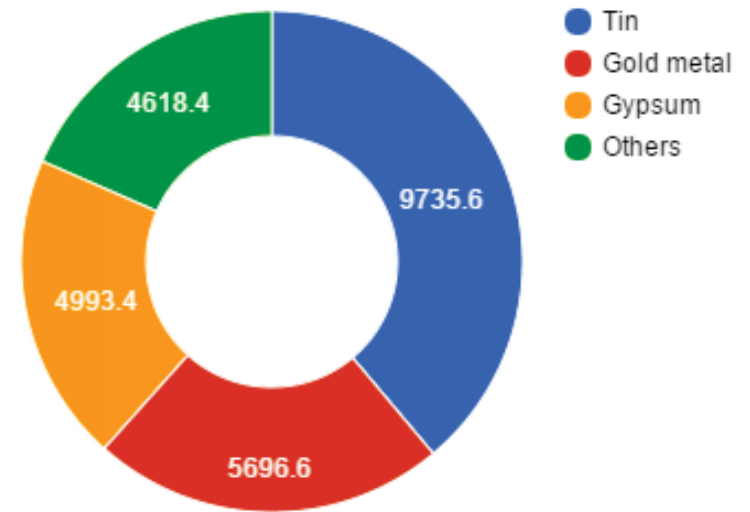
1.

EI Activities in Thailand

Mineral Consumption 2014 (Million Baht)

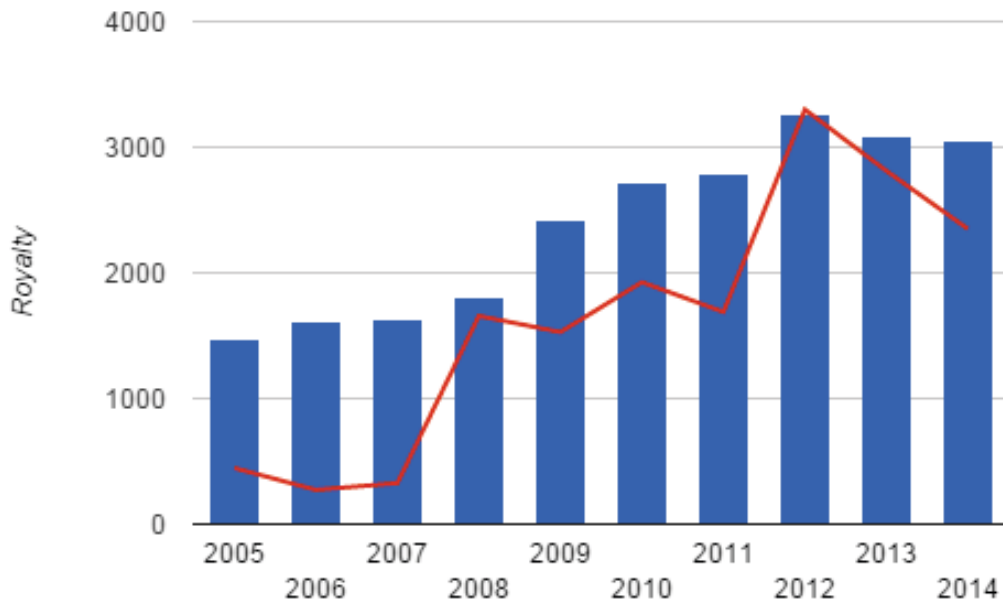


Mineral Exports 2014 (Million Baht)

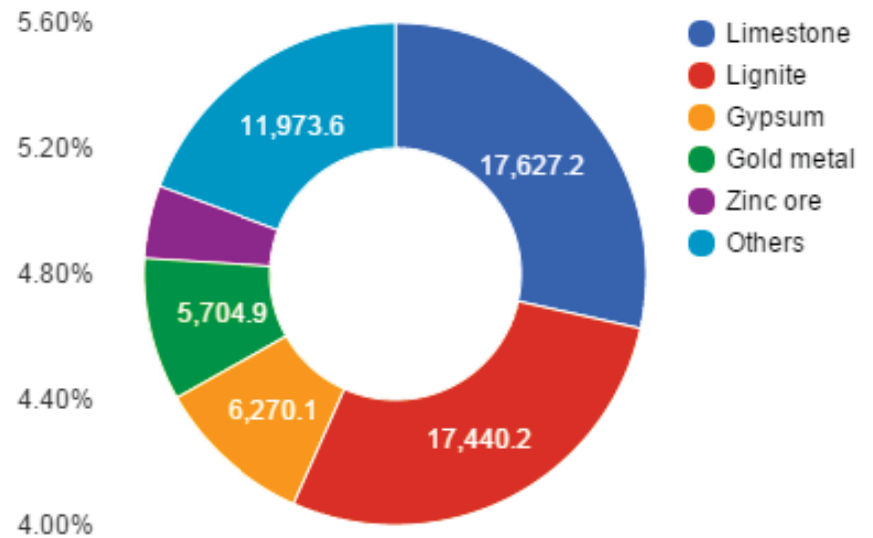


Royalty

Royalty (Bar) | % of production value (Line)



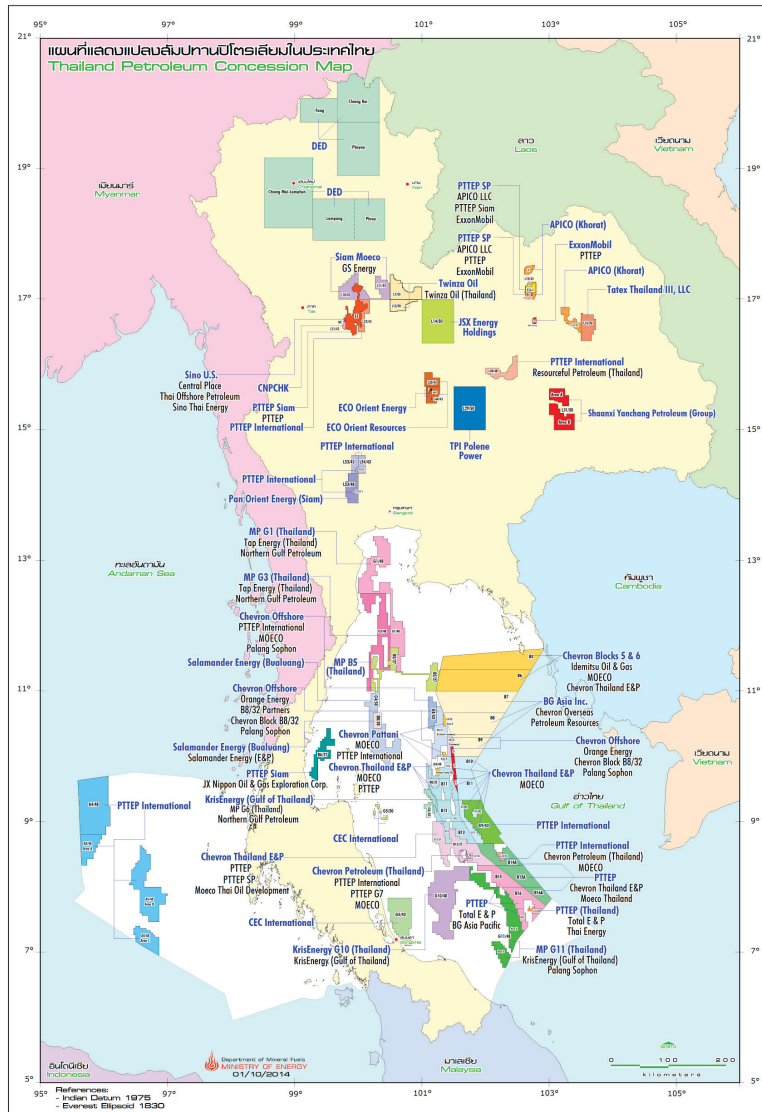
Mineral Production 2014 (Million Baht)



Source: Department of Primary Industries and Mines

Petroleum Exploration and Production in Thailand

Petroleum Concessions



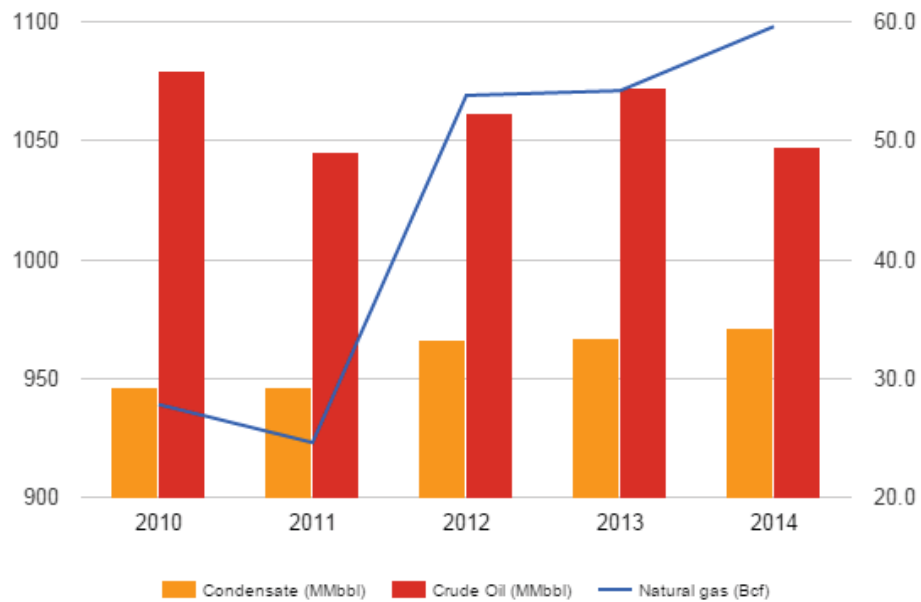
	2010	2011	2012	2013	2014
Concessions	61	63	58	52	45
Exploration blocks	79	79	74	67	56

Proved Reserves (as of Dec 31st)

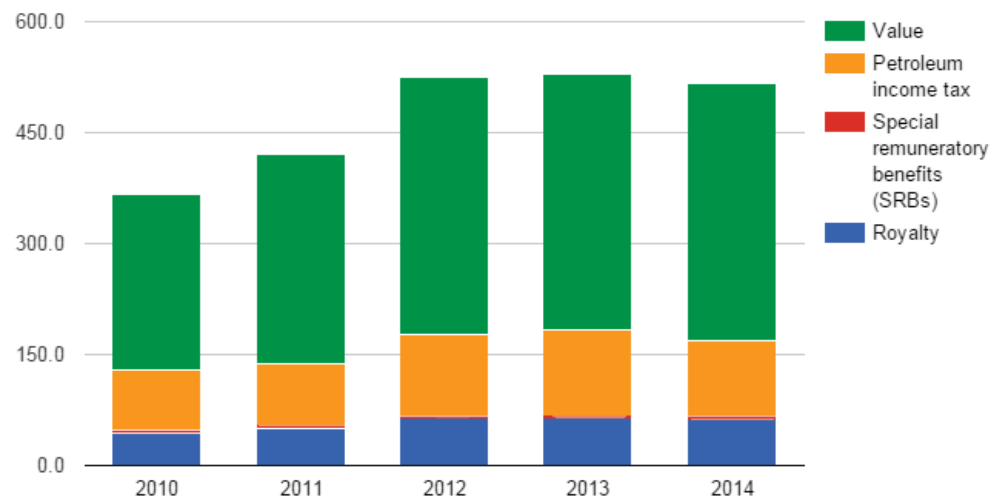
	2010	2011	2012	2013	2014
Natural gas (tcf)	10.6	10.1	9.0	8.4	7.7
Condensate (MMbbl)	245.2	238.7	216.8	203.9	181.9
Crude oil (MMbbl)	197.3	214.6	232.0	257.9	222.9

Source: Department of Mineral Fuels

Petroleum Sales Volume



Petroleum Sales Volume and Gov't Revenue (Bill. Baht)

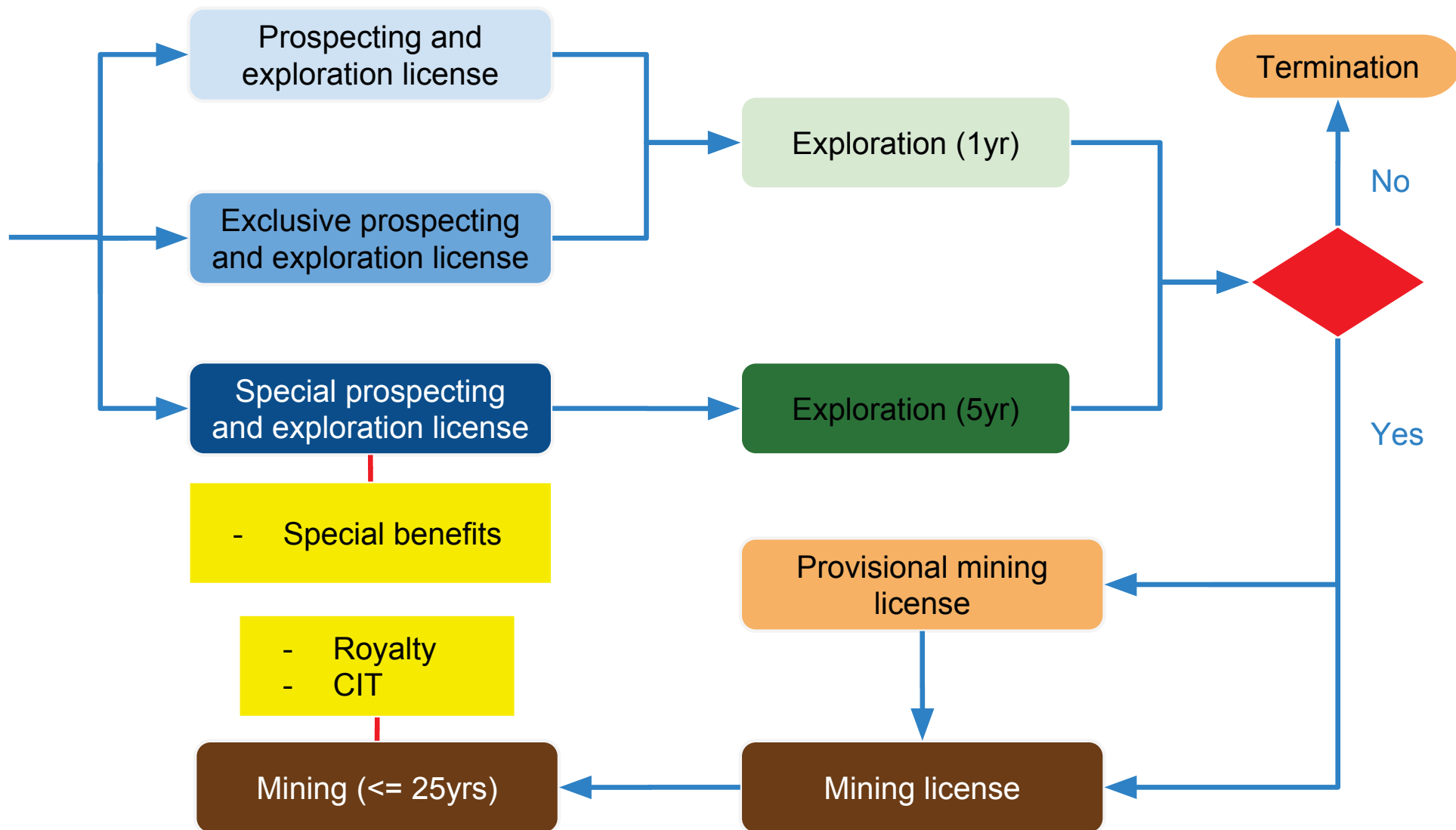


Source: Department of Mineral Fuels

2.

El Fiscal Regime in Thailand

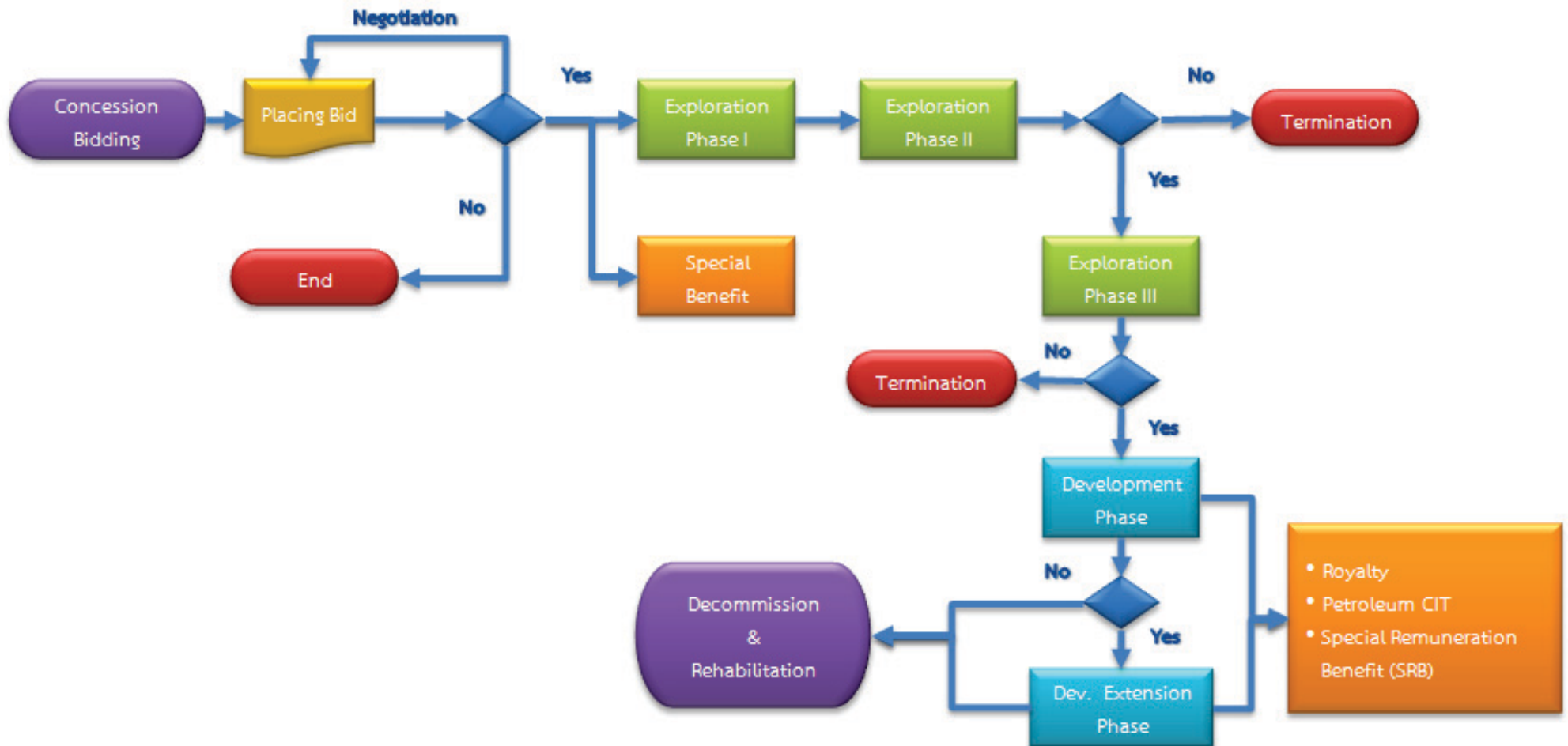
Mining Concession Process



Mining Royalty Rates

Mineral	Royalty Rates	Mineral	Royalty Rates
(a) Mineral		(b) Metal	
Industrial minerals (Rock salt, Graphite, Quartz, Calcite, etc)	4	Lead, Copper, Antimony, Zinc, Cadmium	2.5
Diatomite	2	Iron	2
Coal	4	Gold	2.5
Barite (lump)	7	Silver	10
Barite (ground)	2		
Feldspar (lump)	7	(c) Slag	
Feldspar (ground)	4		
Lead ore	2 - 15	Cadmium, Lead, Nickel, Bismuth, Zinc, Arsenic	10
Zinc ore	2 - 15	Tin, Tungsten trioxide	15
Tin	0.1 - 60	Columbium or Tantalum pentoxide	5

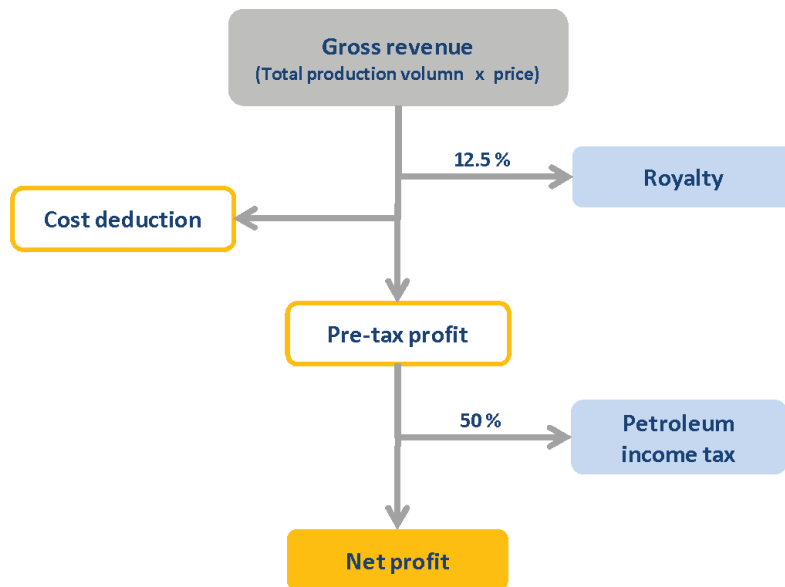
Petroleum Concession Process



Thailand Petroleum Fiscal Regime

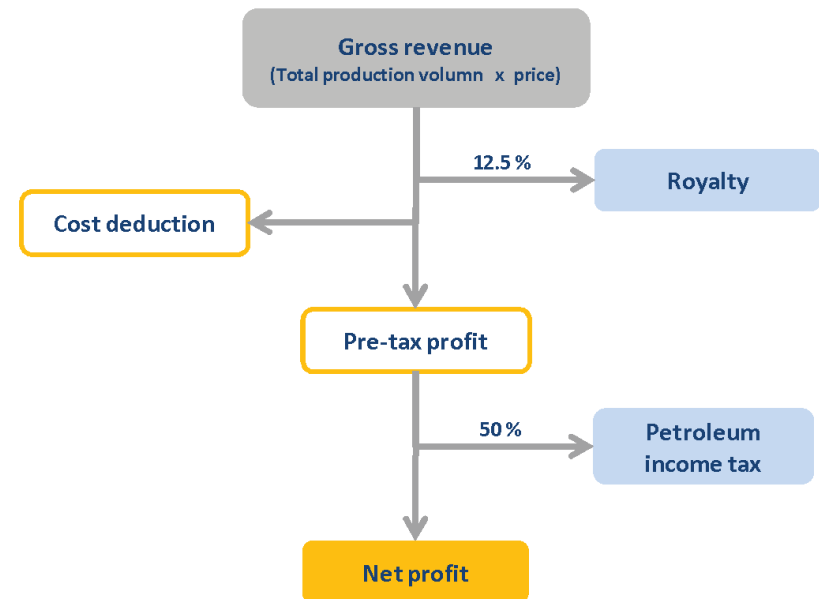
Thai I

Concessionary system



Thai II

Concessionary system



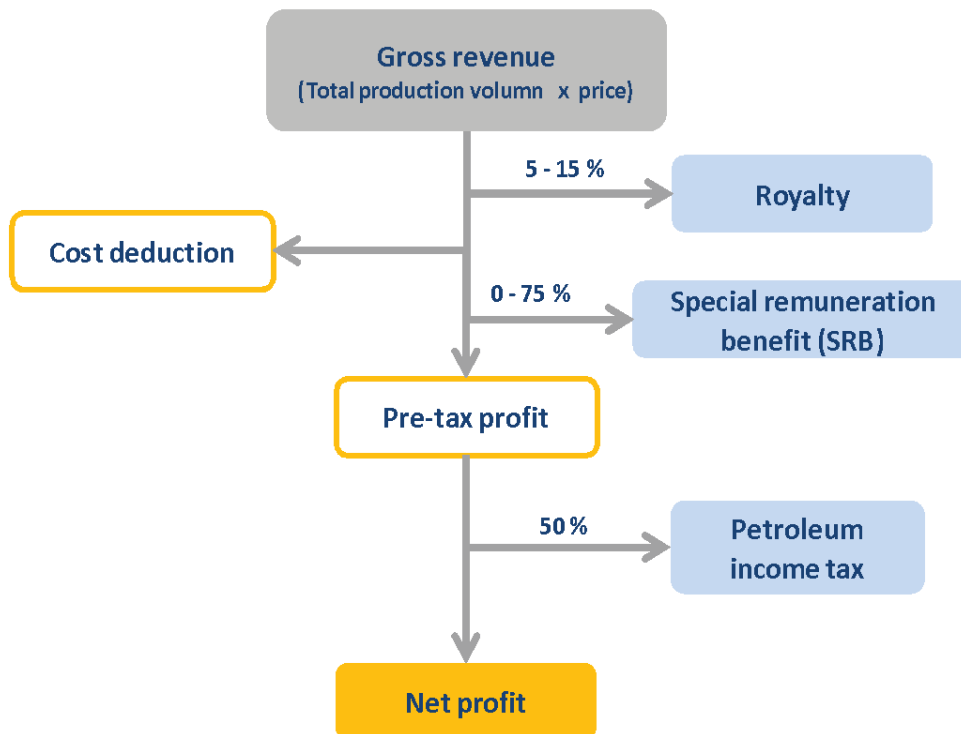
Thailand II was based on Thailand I regime with additional rules i.e.

- Cost deduction limitation (20 % of annual revenue)
- Annual benefit
- Annual product bonus

Thailand Petroleum Fiscal Regime

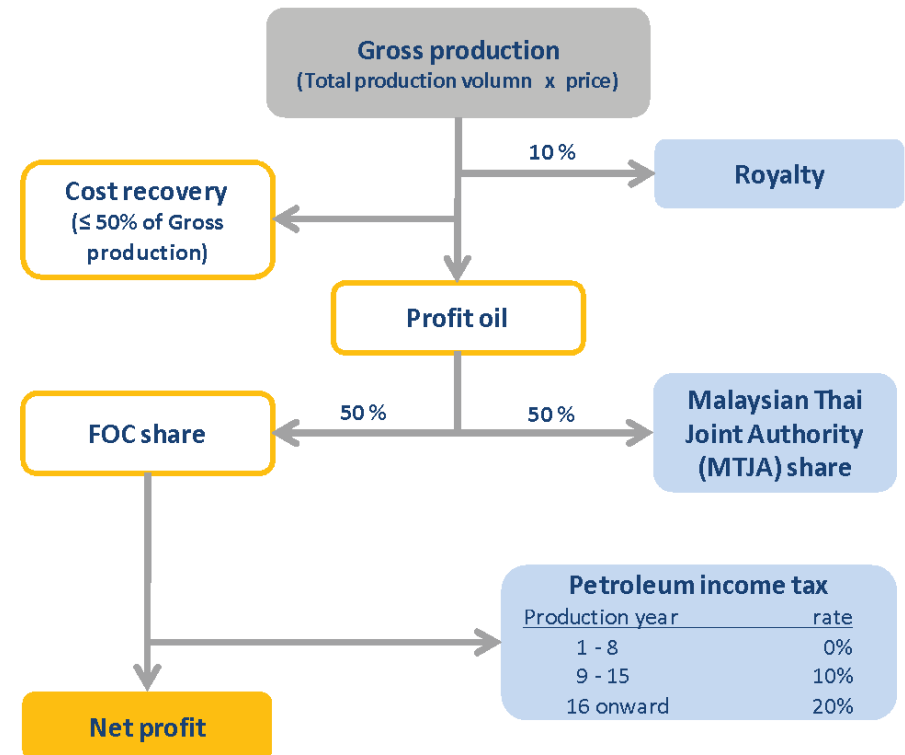
Thai III

Concessionary system



MTJDA

Production sharing system



Petroleum Fiscal Regime: Thailand and Asian Countries

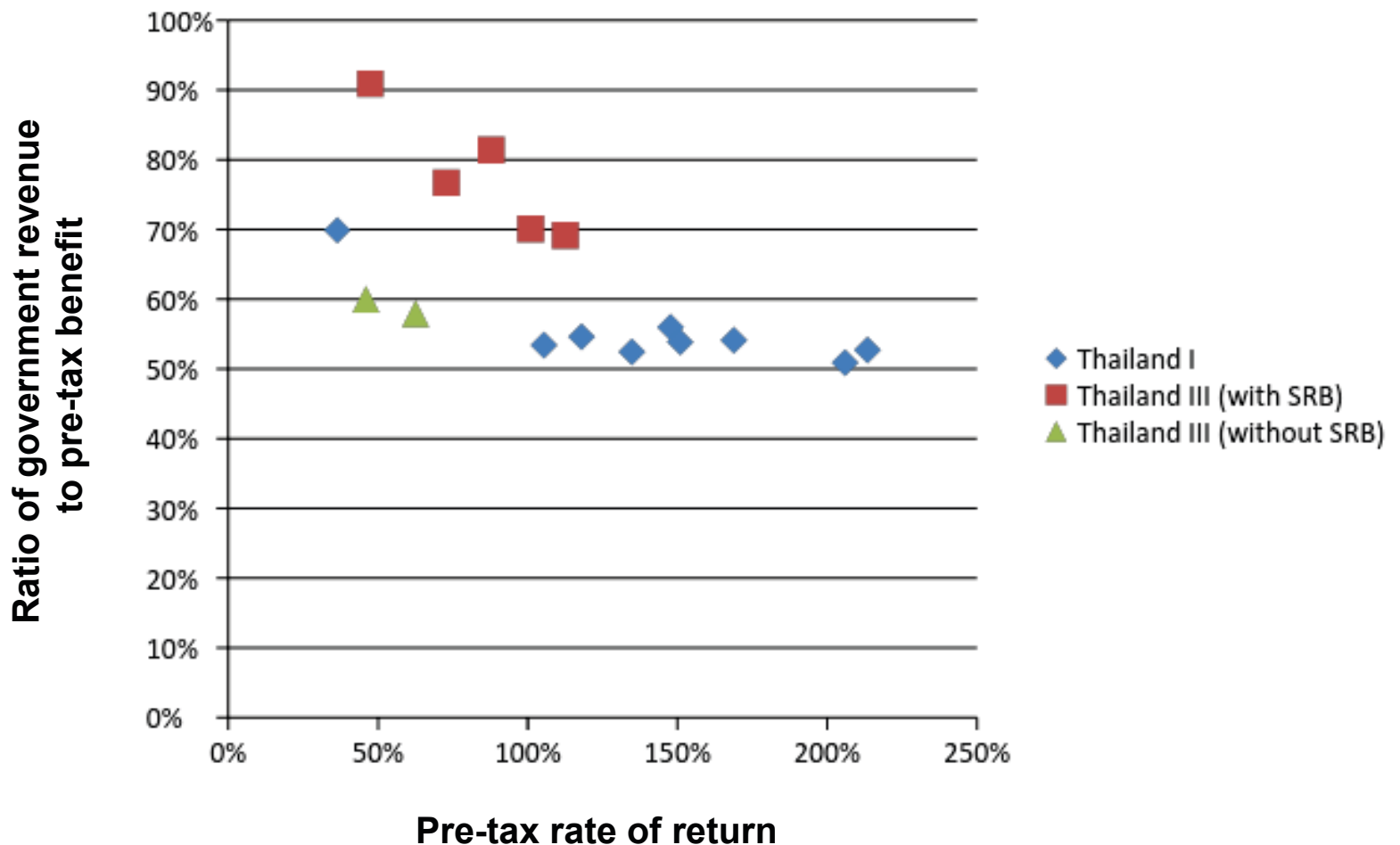
		Thailand			Myanmar ^{2/}	Malaysia ^{2/}		Vietnam ^{2/}	Indonesia ^{2/}		
		I ^{1/}	III ^{1/}	MTJD A ^{2/}							
Royalty		12.5 %	5 – 15 %	10 %	12.5 %	10 %		Oil : 6-25 % NG : 0-10 %	20 %		
Cost Oil	NOC	N/A	N/A	N/A	50 %	20 %	20 - 100 % 30 - 70 %	Oil : 50 % NG : 70 %	50 %	100 %	10 %
	IOC	N/A	N/A	50 %		80 %			0 – 80 %		50 %
Profit Oil	Gov't	N/A	N/A	50 %	Oil : 20 – 50 % NG : 40 – 55 %		20 – 90 %		50 %		Oil : 28.57 % NG : 37.5 %
	NOC	N/A	N/A	N/A	Oil : 50 – 80 % NG : 45 – 60 %	80 %	10 – 80 %	50 %	50 %	Oil : 71.43 % NG : 62.5 %	10 %
	IOC	N/A	N/A	N/A		20 %			80 %		50 %
SRB		0-75 %	0-75 %	N/A	N/A		N/A		N/A		
Petroleum Income Tax		50 %	50 %	0-20 %	Oil : 60-80 % NG : 65-90 %		38 %		50 %		40 %
Gov't Investment		N/A	N/A	N/A	20 %		20 %		50 %		10 %
Average Gov't Take		58 %	81 %	69 %	85 %		91 %		79 %		90 %

3.

Main Current Challenges
with the Fiscal Regime in
Thailand

Main Current Challenges with the Fiscal Regime

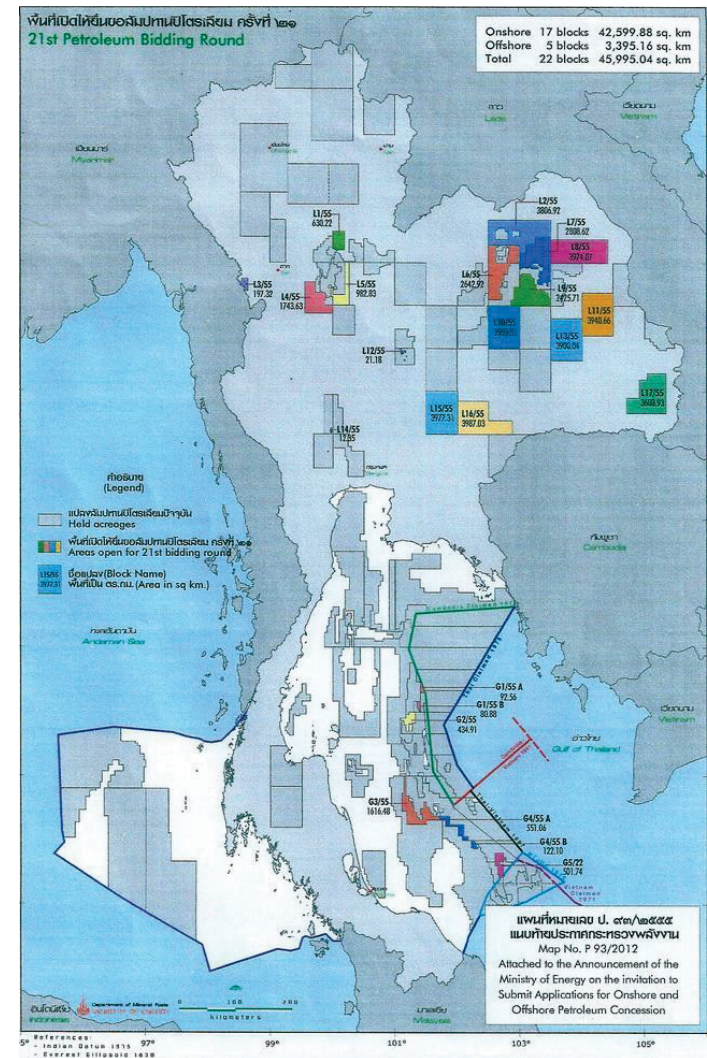
Issues: Regressive government share



Main Current Challenges with the Fiscal Regime

Issues:

- The 21st Petroleum Concession bidding round for exploration and production concession right
- This proposed bidding round has been continuously criticised by the oppositions.
- Ministry of Energy has suspended this bidding round since 2012



Main Current Challenges with the Fiscal Regime

Challenges

- Building public trust
- Attracting foreign investors
- Receiving a fair share of the nation's resource wealth
- Providing revenue stability

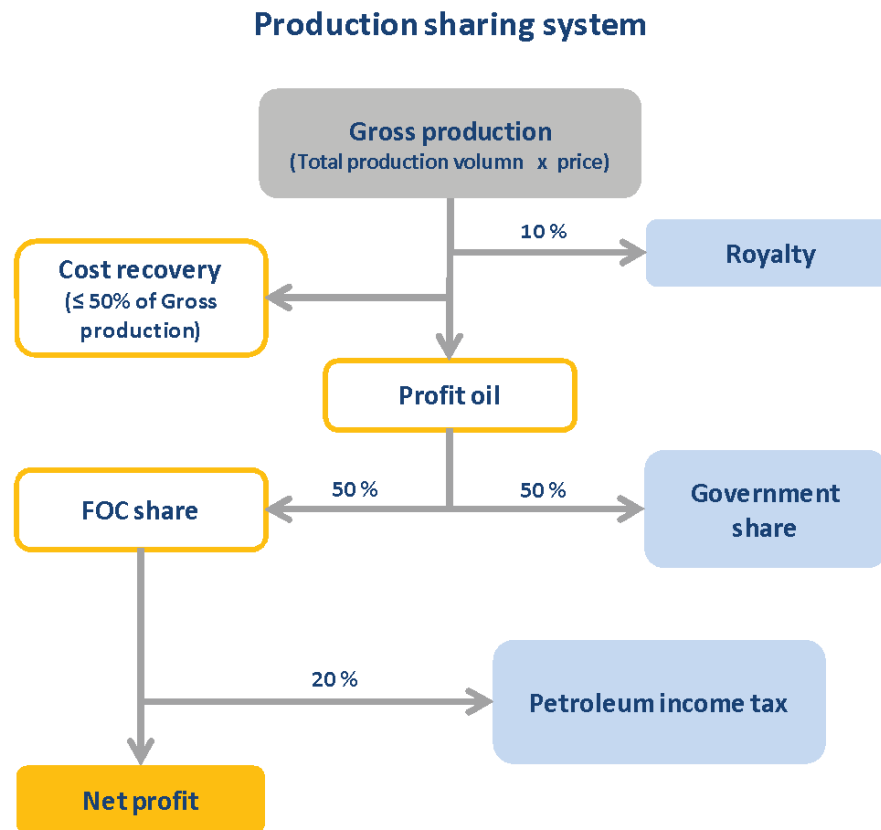
Main Current Challenges with the Fiscal Regime

Petroleum Fiscal Regime Reform Proposal

- Introduce a new system based on MJTDA fiscal regime to apply on the potential exploration blocks

Main Current Challenges with the Fiscal Regime

Petroleum Fiscal Regime Reform Proposal



Thanks!

Any questions?



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