

Revenue Management of Less than Average of Local Government Organizations Case Study of Nong Ya Plong Sub-district Administrative Organization, Loei Province

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ABSTRACT

The government's decentralization for local government organizations is very important to public affairs administration of public affairs, especially budgets that current local regime has established a fiscal decentralization so that local government units can have financial freedom and determine local income allocation. This article aimed to study the situation of local finance with income collection problem and guidelines for local government organizations management in the case study of Nong Ya Plong Sub-district Administrative Organization, Loei Province had managed self-revenue collection in the fiscal year 2019-2020 found that there was lower than average (10% of total revenue) causing an impact on the central income allocation and the cause of lower than average income was influenced by the situation of coronavirus disease (COVID-19). Reducing the land tax rate collected in 2020 to alleviate the suffering and impact of the economic situation including the cancellation of property and land tax collection with local maintenance tax and the loophole of the wasteland law to be taxable at the rate of 0.3%, that was adapted to do agriculture that must pay only 0.01% tax and in the case of rented rooms, dormitories, apartments, etc. There should have a guideline for the local government organization management with participatory management, code of law/municipal law to collect new income in their own area, and cooperation with other local government organizations to provide public services together as cooperation and public relations thoroughly.

KEYWORDS

Own Revenue, Local Finance, and Participatory Management.

Introduction

According to the Constitution of the Kingdom of Thailand 1997 and 2007, this is an important starting point for decentralization to local government organizations by regulating the importance of the government decentralization to local government organizations in section 78 and section 282 to section 290 which is the source of the planned enactment and the process of decentralization to local government Organizations, 1999. Both laws are intended to promote the independence of the local government in specifying policies, public service organization, local personnel management, financial management according to the principles of self-government and public demand.

Therefore, the local government organization is the one that is closest to the people that respond to people's need in various public services. Decentralization to local government organizations is of great importance in the administration of public affairs, especially budgets, which are considered a key factor in administration, the role of allocating resources to suit the people's needs. In the past, Thailand's financial system was a centralized decision-making power. Most of the federal taxation has the authority to taxation and the local government has the taxation authority partially which still has to wait for budget support from the central government in spending or local administration to respond to the needs of local people. (Krekkiat

Phiphatsereetham, 2009: 707) A local government organization that has management ability in administration efficiently and the ability to serve people in the facilitation and happiness to local people very well depends on how much income is enough for local maintenance? If the local government has low income and not good fiscal status which will have to rely on or request financial assistance from the government all the time, that inevitably causes the local government unit to be more controlled by the central government according to the amount that has been subsidized, can make the right or less autonomous power and lack of initiatives to improve their own localities for progress.

The current local regime has determined the fiscal decentralization to give the local government agency there is fiscal freedom and specified government must allocate income to local government organizations. Thus, local finance has a relationship with central finance due to central governments often supervise for preventing damage to local administration that will affect the nation as a whole, and importantly, the central government must help and support the local government to run business to benefit the local area as much as possible (Poramin Kongpon, 2004: 33-34). While progress in society will have problems in social inequality related to taxation that is Thailand's tax system is a regression (Regressive Tax), including the base of tax, has a lot but the government can collect the minority affecting the income of the country in bringing the budget to be used in the administration that the government should select a taxation policy and should collect taxation at a progressive rate (Progressive Tax) to make people more equitable in society.

From the situation of the local finance, there is a problem in collecting local government's income. The study team is interested in studying the problems of Sub-district Administrative Organization where have their own income less than average (10% of the total income) and receive the pressure from macro-level which allows expediting income from taxes or fees to process information as it is true. How has Sub-district Administrative Organization adjusted action? To obtain an increased self-collection of income and the study team find ways to increase income for the local government organization.

The Concept of Income Management of Local Government Organizations

Local Finance

Local finance is an important management tool and that is also a mechanism of government administration in achieving the objectives of the local government unit to have effective administration and the ability to serve the local people.

Pairat Trakarnsirinon (2005: 343) said that local finance means providing income, fixing expenditure, budgeting, purchasing materials and commissioning, accounting, and auditing of local government organizations.

Sukanya Saeng-anan (2010) said that local finance refers to the financial management of the local government that is a consideration of providing income, determining expenditure, providing budgeting, purchasing, procurement, accounting, Auditing of local government agencies. The process of local budget is the intermediary in the relationship of sources of income with the spending pattern of each local government agency to be consistent with achieving the objectives of the local government agency, local finance, and central finance.

The income sources and expenditure allocation of local government organizations are able to run along with work development plans, which is necessary to have the appropriate sources of income and allocation of expenditures. The scholars have given the principles of income source and expenditure allocation of local government organizations as follows:

Supawat Papassarakan (2002: 89-90) said that considering the government's income structure consisted of four components, namely:

1. Local income provided by them consists of the following:
 - 1.1. Income from taxes, including house and land tax, local maintenance tax, label tax, and slaughter tax.

- 1.2. Non-taxable income consists of fees, fines and income license, income property, public utility, and other income.
2. Tax collected and allocated by the federal government to localities includes value-added tax, specific business taxes, liquor, and beer taxes, and excise tax, taxes, and fees wheeled vehicle fee, property registration fee, gambling taxes, mineral royalty Petroleum royalty, swallow nest tax and others.
3. Income that the government allocates additional or called subsidies.
4. Income from other loan savings.

Thailand's local financial problems are both internal and external factors of the local administration which can be separated into external factors (Pairat Trakarnsirinon, 2005: 312-313) namely;

1. Economic and social factors that are the prosperity and development of the local economy where does not grow as expected of population's income, urbanity or rural, commerce, employment as well as the responsibility of the population to taxation affecting the local earning capability.
2. Political factors, namely;
 - 2.1. Localities are interfered with both central and local political powers because of their interests in local leadership groups.
 - 2.2. Policies that focus on the decentralization of the local government, but most powers are more central and regional.
 - 2.3. The lack of persons who have real knowledge and understanding of local problems.
 - 2.4. The lack of participation in local finance administration and monitoring of budget expenditures from the public on internal factors, namely;
 - 2.4.1. The lack of responsibility, knowledge, and understanding of local problems of local government officials from management and local councils.
 - 2.4.2. Localities lack the income to support themselves.
 - 2.4.3. The local budget management is inefficient, unable to take advantage of local income.

Land and Buildings Tax Act, B.E. 2019

Land and Buildings Tax Act, 2019, begun to enforce the law on March 13, 2019, and tax collection on January 1, 2020. Land and building tax are a new type of tax that will be used instead of the property tax collection and local maintenance tax where the local government organization is currently collecting. All land and building taxation revenues will be the local government to be used for all local development without having to be delivered as government revenues.

Reasons for bringing land and building tax that is collected instead of house and land tax and local maintenance tax.

1. As the House and Land Tax Act B.E. 2475 and the Local Maintenance Tax Act B.E. 2508 are the laws that have been used for a long time and not update law following the changing economic and social conditions of the past. As a result, the collection of house and land tax and local maintenance tax has a limit on the tax base in the tax rate and the tax reduction that is inconsistent with the current situation as follows:
 - 1.1. House and land tax
 1. House and land tax is based on an annual fee or annual rental fee in assessing tax. Therefore, it complicates income tax collection from renting property.
 2. The annual valuation is at the discretion of the official to determine the appropriate rent to rent in a year.
 3. The tax rate levies that determines very high, including 12.5 percent of the annual fee or in comparison with the half month's rent.

1.2. Local maintenance tax

1. The tax base is not current due to the moderate price of the land which normally has to be renovated every four years, but now it still uses the moderate price of the same land used in the assessment of the tax year 1978 - 1981 and there is still a lot of land reduction to calculate the tax.
 2. The tax rate is determined according to the middle price class of land up to 34 floors and there is regressive quality. High-value land is taxed at a lower average rate than low-value land.
2. Income provides by the local government organization there are insufficient low proportions for local development, so land and building tax will help local government organizations to have more income in the future. Due to the value of land and buildings in the future will increase along the development level resulting in increased income.

Which the collection of land and buildings taxes is expected to have benefits as follows:

1. Reducing inequality of those who have high-value assets, the responsibility must pay more taxation than of those who have low-value assets. This will bring about fairness and reducing inequality in society, it also stimulates the distribution of land ownership.
2. Increase efficiency
 - 2.1. Reducing the discretion use of officials in assessing taxes.
 - 2.2. Encouraging the landowners to use the land effectively.
3. Increasing incomes of local government organizations have more income to be used for investment and quality public services for the people in the area.
4. Promoting participation, stimulation, and cultivating consciousness to people in the area there is inspection the operation of the local government organization for thorough and fair taxation, including there is followed up the spending of taxes that collected from people in the area for local development.

Reasons for the necessity of applying land and building taxes because the local administrative organization collected on the property base, i.e., house and land tax and local maintenance tax when considering the payment of local maintenance tax, it can be divided into 3 groups of property owners as follows:

The first group is people who do not have to pay the local maintenance tax because using land to build a house to live or to do agriculture and there is the area that is below the tax deduction which the local government determines from 50 square yards to 5 square meters.

The second group is people who have to pay the local maintenance tax in the areas that have exceeded the tax deduction but pay the taxes on the past price thirty years ago and with the regressive tax rate structure.

The third group is people who have to pay house and land tax because land and buildings are taken for rent, commerce, or industry. The tax rate is as high as 12.5% of the annual fee or the reasonable rent to be rented in a year but pushes off on renters or people who buy goods and services.

Therefore, it can be seen that pay for local maintenance taxes will be with too some groups overmuch. While some people who do not have to take on the burden at all both benefiting from local public services as well and a person who can pay local taxation.

Participative Management

Participative management has evolved from the concept of interpersonal management and behavioral management by having scholars who have proposed related concepts and theories as follows.

David McClelland (1961: 100-112) Human beings' incentive to accomplish work both the individual and social

levels there are three needs as follows:

1. Need for Achievement is the desire to accomplish something well, try to overcome various obstacles, peace of mind when they are successful and anxiety when they are not successful.
2. Need for Affiliation is to live with others in society, friendship, and warm relations.
3. Need for Power is the responsibility for other people, to control and provide benefit and not benefit to others.

By the way, the essence of David McClelland's achievement motivation theory is a person who will work to be successful must have a high level of motivation in the aspect of achievement requirements.

Chot Bodeerat (2015: 210-211) Participatory administration is an administrative method to help those who are involved in working and participating in expressing their opinion, variety of decisions or actions to make attachment and responsibility to the organization more and more. The administrator must realize the importance together with there is the cognition of the basic concepts and essential elements of participatory management. The main thing is to know the benefits, limitations, and obstacles of participatory management to be applied appropriately and the greatest benefits to the organization.

Kowit Puangngam (2018: 55-59) Management strategies of Sakhae Village Municipality provide the opportunity for villagers to get involved in the practice of administration of Sakhae Village Municipality, namely:

Firstly: "Producing project and activities within the community for villagers contribute to the budget" 35 percent and approximately 65 percent of the municipality will pay for it. Whether it is improving the road, construction or other public service arrangements in the case of villagers have done the projects and activities to request the municipality to implement.

Secondly, "Snow Rescuers" is an operation to protect the elderly from snow disasters.

Thirdly, the "Foot Nursing Team" is a group of villagers who are volunteers for helping and taking care of the villagers themselves.

Fourthly, Sakhae Village Municipality cooperated with other municipalities to prepare a public service that Sakhae Village Municipality does not have the capacity to run alone. Therefore, has implemented the projects with other municipalities called "Cooperation" by having several cooperative activities such as cremation, eliminating sewage, getting rid of trash and disposal, and shelter for the elderly.

So, it can be said that the efforts of Sakhae Village Municipality to make the self-sufficient village that must be a participation strategy and how to think together to achieve concrete goals in the midst of limitations.

Analysis of income management that is less than average of local administrative organizations, case study: Nong Ya Plong Subdistrict Administrative Organization, Loei Province

Nong Ya Plong Subdistrict Administrative Organization 226 Village no. 3 Nong Ya Plong Subdistrict, Wang Saphung District, Loei Province is located in the southern part of Loei Province, 20 kilometers from Wang Saphung District and 480 kilometers from Bangkok along the Bangkok-Chaiyaphum-Loei road with a total area of 57,200 Rai (94 square kilometers).

Topography of Nong Ya Plong Subdistrict Administrative Organization, in general, the most area is uplands and lowland mixed with mountains which is a degraded forest with natural water sources.

Income collected by the Nong Ya Plong Subdistrict Administrative Organization in the fiscal year 2019-2020.

No.	Tax Category	2019	2020
1	Property tax	4,073,579.35	-
2	Local maintenance tax	236,388.34	-

3	Label tax	78,972.00	87,886.00
4	Land and building tax	-	175,936.65
	Total	4,388,939.69	263,822.65

Tax in 2019 = 4,388,939.69 Baht

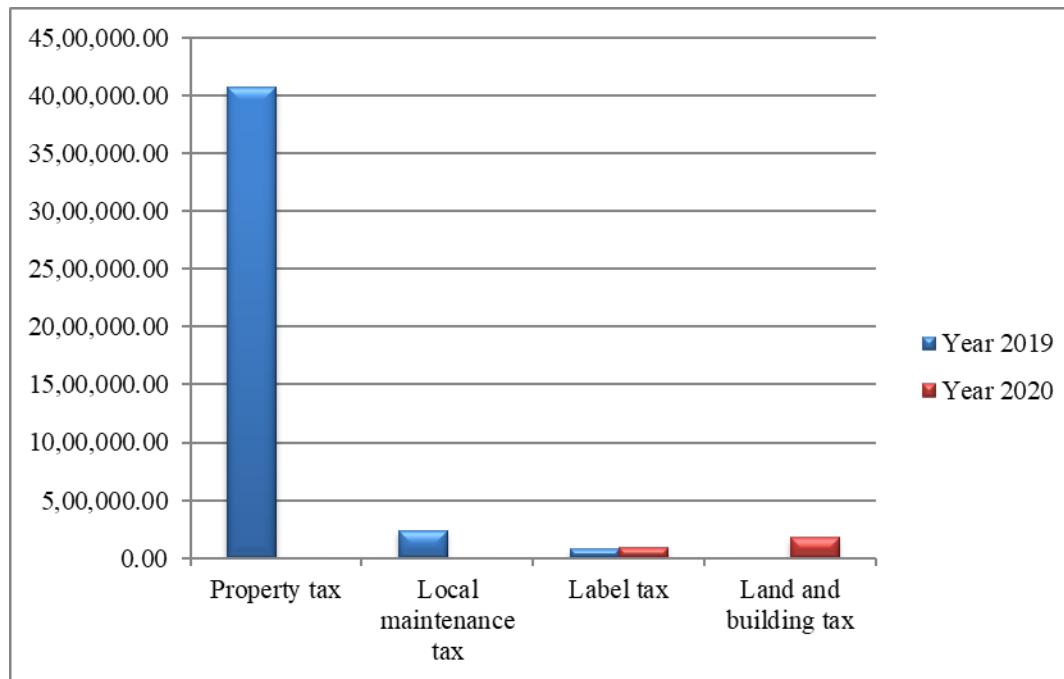
Tax in 2020 = 263,822.65 Baht

Tax in 2020, decreased from the year 2019 = 4,125,117.04

Percentage = 0.94%

Therefore, the self-collected tax of 2020 can be collected 0.94% of the year 2019.

From a comparison of the budget that is income at Nong Ya Plong Subdistrict Administrative Organization which carried out self-collection of the fiscal year 2019-2020, it makes known that Nong Ya Plong Subdistrict Administrative Organization has their own income less than the average (10% of the total income).



Revenue Graph of Nong Ya Plong Subdistrict Administrative Organization carried out self-collection

From the analysis of local data, the study team interviewed the administrators of Nong Ya Plong Subdistrict Administrative Organization and found that there is an action plan for the annual revenue collection and development in 2021 to develop the collection and income development of Nong Ya Plong Subdistrict Administrative Organization, Wang Saphung District, Loei Province appropriately, correctly and efficiently in collecting the highest income in line with the bureaucratic reform policy and setting a framework for good public administration must be for the benefit of the people, the achievement of the state mission, efficiency, the value of the state mission, reduction of operational procedures, decentralization of decision-making, facilitation and responding to the needs of the people, including promoting the local government organization has good management in order to be able to provide public service effectively and focuses on the people to receive the maximum satisfaction in receiving the service.

The Objectives

1. To show details of taxation action plans/tax projects / all activities that will be actually implemented in the fiscal year 2021 in the area of Nong Ya Plong Sub-district Administrative Organization.
2. To guide the taxation performance of Sub-district Administrative Organization in the Fiscal Year 2021 to be accurate, complete, and to increase efficiency in more collecting tax.
3. To collect the taxation along with the goals and increasing the income from taxation with determining the

collection target of 2% increase in the fiscal year 2021.

4. To reduce the procedure for the time in operation to be more convenient and faster.
5. To receive the highest satisfaction in tax payment services of taxpayers.
6. To create the motivated measures for people's taxation as well as the taxpayers receive the maximum satisfaction in paying taxes

There are methods of operation as follows:

1. Holding staff meetings, government officials to plan the performance of tax collection in the fiscal year 2021.
2. Preparing an action plan for taxation which consists of land and building taxes, label taxes, and various license fees
3. Preparing projects and various activities to be organized in the fiscal year 2021.
4. Performance along with action plans and projects.
5. Monitoring and evaluation of the implementation along with the project.

Conclusion

1. The study team summarized the causes of their own income less than the average (10% of the total income) of the Nong Ya Plong Subdistrict Administrative Organization as follows:
 1. The situation of Coronavirus 2019 (COVID-19) affects many aspects of local financial management and the reduction of the land tax rate levied in the year 2020 to alleviate the suffering and the impact of the economic situation.
 2. According to announce in Royal Thai Government Gazette, the law on Land and Buildings Tax to suit the current economic conditions by reducing the tax at the rate of 90% of the tax that calculates under Section 42 or Section 95, depending on the case, which causes the revenue collection of Nong Ya Plong Sub-district Administrative Organization to decrease because there is canceled the collection of property and land tax with local maintenance tax and the gap of wasteland law that must pay 0.3% tax rate, change for agriculture which pays only 0.01% tax rate, and in case of rental rooms, dormitories, apartments, etc., originally, the property was taxed by basing on the rental rate and land tax law there should have to pay taxes in the type of commercial business.
2. The management guidelines of revenue collection of Nong Ya Plong Sub-district Administrative Organization to obtain increasing taxes or fees as follows:
 1. There should be promoted taxation through various channels such as the website and Facebook of Nong Ya Plong Subdistrict Administrative Organization, Facebook page of work development and revenue collection of Nong Ya Plong Sub-district Administrative Organization, Line group of Nong Ya Plong Subdistrict Administrative Organization.
 2. To survey the workplace, label, and public relations to educate entrepreneurs for increasing the number of taxpayers.
 3. There should prepare a project for Mobile Subdistrict Administrative Organization to tax payments outside to facilitate the taxpayers who are inconvenient to pay taxes at Nong Ya Plong Subdistrict Administrative Organization by making tax collection entirely.
 4. There should extend the time to receive tax payments from April 2021 to June 2021.
 5. There should make a tax map and property registration to be used for collecting taxes to complete information and able to collect accurate and complete taxes.
 6. Nong Ya Plong Sub-district Administrative Organization must have an organizational management system; change the attitude in the work process of local administrators and personnel with providing knowledge and understanding to local people as a taxpayer who pays the tax according to their duties without avoiding the tax.

3. Recommendations

The study team would like to suggest guidance on the management of local government organization by having participatory management as follows:

1. The management team must recognize the importance of the use of information programs “LTAX GIS” and “LTAX3000” for development and revenue collection with the preparation and improvement of the tax map and staff who related to attending training programs to increase the efficiency of income collection of the local government organization.
2. Public relations provides knowledge and understanding about the laws of land and buildings tax in 2019 and new label tax rates of people in the area.
3. There should have a code of law / municipal law for collecting new revenues in their own area such as rental rate review, charge, service charge, or new forms of revenue collection for example; wastewater treatment, fees, wharfage, parking fees, etc. to have more income in the administration or providing public services to the people.
4. Locality should look for more income such as investing in government bonds by providing higher interest rates than general financial institutions, spending savings as a reserved fund of pawnshop for serving the people, helping, sustainable self-reliance localities and not increasing burden to the government
5. Securitization expands the securitization project by specifying additional indulgence areas such as public market, public ways, or public places of various government agencies in the areas that allow being organized and proceed to provide merchant’s stall certification for merchants to be able to borrow money from financial institutions and training to educate.
6. To provide land, land use in public places, land from donors, and government agencies such as royal property that people can do a living together.
7. To provide housing for people by local government organizes the construction, provision, reparation of housing for people who have low income, the disabled, and the elderly for those who are unable to help themselves, build housing for people to rent cheap long-term housing, build cheap houses for hire purchase and long term installment payment or build cheap houses for people who have low income with their own land by long term installment payment of 10-15 years with the local administrative organization or financial institutions.
8. The government should legislate to support the determination of clear local income sources. Local government organizations can enact in collecting taxation and imposition to people who owe the tax.
9. There should removal of the subsidy list to support the operation of the village health volunteers from the subsidy list allocated as income of the local government organizations because they do not have the role to management that is the only throughway in supporting the budget.
10. Local government organizations should cooperate with nearly other municipalities to provide public service that is beyond the capacity to perform alone. Therefore, organizing a participation project is "cooperation" with several cooperative activities such as cremation, eliminating waste, education of child development centers and shelter for the elderly, etc.

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