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Introduction:

Finance department has responsibilities to govern to create standardized processes, clear roles, and responsibilities related to the management of financial activities within the organization.

This work procedure document is designed and targeted for officers within and outside Finance department (or its equivalent in subsidiary entities) to be guiding procedures for the specified financial and accounting processes in the Objective section.

Adherence to the activities and steps are crucial and mandatory to all targeted stakeholders to ensure consistent and transparent financial practice, clear accountabilities, regulatory compliance, and alignment with the company's financial policies used in conjunction with this work procedure.

Objective:

To establish the guideline procedures for 'Input Tax Reconciliation for Thailand process', ensuring that Input tax of purchasing goods and services for company's operation in the period are accurately recorded for Value Added Tax (VAT) report and submission to the tax authority.

Scope:

This work procedure shall be adopted by Banpu Public Company Limited and subsidiaries, whose Finance and Accounting operations are handled by Finance department in Thailand, and shall be effective until announced otherwise.

Definitions:

Key terminology used in this procedure includes the following:

- Input Tax
- Undue Input Tax
- Pay No Tax Invoice

For definitions of each terminology, refer to the Appendix 1: Definitions [File Name: SOP Appendix 1 Definitions].

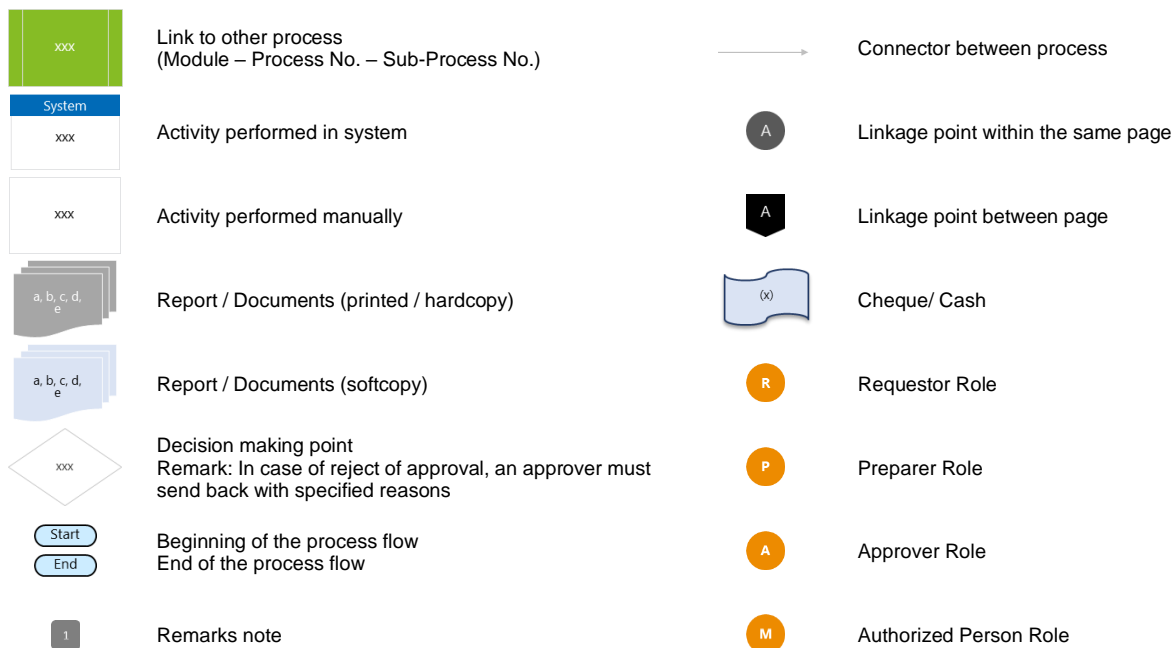
References:

N/A

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Flowchart:

Process Flowchart Legends



Abbreviations and Definitions

Abbreviation	Definition
AP	Accounts Payable
AR	Accounts Receivable
FA	Fixed Asset Accounting
GL	General Ledger
I&C	Inventory & Costing
TR	Treasury Operations
MA	Managerial Reporting and Budgeting
D&I	Digital and Innovation
MS&L	Marketing, Sales & Logistics

Abbreviation	Definition
ERP	Enterprise Resource Planning system
ECM	Enterprise Content Management system
ACCP	Accounting Portal system
VAT	Value Added Tax
WHT	Withholding Tax
SBT	Specific Business Tax
CIT	Corporate Income Tax

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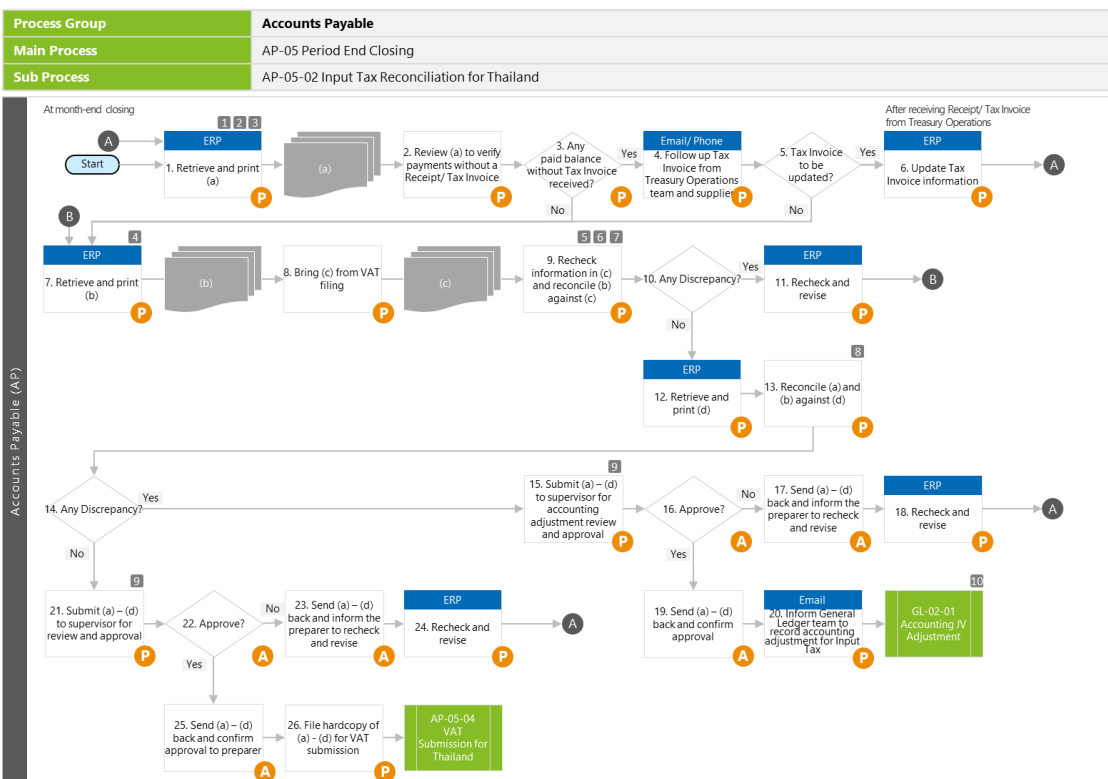
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Relevant Document(s)

- Undue Input Tax Report - Pay No Tax Invoice
- Input Tax Report
- Tax Invoice (including Invoice, Credit Note, Debit Note and Receipt)
- General Ledger - Input Tax Report

Remark(s)

- VAT differs depending on whether you are selling goods or providing services.
 - For goods, a tax invoice needs to be issued at the time of delivery (even if you have not yet been paid).
 - For services, a tax invoice can be issued when payment is made.
- Before Input Tax Reconciliation, AP team needs to run the Input Tax data transfer to Thai Localization.
- Before undue input tax reconciliation process, AP team needs to update the information related to input tax in Thai Localization for the case of payment without tax invoice received (Pay No Tax), the case of employee expenses and the case of petty cash reimbursement. The information includes:
 - Tax Invoice No.
 - Period of Tax Invoice
 - Supplier information, such as name and tax ID
- Input tax report must have at least all required information to comply with the Tax Laws requirements
- AP team must check the correctness of the tax invoice per the format specified by the tax authority, and needs to reconcile the information to align with the Input Tax Report.
- AP team reconciles Input tax balance in Input tax report with Tax Invoice by reconciling the following:
 - Input tax transactions number
 - Sum of total input tax amount
- After checking the information, AP team should reorder the documents in the same order as in Input Tax Report
- The summation of amount in Input Tax Report and Undue Input Tax Report must be reconcilable with the amount in General Ledger - Input Tax Report.
- AP preparer can submit input tax supporting documents and reports for review and approval via either hardcopy or email
- Any irreconcilable data must be investigated and revised using journal voucher for adjustment and posting by General Ledger (GL) team.

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Detail of Procedure: AP-05-02

1. At month-end closing, AP preparer retrieves and prints Undue Input Tax Report – Pay No Tax Invoice from ERP.
Note:
 - The Undue Input Tax Report – Pay No Tax Invoice includes payment transactions for which the tax invoice has not yet been received. However, in the current system, the accounting record of undue input tax has been reversed to input tax since the payment has been recorded. Therefore, if the tax invoice cannot be obtained within the specified period, the accounting record of input tax must be adjusted accordingly.
 - VAT differs depending on whether you are selling goods or providing services.
 - For goods, a tax invoice needs to be issued at the time of delivery (even if you have not yet been paid).
 - For services, a tax invoice can be issued when payment is made.
 - Before Input Tax Reconciliation, AP team needs to run the Input Tax data transfer to Thai Localization.
 - Before undue input tax reconciliation process, AP team needs to update the information related to input tax in Thai Localization for the case of payment without tax invoice received (Pay No Tax), the case of employee expenses and the case of petty cash reimbursement. The information includes:
 - Tax Invoice No.
 - Period of Tax Invoice
 - Supplier information, such as name and tax ID
2. AP preparer reviews Undue Input Tax Report – Pay No Tax Invoice to verify the payment without a Receipt/ Tax Invoice.
Note: The review of Undue Input Tax includes only the paid transactions.
3. AP preparer reviews the result from step #2 to determine whether there is a paid balance without Tax Invoice received:
 - a. If there is any paid balance that has no Tax Invoice received, proceed to step #4.
 - b. If all paid balances have Tax Invoices received, proceed to step #7.
4. AP preparer follow up tax invoice from TR team and supplier via email or phone.
5. AP preparer considers whether there is tax invoice information to be updated to ERP:
 - a. If there is tax invoice to be updated, proceed to step #6.
 - b. If there is no tax invoice to be updated, proceed to step #7.
6. After receiving Receipt/ Tax Invoice from TR team, AP preparer updates the tax invoice information in ERP. Then proceed back to step #1.
7. AP preparer retrieves and prints Input Tax Report from ERP.
Note: Input tax report must have at least all required information to comply with the Tax Laws requirements.
8. AP preparer brings the Tax Invoice from the VAT filing.
9. AP preparer rechecks the information in the Tax Invoice, ensuring that the information is correct and complete as per the required format by the Tax Authority. Then AP preparer reconciles the information between the Tax Invoices and Input Tax Report, ensuring that the information in the documents and in the ERP matches by checking the following information:
 - The numbers of Input tax transactions should be matched.
 - Total input tax amount should be matched.
 - Input tax amount by tax invoice should be matched.Note: After checking the information, AP team should reorder the documents in the same order as in Input Tax Report.
10. AP preparer reviews the result from step #9 and considers if there are discrepancies:
 - a. If there are discrepancies, proceed to step #11.
 - b. If there are no discrepancies, proceed to step #12.
11. AP preparer rechecks and revises the tax invoice information in ERP. Then proceed back to step #7.

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12. AP preparer retrieves and prints General Ledger – Input Tax Report from ERP for input tax reconciliation.
13. AP preparer reconciles the Input Tax Report and the Undue Input Tax Report – Pay No Tax Invoice against the General Ledger – Input Tax Report. The reconciliation must ensure that the total amounts in the Input Tax Report and the Undue Input Tax Report Pay No Tax Invoice are reconcilable with the amount in the General Ledger – Input Tax Report.
14. AP preparer reviews the result from step #13 and considers if there are discrepancies:
 - a. If there are discrepancies, proceed to step #15.
 - b. If there are no discrepancies, proceed to step #21.
15. AP preparer submits the documents and reports following to the supervisor for input tax accounting adjustment review and approval.
 - Input Tax Report
 - Undue Input Tax Report – Pay No Tax Invoice
 - Tax Invoice (including Invoice, Credit Note, Debit Note and Receipt)
 - General Ledger – Input Tax Report

Note: AP preparer can submit input tax supporting documents and reports for review and approval via either hard copy or email
16. AP approver reviews the documents and reports received and considers whether to approve the input tax accounting adjustment:
 - a. If approve, proceed to step #19.
 - b. If not approved, proceed to step #17.
17. AP approver sends the documents and reports back to the preparer and inform the preparer to recheck and revise
18. AP preparer rechecks and revises the input tax related transactions in ERP. Then proceed back to step #1.
19. AP approver sends the documents and reports back to the preparer and confirm approval.
20. AP preparer informs GL team to record input tax accounting adjustments via email. Then proceed to the work procedure of GL-02-01 Accounting JV Adjustment.

Note: Any irreconcilable data must be investigated and revised using journal voucher for adjustment and posting by GL team
21. AP preparer submits the documents and reports following to the supervisor for review and approval before proceeding to VAT Submission process.
 - Input Tax Report
 - Undue Input Tax Report – Pay No Tax Invoice
 - Tax Invoice (including Invoice, Credit Note, Debit Note and Receipt)
 - General Ledger – Input Tax Report

Note: AP preparer can submit input tax supporting documents and reports for review and approval via either hard copy or email
22. AP approver reviews the documents and reports received and considers whether to approve:
 - a. If approve, proceed to step #25.
 - b. If not approved, proceed to step #23.
23. AP approver sends the documents and reports back to the preparer and inform the preparer to recheck and revise
24. AP preparer rechecks and revises the input tax related transactions in ERP. Then proceed back to step #1.
25. AP approver sends the documents and reports back to the preparer and confirm approval.
26. AP preparer files the hard copy of the documents and reports for VAT submission, then proceed to the work procedure of AP-05-04 VAT Submission for Thailand.