



The New Structure of Cigarette Tax (2)

The Excise Department (“Department”) announced that the Department has completed the new structure of cigarette tax which is currently under review by the Finance Minister before proposing it to the Cabinet for consideration in November 2021.

The new structure of the excise tax levied on cigarettes would be based on 4 principles including public health, farmer’s income, preventing smuggling, and government revenue and it is expected that the new structure would result that the government would earn an average of 60 billion baht per year.

In addition, the Director-General of the Department stated that the new structure would come into effect before October 1, 2021, replacing the current tax structure that, levying tax on cigarette at 20 percent for packs would cost up to 60 baht, and at 40 percent if the retail price exceeds 60 baht per pack.

By using the current cigarette excise tax structure for a period of 4 years, it has been proven that the current cigarette tax structure was ineffective in terms of declining state revenues and tobacco control impacted by the growth in using tobacco leaf and cigarette tax evasion. Foreign cigarettes may be a substitutes for domestic cigarettes but have a much lower price than local cigarettes.

In addition, the current tax structure has severely affected the performance of the Tobacco Authority of Thailand which affects tobacco farmers who have been reduced their quota for buying tobacco by 50 percent for more than 3 years in a row.

However, the conclusion regarding the new structure of cigarette tax has not been confirmed and released which we will have to keep an eye on this matter.