



## The New Structure of Cigarette Tax

### Tax Matters

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

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 by the growth in using tobacco leaf which can be a substitute for cigarettes but has a much lower price than cigarettes.

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

Therefore, the new structure of excise tax levied on cigarettes would be based on 4 principles i.e., public health, farmer’s income, preventing smuggling, and government revenue in which it is expected to gain an average of 60 billion baht per year.

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

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.