



The excise tax on liquor and beer is expected to be restructured

On 14 August 2023, Mr. Ekniti Nitithanprapas, the Director-General of the Excise Department of Thailand, announced that the Excise Department is currently in the process of holding discussions and hearing proposals from both public and private sectors, to amend the liquor and beer excise tax structure to be in line with the current situation and to be consistent with the development of alcoholic beverages.

Despite the fact that the Excise Department recently reformed the excise tax by substituting factory-based prices with retail-based prices for tax computations, new beverage products, such as zero-alcohol beer, fall under tax loopholes which are subject to non-alcoholic beverage taxes.

Thus, this study of the liquor and beer excise tax restructure does not intend to increase the tax rates but clearly categorizes the product types and the excise taxes are currently paid incorrect on types of products.

In case of soju (excluding rice whisky), it is subject to the excise tax at 10% as categorized under fermented spirits. However, by determining soju production methods and ingredients, it is a mixture of distilled and fermented liquor. As a result, the current excise tax rate on soju is lower than the distilled spirit products which is subject to the excise tax at 20%.

Therefore, it requires more study to classify the type of aforementioned products, in terms of the appropriateness of tax collection, since the existing overlapping beverage tax system may be exploited for tax avoidance.