



Proposed excise tax reforms to advance environmental and public health objectives

The Excise Department of Thailand is preparing to introduce excise tax reforms aimed at enhancing environmental protection and public health, while aligning Thailand's tax framework with emerging international trade rules, particularly those relating to environmental sustainability.

Key Proposed Measures

1. The first measure proposes expanding the excise tax base to cover goods that have negative environmental impacts. This measure is also designed to prepare Thai exporters and domestic producers for compliance with Carbon Border Adjustment Mechanism or the CBAM, the EU's carbon import tariff mechanism.
2. The second measure expands the excise tax base for luxury goods and services, reflecting a policy shift toward greater progressivity in excise taxation.
3. The third measure provides tax incentives for environmentally friendly products, such as sustainable aviation fuel and bio-based fuel.
4. The fourth measure introduces salt taxes to reduce health problems caused by excessive sodium consumption.
5. The fifth measure restructures the battery tax to reduce environmental impacts and support technological changes, based on charging cycles and energy density.
6. The sixth measure restructures the cigarette excise tax into a uniform tax system.

In addition, the Excise Department plans to introduce a uniform cigarette excise tax rate through a ministerial regulation subject to the Cabinet approval, replacing the current dual-rate structure of 25% for cigarettes priced at 72 baht per pack or below and 42% for cigarettes priced above 72 baht per pack, which is considered to cause market distortion. The implementation of the uniform rate will require supporting measures for the Tobacco Authority of Thailand, together with stricter controls on illicit cigarettes and the promotion of cigarette production for export.