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Thailand Prepares New Excise Tax Measures Focused on Environment and Public Health

The Excise Department is preparing to introduce a new set of excise tax measures aimed at strengthening environmental protection, improving public health outcomes, and aligning Thailand's tax framework with emerging international trade standards. The proposed reforms reflect a broader policy shift toward sustainability-driven taxation and are expected to have implications across multiple industries.

According to Mr. Pornchai Thiraveja, the Director-General of the Excise Department, the reforms are designed to prepare Thailand for future environmental trade measures, particularly those linked to carbon-related border controls, while also addressing domestic health and consumption concerns. In total, six key excise tax measures are under development.

The first measure focuses on expanding the excise tax base to cover goods that has a negative environmental impact. This includes preparatory steps to address the European Union's Carbon Border Adjustment Mechanism ("CBAM"), which imposes carbon-related charges on imported goods. By adjusting domestic excise structures in advance, Thailand aims to reduce trade friction and enhance compliance with international environmental standards.

The second measure involves expanding excise tax on luxury goods and services, reflecting a policy objective to increase revenue from higher-consumption segments.

The third measure introduces tax incentives for environmentally friendly products, including sustainable aviation fuel and bio-based fuels, to encourage investment and adoption of cleaner technologies.

The fourth introduces a sodium (salt) tax intended to reduce health risks associated with excessive sodium consumption. The Excise Department is currently studying which products should fall within the scope of this tax.

The fifth measure targets environmental impacts associated with batteries. The Excise Department plans to restructure battery excise taxation based on technical factors such as charging cycles and energy density, supporting technological development while mitigating environmental harm.

The sixth measure restructures the cigarette excise tax by moving from the current dual-rate system to a uniform tax rate. At present, cigarettes priced at or below THB 72 per pack are taxed at 25%, while those priced above this threshold are taxed at 42%. This structure has led to market distortions, encouraging manufacturers to produce lower-priced cigarettes to gain market share. The proposed uniform rate is intended to correct these distortions, though additional support measures will be required for the Tobacco Authority of Thailand, a state enterprise.

Alongside policy reforms, the Excise Department is also strengthening enforcement and tax administration. Measures are being considered to tighten controls on illicit cigarette smuggling, enhance consumer protection, and adopt advanced technology to improve inspection and valuation of imported alcoholic beverages and ensuring accurate excise tax collection.

Taken together, these proposed excise tax reforms signal a strategic shift toward sustainability-oriented taxation in Thailand. Businesses operating in affected sectors should closely monitor regulatory developments and assess potential impacts on pricing, compliance, and long-term investment planning.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com