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Thailand to Abolish Duty-Free Threshold for Cross-Border E-Commerce Imports from 2026

Thailand's Customs Department has announced a major reform to its import tax framework that will significantly affect cross-border e-commerce transactions. Effective 1 January 2026, Thailand will abolish the current duty-free threshold of THB 1,500 for imported goods purchased through online platforms. Under the new policy, all imported goods with a value exceeding one baht will be subject to import duty, in addition to the existing 7% Value Added Tax (VAT).

The reform is intended to address structural imbalances between foreign online sellers and domestic businesses and is expected to generate at least THB 3 billion annually in additional government revenue.

According to Mr. Panthong Loikulnan, Director-General of the Customs Department, imported goods priced below THB 1,500 currently account for over THB 30 billion per year. The existing exemption has allowed foreign sellers to price goods more competitively than Thai businesses—particularly small and medium-sized enterprises (SMEs), which remain fully subject to domestic tax obligations.

By removing the exemption, the government aims to:

- Promote tax neutrality between domestic and foreign sellers
- Reduce competitive disadvantages faced by Thai SMEs
- Align Thailand's tax system with the realities of expanding cross-border digital trade

This policy reflects a broader shift toward fair taxation and sustainable economic growth rather than revenue collection alone.

Effective enforcement will rely heavily on digital integration with major e-commerce platforms. The Customs Department is accelerating data-sharing negotiations with platforms such as Shopee and Lazada, enabling real-time access to transaction and import data for accurate tax assessment.

This digital framework will be supported by random physical inspections to verify compliance. The Customs Department has noted that this hybrid approach aligns with international best practices, citing similar reforms adopted by major economies, including the United States, to curb tax leakage and protect domestic markets.

Authorities are also evaluating a lump-sum import tax regime, potentially applying a flat rate of 20–30% to imported goods regardless of value. While this approach could simplify tax administration, it would require legislative amendments and is not yet finalized.

Importantly, the Customs Department has confirmed that the 2026 policy is consistent with Thailand's international trade obligations, including Free Trade Area (FTA) commitments.

Consumers: Even low-value overseas online purchases will incur import duties, which may influence buying behavior and increase demand for locally sourced products.

Businesses and platforms: Importers and e-commerce operators must reassess pricing models, supply chains, and compliance systems to manage increased tax exposure.

Thai SMEs: The reform may reduce pricing pressure from foreign sellers and help restore competitive balance in the domestic market.

The abolition of Thailand's duty-free threshold marks a significant shift in the taxation of cross-border e-commerce. Businesses engaged in online import activities should begin preparing —by reviewing compliance processes, platform integrations, and pricing strategies—to mitigate operational and tax risks ahead of 2026.

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