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Excise Department Announcement on Hybrid Electric Vehicle (HEV) and Mild Hybrid Electric Vehicle (MHEV)

The Excise Department's Notification dated 30 December 2025 establishes detailed eligibility criteria for excise rate reductions for Hybrid Electric Vehicles (HEV) and Mild Hybrid Electric Vehicles (MHEV), effective as a policy measure to align tax incentives with safety, environmental, and domestic manufacturing objectives.

For both HEV and MHEV passenger vehicles (not exceeding ten seats), excise benefits are conditional on meeting prescribed technical specifications, mandatory installation of at least two Advanced Driver-Assistance Systems (ADAS), compliance with carbon dioxide emission and energy efficiency standards, and successful ECO Sticker registration. The Notification clearly differentiate HEVs, which can use electric propulsion independently, from MHEVs, where the electric system only assists the internal combustion engine.

A critical legal requirement under both regimes is domestic manufacturing. Vehicles must be manufactured or assembled in Thailand, with specific high-value or medium-value components—particularly electric drivetrain, battery, or engine-related parts—subject to local production, investment thresholds, and phased timelines. Failure to satisfy any technical, safety, local content, or emissions condition results in loss of excise rate reduction and exposes manufacturers or importers to tax reassessment and penalties.

Overall, the Notification signals a stricter, compliance-driven incentive framework, making excise benefits enforceable and conditional, and reinforcing Thailand's broader policy goals on automotive safety, environmental performance, and industrial localization.

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