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Government Rules Out Immediate VAT Increase

The incoming administration has confirmed that it has no plans to increase Thailand's value-added tax (VAT) rate from the current 7% to 10% in the near term, despite recent proposals from a Senate sub-committee suggesting a gradual tax hike. Party executives explained that the government's immediate priority is to revive the economy and support households and businesses rather than raise tax burdens during a period of economic uncertainty.

Officials acknowledged that discussions on tax reform have taken place, particularly as Thailand faces long-term fiscal challenges such as persistent budget deficits, rising household and public debt, and increasing costs associated with an ageing population and green economic transition. Some policymakers have proposed that a higher VAT rate could generate significant additional revenue—potentially hundreds of billions of baht—which could be used to fund social welfare programmes or stimulate economic development.

However, government representatives stressed that any reconsideration of VAT policy would only occur once economic conditions clearly improve. Authorities intend to focus on restoring growth and strengthening economic confidence before introducing any major tax restructuring measures.

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