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Proposed Gold Import Tax Draws Industry Criticism

A proposal to impose import duties on gold has drawn strong opposition from Thailand's gold trading industry, with stakeholders warning that the measure could undermine the country's long-standing ambition to remain a regional gold trading hub. The proposal, currently under study by the Customs Department of Thailand, forms part of broader efforts to expand the government's tax base and generate additional fiscal revenue.

Industry representatives argue that the imposition of even a modest import duty would have immediate effects on the domestic gold market. According to the Gold Traders Association, a tax of only 1% could significantly increase the price of gold in Thailand. With domestic gold prices approaching 77,000 baht per baht weight, such a levy could raise prices by more than 1,000 baht, potentially discouraging investors and reducing trading activity in the local market. Industry leaders stress that gold is widely regarded as an investment asset and a store of value held by central banks around the world, rather than a conventional commodity suitable for import tariffs.

The Customs Department has clarified that the proposal remains at the study stage and that no specific tax rate has been finalized. Officials noted that, based on current import volumes, a 1% duty on gold imports could generate approximately 13 billion baht in annual revenue. The initiative is part of a broader policy discussion aimed at identifying new revenue sources, particularly through taxation of goods considered non-essential or primarily consumed by higher-income groups.

Despite this fiscal rationale, market participants have cautioned that introducing import duties could have unintended economic consequences. Analysts and traders have pointed to international examples, particularly India, where higher taxes on gold imports were introduced to reduce the country's trade deficit but subsequently weakened its position in the global gold market. Industry experts warn that similar measures in Thailand could shift trading activities to other regional markets, thereby reducing Thailand's competitiveness as a trading hub.

As a result, industry stakeholders have urged the government to conduct further consultations with the private sector before adopting any tax measures affecting gold imports. They argue that maintaining Thailand's attractiveness as a gold trading center requires stable and supportive tax policies that facilitate market liquidity and international participation.

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