



Thailand's 2026–2030 Excise Tax Framework Promotes Safer and Greener Vehicles

The Excise Department of Thailand has introduced a revised automobile excise tax structure for the 2026–2030 period, aimed at promoting vehicle safety and environmental sustainability. The framework integrates tax incentives for vehicles equipped with Advanced Driver Assistance Systems (ADAS), while continuing to apply CO₂ emissions as a core determinant of tax rates. This dual-policy approach reflects the government's intention to align fiscal measures with broader industrial and public policy goals, including road safety enhancement and emissions reduction.

A central feature of the new regime is the preferential tax treatment for vehicles that meet specified safety and localisation criteria. ADAS—comprising systems such as automatic braking, lane-keeping assistance, blind-spot detection, and adaptive cruise control—serves as a qualifying factor for reduced excise rates. Battery electric vehicles (BEVs) must be equipped with at least four of the six recognised ADAS features and utilise key domestically produced components to qualify for the lowest tax rate of 2%, compared to 10% for non-compliant vehicles. Internal combustion engine (ICE) vehicles face less stringent requirements, needing only two ADAS features, reflecting cost and technical constraints within the segment.

In parallel, the tax structure maintains a CO₂-based rate system, with higher emissions resulting in increased tax burdens. For example, ICE vehicles emitting less than 100 g/km are subject to a 13% excise tax (increased from 12%), while those without ADAS face significantly higher rates of up to 25% for the same emission level. The framework also provides for incremental tax increases through 2030, particularly for non-compliant vehicles, thereby creating a long-term incentive for manufacturers to invest in cleaner technologies and safety enhancements. Periodic reviews every two years ensure regulatory adaptability and transparency.

From a legal and policy perspective, this reform represents a sophisticated use of excise taxation as a regulatory instrument to shape both industry behaviour and consumer choice. By linking tax benefits to safety technology adoption and environmental performance, Thailand is effectively embedding public policy objectives into its fiscal regime. The impact on Thailand's legal and economic landscape is likely to be significant, driving innovation in the automotive sector, strengthening domestic supply chains, and reinforcing the country's transition toward sustainable mobility. At the same time, manufacturers must navigate increasingly complex compliance requirements, underscoring the growing role of regulatory strategy in automotive market participation.