



Thailand's Planned Excise Tax Reform: Strengthening Revenue and Modernising Tax Policy

The Thai Government is currently considering significant reforms to its excise tax system as part of a broader effort to strengthen fiscal revenue for fiscal year 2026. Excise tax remains a key source of government income, with a target collection of approximately THB 578.2 billion for the year. Notably, early fiscal performance has already exceeded expectations, driven by strong domestic consumption and tourism-related spending. Building on this momentum, the Ministry of Finance aims to increase excise tax revenue by approximately 7.6% through structural reforms, rate adjustments, and enhanced enforcement mechanisms.

A central component of the proposed reform is the restructuring of the excise tax framework to improve efficiency and close gaps in revenue collection. This includes potential adjustments to tax rates across a range of goods and services, alongside strengthened tax administration. The Excise Department has conducted policy studies and is expected to submit the reform plan to the Cabinet for consideration. These measures reflect a broader shift toward a more systematic and performance-driven excise regime, aimed at ensuring sustainable revenue generation in line with Thailand's fiscal objectives.

Specific sectoral reforms are also under consideration. In particular, the Government is evaluating changes to the current two-tier cigarette tax system, which combines ad valorem and specific tax components, with a possible transition to a single-tier structure. Additional reforms may include amendment to automobile excise tax based on vehicle type and CO₂ emissions, as well as adjusting tax treatment for petroleum products, alcohol, environmentally harmful goods, and luxury items. These proposals indicate a policy direction that integrates both revenue generation and behavioural objectives, such as environmental sustainability and public health.

From a legal and policy perspective, the proposed reforms signal a continued evolution of Thailand's tax framework toward greater efficiency, transparency, and alignment with modern fiscal policy objectives. Businesses operating in affected sectors should closely monitor developments, as changes to tax structures and rates may have direct implications for pricing, compliance, and investment planning. More broadly, the reform underscores Thailand's commitment to strengthening its revenue base while adapting its legal system to address emerging economic, environmental, and regulatory challenges.