



Aviation Sector Pushes for Jet Fuel Excise Tax Relief

Thailand's aviation industry is calling for urgent fiscal intervention as rising global energy prices continue to drive up operating costs. Bangkok Aviation Fuel Services Plc (BAFS), the country's sole jet refuelling provider, has proposed an exemption from the current excise tax of THB 4.72 per litre on jet fuel. Industry stakeholders argue that the tax places Thailand at a competitive disadvantage compared to regional peers, particularly as neighbouring jurisdictions either impose significantly lower rates or offer full exemptions.

A key concern is the behavioural response of airlines, which are increasingly adjusting refuelling strategies to minimise costs. Carriers operating within Southeast Asia have reportedly begun avoiding refuelling at Thai airports in favour of jurisdictions such as Singapore, Malaysia, or Vietnam, where fuel taxation is more favourable. This practice not only affects fuel service providers but also has broader implications for airport revenues, aviation-related services, and Thailand's ambition to position itself as a regional aviation hub.

The issue is further compounded by the sharp increase in jet fuel prices—reportedly rising by as much as 70% within a short period—largely driven by geopolitical tensions and supply disruptions. Airlines have already responded by increasing airfares and reassessing route economics. While some operators have suggested interim relief measures, such as postponing increases in airport fees, the excise tax remains one of the most significant cost components in airline operations.

From a legal and policy standpoint, any reduction or exemption of jet fuel excise tax would require action under Thailand's excise tax framework, typically through executive measures or ministerial regulations. The proposal raises broader questions regarding the use of tax policy as a tool for industrial competitiveness, particularly in sectors heavily exposed to international cost differentials. While a tax break could provide immediate relief and support the aviation industry, it must be weighed against fiscal considerations and the risk of setting precedent for sector-specific tax concessions. Ultimately, this development highlights the need for a coordinated legal and economic strategy to balance competitiveness with sustainable public revenue management.