



Pressure Mounts for Fuel Excise Tax Relief in Thailand

Amid rising global oil prices, the Federation of Thai Industries (FTI) has urged the government to consider urgent fiscal measures, including a reduction in fuel excise tax, to alleviate the growing burden on small and medium-sized enterprises (SMEs). With SMEs accounting for a substantial share of Thailand's economy, escalating fuel costs—particularly for diesel—are significantly increasing transportation, logistics, and manufacturing expenses. Recent fuel price hikes, coupled with the near depletion of the Oil Fuel Fund, have intensified concerns over inflation and declining business margins.

The FTI highlights that increases in diesel prices have a direct and amplified effect on logistics costs, which in turn cascade across supply chains. Rising input costs, including raw materials and fertilisers, are already affecting key sectors such as agriculture and manufacturing. As a result, businesses are expected to pass these costs on to consumers, with projected price increases of 5%–8% for consumer goods. This inflationary pressure poses a risk to domestic consumption and overall economic stability, particularly in a period of modest GDP growth projections.

In response, the FTI has proposed a reduction in fuel excise tax—currently imposed at rates of approximately THB 6.75 per litre for gasohol and THB 6.92 per litre for diesel—as a short-term mechanism to ease cost pressures. Similar measures have been adopted in other jurisdictions, such as Japan and India, to mitigate the economic impact of global energy volatility. However, such a policy would also have fiscal implications, potentially reducing government revenue at a time when public finances may already be constrained.

From a legal and policy perspective, any adjustment to excise tax rates would require action under Thailand's excise tax framework, typically through ministerial regulations or executive measures. The proposal reflects the government's ongoing challenge in balancing fiscal sustainability with economic stimulus. While a tax reduction could provide immediate relief to businesses and consumers, it may also raise questions regarding long-term energy pricing policy, subsidy reliance, and market distortion. Ultimately, this development underscores the increasing role of tax policy as a tool for economic intervention in times of external volatility, with important implications for Thailand's regulatory and fiscal landscape.