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Thailand Proposes Comprehensive Tax Reform Package to Strengthen Government Revenue

Thailand's Ministry of Finance has proposed a package of 10 tax reforms aimed at strengthening the country's revenue base and ensuring sufficient government funding for increasing public expenditure. The proposed measures are projected to generate approximately THB 435 billion in additional annual government revenue.

The reform package reflects Thailand's broader efforts to modernise its tax system, improve revenue collection and align its fiscal framework with international standards. The proposed measures would be implemented progressively between 2026 and 2030.

The proposed VAT increases would represent the most significant revenue-generating measures, with the 8.5% rate estimated to generate approximately THB 115 billion annually and the subsequent increase to 10% expected to generate approximately THB 230 billion.

The proposed reforms indicate a potentially significant shift in Thailand's tax environment. Businesses should anticipate that the government may increasingly rely on a combination of broader tax bases, reduced exemptions, consumption taxes and targeted taxation rather than relying primarily on traditional corporate income tax revenues.

In particular, businesses should monitor the proposed VAT increases, changes to excise taxes and environmental taxation, as these measures may directly affect operating costs, pricing structures and consumer demand.

For individuals, the proposed reform of personal income tax deductions and allowances may have a direct impact on tax planning. Individuals who currently rely on significant deductions should monitor whether existing tax benefits will remain available and assess the potential effect on their future tax liabilities.

Multinational enterprise groups should separately monitor the implementation of Thailand’s Global Minimum Tax, which forms part of the broader international tax reform agenda and may affect groups benefiting from Thailand’s existing tax incentives.

Although the proposed measures establish a clear direction for Thailand’s tax policy, the proposals do not necessarily constitute final legislation. Businesses and individuals should therefore distinguish between measures that have already been implemented and those that remain subject to further legislative and policy processes.

Nevertheless, the proposed reforms signal a long-term move towards a broader and more diversified tax base and stronger revenue collection framework. Businesses operating in Thailand should proactively review their tax exposure, pricing models, available incentives and deductions, and monitor developments closely as the reforms progress.

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

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