Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

Legal Insight Vol. August 2026

Thailand Reassesses Auto Tax Policy as the EV Market Matures

Thailand is preparing a broad review of its automotive excise tax structure as the government seeks to retain investment and adapt its policies to the rapid expansion of the electric vehicle (EV) market. The Finance Minister has instructed the Excise Department to review applicable tax rates and related rules with the aim of maintaining fair competition while supporting businesses that invest, manufacture vehicles and components, and create employment in Thailand. The review will cover electric, hybrid and internal-combustion engine vehicles, signalling that the government is reassessing the tax framework across the automotive sector rather than focusing exclusively on EVs.

A key issue will be the relationship between domestic production incentives and Thailand's free trade agreement commitments. Existing FTAs can provide tariff advantages for fully assembled vehicles imported from certain trading partners, potentially affecting the competitive position of manufacturers producing locally. The government therefore intends to consider measures that encourage importers to progress toward longer-term investment, with new models and technologies initially introduced for market assessment before potentially being expanded into domestic production.

The review reflects a change in policy priorities as Thailand's EV industry enters a more mature phase. Earlier incentive programmes were designed primarily to attract EV investment and accelerate adoption, helping Thailand establish itself as an important regional production base. With investment now in place and competition intensifying, the government is considering how tax incentives can generate broader and more durable benefits for the domestic economy. This includes strengthening local supply chains, supporting Thai component manufacturers and encouraging movement into higher-value technologies aimed principally at increasing vehicle sales rather than relying indefinitely on tax aimed principally at increasing vehicle sales incentives only.

The policy also seeks to reinforce Thailand's position as a regional hub for EV and environmentally friendly vehicle production and exports. A tax structure that differentiates effectively among technologies, production models and levels of domestic economic contribution could influence future investment decisions across the automotive value chain. At the same time, policymakers will need to balance support for local manufacturing against consumer choice, international trade obligations and technological neutrality as electric, hybrid and conventional vehicle technologies continue to evolve.

From a legal and business perspective, the review could affect vehicle manufacturers, importers, component suppliers and investors planning future production in Thailand. Businesses should monitor potential changes to excise rates, eligibility conditions and the treatment of imported versus locally manufactured vehicles, particularly where investment structures rely on existing EV incentives or FTA tariff benefits. No revised tax rates have yet been announced, and the review remains a policy exercise. The eventual framework will therefore be important in determining whether Thailand's next phase of automotive incentives continues to reward market entry or increasingly links tax benefits to local investment, production, employment and technology development.

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