



## **Customs Alert Thailand** **Covid-19 Customs, Trade and Excise Update**

### **Introduction**

The Thai Government has introduced a series of customs, trade and excise-related measures as part of a larger fiscal stimulus package to mitigate the negative economic implications caused by the Covid-19 outbreak. The measures cover importation facilitations, certification of origin validity extension, and tariff reductions for essential medical equipment used for prevention and treatment of the virus. The government has also imposed restrictions on the export of facial masks in order to meet the increased domestic demand while controlling the price.

### **Who is impacted**

Some of the measures are aimed specifically at Thai importers and exporters of facial masks, protective gear and related items. However, the government also introduced broader trade facilitation measures that can be utilized by importers and exporters in general.

### **What to know**

Please find here below an overview of the latest measures as of the beginning of April:

- 1) Imports of surgical masks (HS Code: 6307.90.40) and anti-pollution masks (HS Code 6307.90.90) as well as imported raw materials to be used for the production of masks, will be duty exempt upon importation. The exemption took effect on 24 March 2020 and will expire on 20 September 2020.
- 2) Since imports of masks are subject to an import license by the Food and Drug Administration (FDA), the FDA also introduced a dedicated electronic channel to accelerate the license process for these items.
- 3) Importers utilising duty privileges under the ASEAN-China Free Trade Agreement (ACFTA) can temporarily use a photocopy of Form E as replacement of the original form. Under normal practice, to utilise

ACFTA tariff preferential rates, the importers are required to provide an original Form E to Customs upon importation. Customs will temporarily accept a photocopy of Form E for customs clearance purposes. The temporary facilitation started on 4 March 2020 and will last until 31 May 2020.

- 4) The Department of Foreign Trade (DFT) announced that exporters who obtained the pre-verification approval to issue a preferential certificate of origin (C/O) for their products, which is due to expire between 20 March 2020 and 30 September 2020, will automatically have their validity extended for 6 months.

Exporters that have pending applications to obtain pre-verification approval to issue the preferential C/O will receive the result of the Rules of Origin verification via an electronic channel instead of having to present themselves at the DFT.

- 5) Renewal requests for identification of importer/exporter and new applications can be submitted by post, the result of which will be notified via DFT's Registration Database.
- 6) Companies with 'Good Exporter' status will receive their VAT refund faster by 15 days for e-filing; and 45 days for paper-filing at the area branch.
- 7) On export side, export restrictions are imposed on respiratory masks including N95 and disposable dust masks. Exporters can only export these items upon obtaining approval from Internal Trade Department. Such approvals will generally not be granted unless for exceptional cases.
- 8) The Excise Department has abolished excise duty on alcohol above 80% that is used for sanitary gel/other products with a similar purpose.
- 9) The excise form submission and payment for petroleum product producers in Thailand has been extended for any excise liability between 1 April and 30 June 2020. The producers can submit the excise form/payment within 15<sup>th</sup> of the next month of the date when petroleum products move out of the plant. Moreover, the monthly balance sheet submission of March – May, can be submitted within 15 July 2020
- 10) Service Place owners may submit excise form/payment for the excise duty that occurred from 1 March – 31 May 2020; within 15 July 2020.

### **What to do**

To benefit from the trade and tax facilitation measures, companies must first identify if they are eligible and if yes, what steps they need to follow to utilize the privileges.

Imports of medical masks and raw materials which are now entitled to zero tariffs must be used within one year from the importing date, with the possibility of maximum extension of 6 months (granted by the Customs Department), otherwise the masks will be subject to tariff or be exported overseas.

To utilise ACFTA privileges with a Form E copy, Customs requires the importer to declare the intention to use a photocopy as temporary replacement of original Form E and with a statement to provide the original copy within 30 days after the Customs release date.

The FDA fast-track channel to obtain a mask import license requires a registration to use the e-submission system and submit a medical device import certificate request. After submitting the request online, the applicant needs to inform the request no. to the officer at the Medical Device Control Division and indicate that the submitted request is for importation of medical mask.

Exporters of masks must determine whether they are still eligible to export and obtain the necessary approvals. If not, exporters should not attempt to export at the risk of seizure and penalties.

## How can we help?

Deloitte is offering companies free digital resources to stay on top of the tax and non-tax measures taken by governments all over the world in response to the Covid-19 crisis, including in Thailand. Please find here the link to our Covid-19 response website where you can register to receive continuous updates on new measures being taken globally and consult our global tax atlas, where we document and summarize of all the global tax & fiscal measures, including customs, excise and trade.

<https://www2.deloitte.com/global/en/pages/tax/solutions/tax-atlas-signal.html>

In addition, Deloitte Global Trade Advisory offers tailor-made customs, excise and trade services focussing on import/export compliance, duty minimization and supply chain strategy.

We can advise you how to comply with changing customs and excise rules and help you to make use of the released trade facilitation measures. We also assist in dealing with government authorities such as Customs and DFT.

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