Excise Alert

Excise Department issued Covid 19 relief measures

Introduction

The Thai Excise Department has introduced a series of excise tax relief measures to mitigate the negative impacts caused by the Covid-19 pandemic on Thai businesses across the country. The government's intervention aims to reduce costs for businesses during the Covid crisis and help speed up economic recovery.

Who is impacted

The excise tax relief measures are aimed to reduce the tax burden for a range of different business operators who have experienced negative impact as a result of the government's lockdown measures. The measures can directly or indirectly benefit manufacturers, covered service providers, and customers.

What to know

Please find here below an overview of the measures:-

1) Reduction of the excise tax rate for 3-wheel electric powered vehicles from 4% to 2%.

2) The increase in excise tax rates on cigarettes and tobacco, which was scheduled to take effect on 1 October 2020, will be postponed with one year. Currently, the excise tax rates on cigarettes are at:-

    - 20% ad valorem rate for cigarettes with a suggested retail price not over 60 baht/pack
    - 40% ad valorem rate for cigarettes with a suggested retail price over 60 baht/pack.

    From 1 October 2021, the 40% ad valorem rate will be applied to all cigarettes regardless of the suggested retail price.

For tobacco, only specific excise tax rates apply, which vary between 0 and 0.10 baht/gram.

1. Tobacco which is directly sold to industrial producers as a raw material for the production of cigarettes is subject to 0 baht/gram.
2. The sale of tobacco for other purposes than under (1) which does not exceed 12,000 kilograms per year (excise quota) will be subject to 0.025 baht/gram.
3. The sale of tobacco for other purposes than under (1) which exceeds 12,000 kilograms per year will be subject to 0.10 baht/gram.

These rates will be effective until 29 September 2021. Afterwards, tobacco under (1) will remain exempt from excise duty, but all tobacco under (2) and (3) will become subject to a specific rate of 0.10 baht/gram.

3) Certain fruit/vegetable beverages with nutrients added are normally eligible for an excise duty exemption if at least 20% of the beverage net weight consists of fruit/vegetable content. The Excise Department has now lowered this threshold to 10% fruit/vegetable content of the net weight.

4) Currently, goods produced in Thailand are exempt from excise tax if exported or moved to a Free Zone within 15 days, with optional extension for another 15 days. Under the new regulation, the period will be extended to 60 days, and if necessary, can be extended for another 60 days (not more than 120 days in total).

   Previously, when the Thai producer exported/moved goods to a Free Zone, they were required to submit a report form and supporting documents to the Excise Department within 60 days, with extension option of another 60 days. Under the new regulation, the period to submit the documents has been extended to 90 days and can be extended for another 60 days (not more than 150 days in total).

   The measures under 1) and 2) took effect on 4 July 2020 and the measures under 3) and 4) took effect on 10 July 2020.

What to do

Our Deloitte Customs & Trade professionals can advise whether your business is eligible to make use of the excise tax relief measures and support in complying with the necessary rules and conditions to avoid tax exposure and penalties. We can also assist you with the excise classification, valuation and registration process of your products.

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