



American Chamber of Commerce in Thailand's Position on Excise Tax Policy

It has been two years since the Excise Tax Act 2017 was implemented. The American Chamber of Commerce in Thailand (AMCHAM), as a promoter of transparency and certainty to all taxpayers, would like to express our members appreciation for the work carried out by The Excise Department. We would like to update the views of American businesses regarding the excise tax policy and suggestions for further consideration on improvements of transparency on excise tax collection.

The views were gathered from various business sectors including, tobacco, automotive, food and beverages which can be summarized into key three areas.

1. Predictable policy environment

The fact that changes in some excise tax collection on product categories or specification as well as introduction of excise tax incentive doesn't allow sufficient lead time for preparation and implementation. The frequency of amendments to regulations could disrupt business operations and strategic business planning.

AMCHAM proposes that any new excise tax policy or amendment on the existing laws be conducted in a transparent manner. The consideration on transitional period and implementation timeline of new changes should involve wide consultation with key stakeholders.

Such changes particularly affect the automotive industry. The sensitive topics that affect investment in Thailand include vehicle categories, CO2 emission targets, excise incentives for alternative fuel vehicles and other environmental measures such as the battery management fund.

2. Fair level of excise tax collection

The excise tax collection should be aligned with WTO and Thailand's international commitments and adopted on a fair treatment to imported and domestic products.

Excise rates should be set to balance the social or health need to limit consumption with efficient tax collection that does not encourage illicit trade.

On tobacco products, AMCHAM would like the Excise Department to consider a gradual, multi-phased tax increase, with a clearly-defined roadmap towards a single-tier rate and long term harmonization of tax on all categories of combustible products, in line with international best practices. This would sustain the tax collection and help the tobacco industry to better adjust in the medium to long term.

For alcohol, AMCHAM believes that taxation based on actual alcohol content is the most appropriate tax base. It balances the health aspect of the taxation with the revenue collection. To promote transparency and simplified tax collection, the tax base should be specific per volume of alcohol. This can address the health concerns, promote fair competition and benefit consumers by allowing a wider choice of quality products.

3. Future policy of excise tax on new products

As the Excise Department is considering new products and the potential for levying excise tax, AMCHAM would be grateful for early notification of any plans. With over 650 members, AMCHAM can be a useful source of constructive feedback as AMCHAM members recognize the need for taxation and are committed to compliance. However, the way regulations are passed can have a major impact on the cost of being compliant and AMCHAM members are willing to give feedback on proposals to ensure a balance between the cost of collection and the perceived benefit.

For example, AMCHAM would like to discuss the potential excise tax scheme on food products according to the recent media reports on 'sodium/salt tax". A certain level of sodium is required in healthy human bodies. There are alternative interventions such as reformulating products, or raising nutrition education awareness to reduce consumption and promote health. AMCHAM is willing to collaborate and work with the Excise Department on the implementation of excise tax on sodium/salt.

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