

CONTACT

- +662 679 6005
- +662 679 6041
- www.ilct.co.th
- law@ilct.co.th

Cabinet Approval of Alcoholic Beverage Tax Reductions and Exemption for Tourism Enhancement: An Examination of Excise and Customs Tax Revisions

On the 2nd of January 2024, the cabinet granted its approval for substantial tax reductions and exemptions on alcoholic beverages, marking a strategic initiative to fortify the tourism sector. These tax amendments, expected to take effect shortly, include alterations to both Excise Tax and Customs Tax frameworks. This article provides a thorough analysis of the endorsed modifications and their ramifications for various categories of alcoholic beverages.

Excise Tax Amendments: The approved changes in Excise Tax encompass a transition from tax collection based on price tiers to a unitary rate system, aimed at optimizing the tax collection process. Below is a concise overview of the prevailing Excise Tax rates vis-à-vis the rates sanctioned by the cabinet:

1. Wine and Sparkling Wine Made from Grapes:

- **Existing:**

Recommended retail price not exceeding THB 1,000 (inclusive of VAT): Value Tax Rate 0% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 1,500

Recommended retail price exceeding THB 1,000 (inclusive of VAT): Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 1,500

- **Cabinet's Approval:**

Value Tax Rate 5% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 1,000

2. Grape-Infused Liquor or Grape Wine:

- **Existing:**

Recommended retail price not exceeding THB 1,000 (inclusive of VAT): Value Tax Rate 0% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 900

Recommended retail price exceeding THB 1,000 (inclusive of VAT): Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 900

- **Cabinet's Approval:**

Value Tax Rate 0% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 900

3. Other Types Except for Beer, Wine, Sparkling Wine Made from Grapes, and Grape-Infused Liquor:

(3.1) Paddy wine, rice wine, palm wine, other native fermented liquor, and fermented liquor made from rice with alcohol not exceeding 7 degrees

CONTACT

- +662 679 6005
- +662 679 6041
- www.ilct.co.th
- law@ilct.co.th

Cabinet Approval of Alcoholic Beverage Tax Reductions and Exemption for Tourism Enhancement: An Examination of Excise and Customs Tax Revisions

- **Existing:**

Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 150

- **Cabinet's Approval:**

Value Tax Rate 1% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 150

(3.2) Fermented liquor mixed with distilled liquor with alcohol exceeding 7 degrees

- **Existing:**

Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 150

- **Cabinet's Approval:**

Value Tax Rate 1% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 255

(3.3) Other fermented liquor except for (1) and (2) - the Tax Rate for this remains the same as outlined below

- **Existing:**

Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 150

- **Cabinet's Approval:**

Value Tax Rate 10% and Tax Rate by Volume (Baht per liter of pure alcohol) Baht 150

Customs Tax Amendment: In tandem with Excise Tax amendment, the cabinet has granted exemptions from import duty for specific wines categorized under Tariff Code 22.04 and 22.05. The exempted wines comprise:

1. Wine of Fresh Grapes, Including Fortified Wines (Tariff Code: 22.04)
2. Vermouth and Other Wine of Fresh Grapes Flavored with Plants or Aromatic Substances (Tariff Code: 22.05)

To conclude, the cabinet's endorsement of tax reductions and exemptions on alcoholic beverages, coupled with the recalibration of Excise and Customs Taxes, underscores a targeted effort to invigorate the tourism sector. Stakeholders within the alcohol industry should vigilantly monitor the execution of these amendments and tailor their strategies accordingly.

CONTACT

-  +662 679 6005
-  +662 679 6041
-  www.ilct.co.th
-  law@ilct.co.th

Cabinet Approval of Alcoholic Beverage Tax Reductions and Exemption for Tourism Enhancement: An Examination of Excise and Customs Tax Revisions

Below, you will find a table that our team has designed to help illustrate the information in this article. For any questions, please do not hesitate to reach out to law@ilct.co.th for expert legal guidance on this matter.

Types of Liquor	Detail	Current		Cabinet's Approval	
		Value Tax Rate	Tax Rate by Volume (Baht per liter of pure alcohol)	Value Tax Rate	Tax Rate by Volume (Baht per liter of pure alcohol)
Wine and sparkling wine made from grapes	(1) Recommended retail price is not exceeding THB 1,000 (inclusive of VAT)	0%	1,500	5%	1,000
	(2) Recommended retail price is exceeding THB 1,000 (inclusive of VAT)	10%	1,500		
Grape-infused liquor or grape wine	(1) Recommended retail price is not exceeding THB 1,000 (inclusive of VAT)	0%	900	0%	900
	(2) Recommended retail price is exceeding THB 1,000 (inclusive of VAT)	10%	900		
Other type except for beer, wine, sparkling wine made from grapes, and grape-infused liquor	(1) Paddy wine, rice wine, palm wine, other native fermented liquor, and fermented liquor made from rice with alcohol not exceeding 7 degrees	10%	150	1%	150
	(2) Fermented liquor mixed distilled liquor with alcohol exceeding 7 degrees			1%	255
	(3) Other fermented liquor except for (1) and (2)			10%	150