

Trade Alert

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EXCISE DEPARTMENT TO COLLECT NEW EXCISE TAXES ON MOTORCYCLES BASED ON CO2 EMISSION

On 7 May 2019 the Cabinet has granted a resolution to revise excise tax structure for motorcycles, as proposed by the Excise Department, which aimed to boost excise tax revenues and reduce PM 2.5 pollution level in line with the Thai government policy.

Under the new excise tax structure, the motorcycle excise taxes will be computed based on carbon dioxide (CO₂) emission instead of cylinder capacity (CC). Therefore, the motorcycle which runs on fuel and hybrid motorcycle which runs on both engine and electricity will be taxed between 1%-18% based on level of CO₂ emission (g/km), instead of being taxed on their engine cylinder capacity. Meanwhile, the electric motorcycle, which is currently exempted from excise tax, will be taxed at 1%. The motorcycle imported as prototype for R&D purpose or for testing is still exempted from excise tax, provided that it was never sold in domestic market. For other types of motorcycle, they will be subject to 20% excise tax.

The current and new excise tax structure area as shown below.

Table 1: Current motorcycle excise tax structure

Category	Engine Size (CC)	Excise tax rate (%)
Fuel motorcycle or hybrid motorcycle	≤ 150	2.5
	> 150-500	4
	501-1,000	8
	>1,000	17
Prototype motorcycles for R&D	n/a	0% (same as current structure)
Others	n/a	20%

Table 2: New motorcycle excise tax structure

Category	Level of CO ₂ emission	Excise tax rate (%)
Electric motorcycle	n/a	1%
Fuel motorcycle or hybrid motorcycle	≤ 10 g/km	1%
	11-50 g/km	3%
	51-90 g/km	5%
	91-130 g/km	9%
	>130 g/km	18%
Prototype motorcycles for R&D	n/a	0% (same as current structure)
Others	n/a	20%

Currently, the new excise tax structure is in the process of issuance in the Royal Decree and will take effect from 1 January 2020.

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