

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Thailand**

**Post:** Bangkok

### **Thai Excise Department Implements New Sugar Tax on Beverages**

**Report Categories:**

FAIRS Subject Report

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**Report Highlights:**

The Thai Excise Department implemented for first time ever, an excise sugar tax on certain beverages to reduce consumption of sugar and to increase health consciousness. The new sugar tax will gradually raise the tax rate on many sugar containing beverages and will affect U.S. beverage exports worth approximately U.S. \$9 million. Industry estimates that this new sugar tax could increase the total excise tax burden by 20-30 percent for certain beverages containing sugars.

**Thai Excise Department Imposed New Sugar Tax on Beverages**

The Thai Excise Department implemented for first time ever, an excise sugar tax on certain beverages to reduce consumption of sugar and to increase health consciousness. Beverages subject to the new excise sugar tax are:

1. Artificial mineral water, soda water, and carbonated soft drinks without sugar or other sweeteners and without flavor.
2. Mineral water and carbonated soft drinks with added sugar or other sweeteners or flavors; and other nonalcoholic beverages
3. Fruit and vegetable juices
4. Coffee and tea
5. Energy drinks
6. Beverage concentrates to be used with beverage vending machines for distribution at retail areas.

Passed by the legislature under the new Excise Tax B.E. 2560 (2017), the new regulation went into effect on September 16, 2017. Prior to the enactment of the new Excise Tax, imported beverages were taxed at a 20 percent ad valorem rate on CIF value. The new Excise Act adopts a mixed tax rate system with both specific and ad valorem duties where the previous ad valorem tax is reduced from 20 percent to 10 percent and a specific tax on sugar content is introduced. Additionally, under the new Excise Act, the tax is calculated from the “Suggested Retail Price” instead of the CIF value. The scope of the specific tax on sugar content includes added sugar and natural sugar, but excludes non-sugar sweeteners. Beverages with over 6 grams of sugar per 100 ml will be subject to the new specific sugar tax with beverages containing higher sugar levels carrying a larger tax burden. The excise tax department is encouraging the beverage industry to reformulate their formulas by having a two year period of lower tax rates for sugary beverages. After two years, the specific tax on sugar content will increase as per the below excise tax rate table.

The value of U.S. beverage exports to Thailand that will be affected by the new sugar tax is U.S. \$9 million. Industry estimates that this new sugar tax could increase the total excise tax burden by 20-30 percent for certain sugary beverages after the higher specific tax rate goes into effect. However, some beverages such as almond milk which has a sugar content less than 6 grams per 100 ml will benefit from the new Excise Tax due to the lower ad valorem tax rates.

Category	Product Description	Excise Tax Rate		
		Ad Valorem Rate (%)	Sugar Content Level	
			Unit	Baht/Unit
02.01	Artificial mineral water, soda water, and carbonated soft drink without sugar or other sweeteners and without flavor.	14	Liter	0
02.02	Mineral water and carbonated soft drink added with sugar or other sweeteners or flavor; and other nonalcoholic beverages, but not including fruit juice or vegetable juice under category 02.03			
	(1) Mineral water and carbonated soft drink added			

	with sugar or other sweeteners or flavor; and other nonalcoholic beverages, but not including fruit juice or vegetable juice under category 02.03. However, the sugar content measurement will be in accordance with criteria, methods, and conditions defined by the Director General			
<u>September 16, 2017 – September 30, 2019</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage whether contain sweetener or not	14	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage whether contain sweetener or not	14	Liter	0.10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	14	Liter	0.30
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	14	Liter	0.50
	(e) Contain sugar over 14 grams per 100 ml of beverage	14	Liter	1
<u>October 1, 2019 – September 30, 2021</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage whether contain sweetener or not	14	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage whether contain sweetener or not	14	Liter	0.10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	14	Liter	0.30
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	14	Liter	1
	(e) Contain sugar over 14 grams but less than 18 grams per 100 ml of beverage per 100 ml of beverage	14	Liter	3
	(f) Contain sugar over 18 grams per 100 ml of beverage	14	Liter	5
<u>October 1, 2021 – September 30, 2023</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	14	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	14	Liter	0.30
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	14	Liter	1
	(d) Contain sugar over 10 grams but less than 14	14	Liter	3

	grams per 100 ml of beverage			
	(e) Contain sugar over 14 grams per 100 ml of beverage	14	Liter	5
<u>October 1, 2023 onwards</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	14	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	14	Liter	1
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	14	Liter	3
	(d) Contain sugar over 10 grams per 100 ml of beverage	14	Liter	5
02.03	Unfermented and no alcohol added fruit juice (including grape must) and vegetable juice with or without sugar or other sweeteners added			
	(1) Unfermented and no alcohol added fruit juice (including grape must) and vegetable juice with or without sugar or other sweeteners added. However, the sugar content measurement will be in accordance with criteria, methods, and conditions defined by the Director General			
<u>September 16, 2017 – September 30, 2019</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0.10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	10	Liter	0.30
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	10	Liter	0.50
	(e) Contain sugar over 14 grams per 100 ml of beverage	10	Liter	1
<u>October 1, 2019 – September 30, 2021</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0.10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	10	Liter	0.30

	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	10	Liter	1
	(e) Contain sugar over 14 grams but less than 18 grams per 100 ml of beverage per 100 ml of beverage	10	Liter	3
	(f) Contain sugar over 18 grams per 100 ml of beverage	10	Liter	5
<u>October 1, 2021 – September 30, 2023</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0.30
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	10	Liter	1
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	10	Liter	3
	(e) Contain sugar over 14 grams per 100 ml of beverage	10	Liter	5
<u>October 1, 2023 onwards</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	10	Liter	1
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	10	Liter	3
	(d) Contain sugar over 10 grams per 100 ml of beverage	10	Liter	5
	(2) Unfermented and no alcohol added fruit juice (including grape must) and vegetable juice with or without sugar or other sweeteners added as defined in accordance with criteria, methods, and conditions defined by the Director General. However, the sugar content measurement will be in accordance with criteria, methods, and conditions defined by the Director General			
<u>September 16, 2017 – September 30, 2019</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain	0	Liter	0.10

	sweetener or not			
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	0.30
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	0.50
	(e) Contain sugar over 14 grams per 100 ml of beverage	0	Liter	1
<u>October 1, 2019 – September 30, 2021</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0.10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	0.30
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	1
	(e) Contain sugar over 14 grams but less than 18 grams per 100 ml of beverage per 100 ml of beverage	0	Liter	3
	(f) Contain sugar over 18 grams per 100 ml of beverage	0	Liter	5
<u>October 1, 2021 – September 30, 2023</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0.30
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	1
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	3
	(e) Contain sugar over 14 grams per 100 ml of beverage	0	Liter	5
<u>October 1, 2023 onwards</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	0
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	1
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	3

	(d) Contain sugar over 10 grams per 100 ml of beverage	0	Liter	5
02.04	Beverage concentrates to be used with beverage vending machine, which beverage be produced therein for distribution at retail area.			
	(1) Beverage concentrates to be used with beverage vending machine, which beverage be produced therein for distribution at retail area. However, the sugar content measurement will be in accordance with criteria, methods, and conditions defined by the Director General			
<u>September 16, 2017 – September 30, 2019</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	9
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	12
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	13
	(e) Contain sugar over 14 grams per 100 ml of beverage	0	Liter	16
<u>October 1, 2019 – September 30, 2021</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	9
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	10
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	12
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	16
	(e) Contain sugar over 14 grams but less than 18 grams per 100 ml of beverage per 100 ml of beverage	0	Liter	30
	(f) Contain sugar over 18 grams per 100 ml of beverage	0	Liter	44
<u>October 1, 2021 – September 30, 2023</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	9
	(b) Contain sugar over 6 grams but less than 8	0	Liter	12

	grams per 100 ml of beverage no matter contain sweetener or not			
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	16
	(d) Contain sugar over 10 grams but less than 14 grams per 100 ml of beverage	0	Liter	30
	(e) Contain sugar over 14 grams per 100 ml of beverage	0	Liter	44
<u>October 1, 2023 onwards</u>				
	(a) No sugar or contain sugar less than 6 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	9
	(b) Contain sugar over 6 grams but less than 8 grams per 100 ml of beverage no matter contain sweetener or not	0	Liter	16
	(c) Contain sugar over 8 grams but less than 10 grams per 100 ml of beverage	0	Liter	30
	(d) Contain sugar over 10 grams per 100 ml of beverage	0	Liter	44

End of Report.