

THAILAND'S SSB TAXATION: Past, Present and Future



Visit to Thaihealth on SSB Tax

27 March 2018, Bangkok

เสนอแนะอย่างมีหลักการ
ศึกษาโดยไม่หยุดนิ่ง
คนคลังที่มีคุณภาพ

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Outline

Sugar Sweetened Beverages (SSBs) Taxation Overview

Excise Tax Principles and Recent Reform

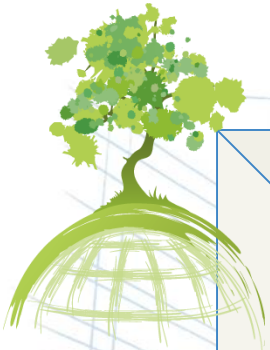
SSBs Excise Taxation and Example

Challenges and Other Issues

SSB Taxation Overview



Excise Levy Principals



Environmental

Automobile, Fuel, Battery,
Golf Courses



Health Concern

Alcoholic Beverages
Tobacco
Non-Alcoholic Beverages



Morality

Playing cards,
Massage Parlour
Horse Race Course

Luxurious

Crystal,
Perfume



Introduction of New Excise Tax Act

7 Relevant Acts
(Before 16th September 2017)



1 Act
(Effective 16th September 2017)

- (1) Excise Tax Act
- (2) Playing Cards Act
- (3) Liquor Act
- (4) Tobacco Act
- (5) Excise Tax Code Act
- (6) Excise Tax Allocation Act
- (7) Liquor Tax Allocation Act



Excise Tax Act
B.E. 2560

- Clearer/More Inclusive Definitions
- Reforming Tax Base
- Revenue Neutral
- Reforming taxpayer method
- Mixed system of Ad Valorem and Specific tax
- Reduce Consumption on Health-Damaging Products

Introduction of New Excise Tax Act

Key Reform	7 Relevant Acts (Before 16 th September 2017)	Excise Tax Act B.E. 2560 (Effective 16 th September 2017)
Reforming Tax Base	Ex-Factory Price / C.I.F. / Last Wholesale Price	Suggested Retail Price
Adjusting Tax Rate	Adjusting Tax Rate to be in Accordance with the New Tax Base Holding Revenue Neutrality	
Changing Taxation method	Either Ad Valorem Tax or Specific rate, Whichever is Higher, is levied	Mixed System which Enables Ad Valorem Tax and Specific Tax to be Levied Simultaneously
Reduce Consumption on Health-Damaging Products	Ad Valorem Tax Rate	Additional Specific Rate to reflect health concern in addition to concern over consumption on unnecessary goods

Taxation on Health-Damaging Products

Luxurious
(Unnecessary)



Health Concern
(Unhealthy)

Ad Valorem Tax

Percentage of
Suggested Retail Price



Specific Tax

Baht of Products Size/Health Impact



: Weight of Tobacco

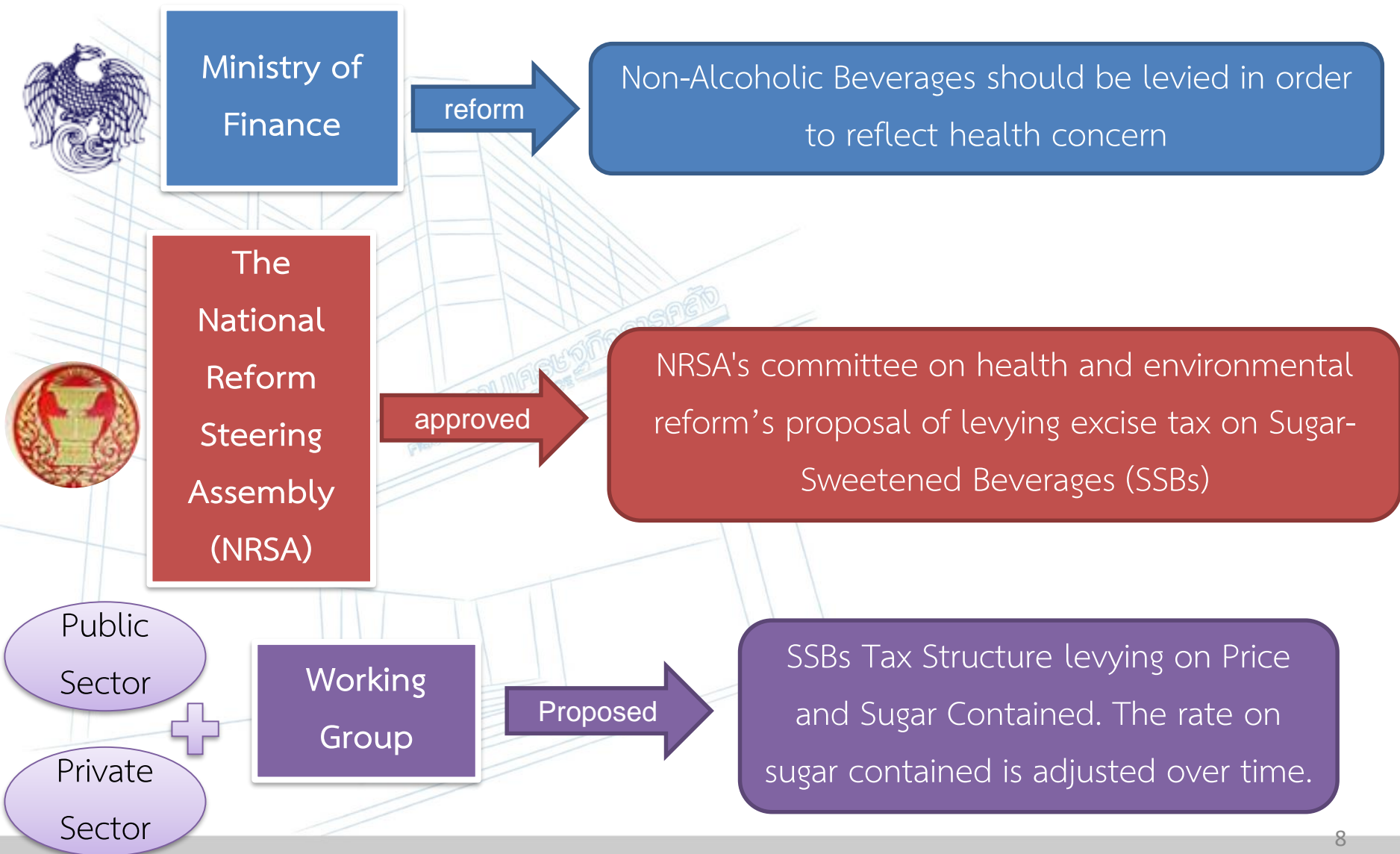


: Degree of Alcohol



: Amount of Total Sugar Contained



Background



SSBs Excise Tax Structure

Taxable Items (Ready to Drink)	Before 16 September 2017	16 September 2017 onwards	
	<u>Ad Valorem Tax / Specific based on Package Size (Whichever is Higher)</u>	<u>Ad Valorem Tax</u>	<u>Specific Tax based on Sugar Content</u>
Soda	✓	✓	✗
Carbonated Soft Drinks Sport Drinks Energy Drinks	✓	✓	✓
Sport Drinks	✓	✓	✓
Energy Drinks	✓	✓	✓
Coffee Tea and Juice	✗	✓	✓
Juice (with ingredients as specified by the Excise Department)	✗	✗	✓
Beverage Vending Machine	✗	✓	✓
Instant Drink Power and Concentrate with Sugar Contained	✗	✗	✓

SSBs Excise Tax Structure

Item	Before	Tax Structure According to Excise Tax Act B.E. 2560						
	Ad Valorem (Ex-Factory Price)	Ad valorem (Suggested Retail Price)		Unit Tax Based on Sugar Contained				
				Sugar Content	16 Sept 2017 to 30 Sept 2019	1 Oct 2019 to 30 Sept 2021	1 Oct.2021 to 30 Sept 2023	1 Oct 2023 onwards
	%	%		gram/100 ml	Baht/Litre	Baht/Litre	Baht/Litre	Baht/Litre
Soda	25	14	 	-	-	-	-	-
Carbonated Soft Drinks Sport Drinks Energy Drinks	20	14		Not Over 6	0	0	0	0
				More than 6 Less than 8	0.10	0.10	0.30	1
				More than 8 Less than 10	0.30	0.30	1	3
Juice: General	20	10		More than 10 Less than 14	0.50	1	3	5
Juice: Exempted	Exempted	Exempted		More than 14 Less than 18	1	3	5	5
Beverage Vending Machine	-	14		Over 18	1	5	5	5 10
Instant Drink Power and Concentrate with Sugar Contained	-	-						

SSBs Excise Tax Calculation

Canned Soft Drink
(325 ml.)

14 Baht

Sugar:
11 gram per 100 ml

Specific: 0.5 Baht/Litre



Ad Valorem: 14% of
Suggested Retail Price Excluding VAT

1. Specific Tax = $(0.50 \times (325/1,000)) = 0.16$ Baht
2. Ad Valorem Tax = $13.08 \times (14/100) = 1.83$ Baht
3. Total Excise Tax = $0.16 + 1.83 = 1.99$ Baht