



## A. Introduction

On 12 September 2024 the Cabinet of Thailand outlined its goals for medium and long-term national development, which aims to restructure the economy via industry transformation and developing new economic growth engines. One of the government's main focuses is to build on existing industries, such as the automotive manufacturing industry in Thailand, by promoting the transition from internal combustion engine vehicles to future mobility technologies. As a result of the initiative, the government is actively encouraging foreign investment to establish electric vehicle (**EV**) production bases in Thailand. These foreign investments in Thailand not only encourages the use of local raw materials but also helps transfer modern technology to Thai industries. The government's initiative also aims to maintain employment and upskill the Thai labor force in the automotive industry and related sectors.

On 29 April 2025 the Deputy Minister of Finance announced that the Cabinet approved a resolution to revise the excise tax conditions for passenger vehicles (vehicles with no more than 10 seats) classified as energy-saving plug-in hybrid electric vehicles (**PHEVs**). PHEVs are vehicles that utilize both fuel and electricity and can be charged electrically. Under the new resolution, excise taxes on PHEVs will be determined solely based on their electric range, rather than on both electric range and fuel tank size as under the previous regulation. The revised tax structure will take effect on 1 January 1 2026. The aim of the resolution is to support the development of more advanced PHEV technologies in line with government policy. A new draft ministerial regulation, titled "Ministerial Regulation Prescribing the Excise Tax Rate Schedule" (**Proposed Regulation**), will be created to implement these changes. The draft will be submitted to the Office of the Council of State for review and further action, as proposed by the Ministry of Finance.

## B. Key Policy Development: Excise Tax Revisions for PHEVs

The Proposed Regulation amends the Ministerial Regulation Prescribing the Excise Tax Rate Schedule B.E. 2560 (2017) with the following key changes:

Category	Previous Regulation	Proposed Regulation
<b>Tax Rate for PHEVs</b>	(a) 5% for PHEVs with ≥80 km electric range <b>and</b> fuel tank ≤45 liters	5% for PHEVs with ≥80 km electric range
	(b) 10% for PHEVs with <80 km electric range <b>or</b> fuel tank >45 liters	10% for PHEVs with <80 km electric range
<b>Key Criteria</b>	Electric range <b>and</b> fuel tank size	Electric range <b>only</b>
<b>Focus of Tax System</b>	CO <sub>2</sub> emissions	CO <sub>2</sub> emissions

The update in the Proposed Regulation reflects the fact that PHEV technology has progressed, allowing longer electric-only driving ranges without the need to recharge or refuel during travel. The Proposed Regulation is also in line with other countries' regulations by not imposing a fuel tank size requirement for PHEVs.

## C. Conclusion

The Thai government's push to modernize its automotive sector through policy reform and investment incentives reflects a clear commitment to long-term economic transformation. By revising the excise tax framework for PHEVs and encouraging foreign investment in EV production, Thailand is reinforcing its position as a regional leader in future mobility. As regulatory frameworks evolve and supporting infrastructure improves, both domestic and international stakeholders can expect greater opportunities in the growing Thai automotive market.

## Further information

Should you have any questions on how this article may affect you or your business, please get in touch with the following people:

**Papon Charoenpao**  
Partner  
[paponc@pdlegal.com.sg](mailto:paponc@pdlegal.com.sg)

**Lester Kuo**  
Associate  
[lesterk@pdlegal.com.sg](mailto:lesterk@pdlegal.com.sg)

© PDLegal Thailand

This article is intended to provide general information only and does not constitute legal advice. It should not be used as a substitute for professional legal consultation. We recommend seeking legal advice before making any decisions based on the information available in this article. PDLegal fully disclaims responsibility for any loss or damage which may result from relying on this article.