The Office of the Board of Investment (BOI)

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Thailand Overhauls Vehicle Excise Tax as EVs Capture 55% of New Car Market

Electric and hybrid vehicles captured a record 55% of Thailand's new car market in the first seven months of 2026. The milestone triggered a comprehensive overhaul of vehicle excise taxes, designed to cement Thailand's position as a global multi-technology automotive manufacturing base. The new tax framework ties market access directly to value creation.

The shift marked the first time combined registrations of battery-electric, hybrid, and plug-in hybrid vehicles outpaced traditional combustion engines. Thailand's National Electric Vehicle Policy Committee agreed in principle to the tax restructuring during a meeting on 10 September 2026, chaired by Deputy Prime Minister and Minister of Finance Mr. Ekniti Nitithanprapas.

The restructuring rests on five principles: Investment-Driven Import, tying import volumes to real future local investment; Global EV Hub, positioning Thailand as a manufacturing and export center; High Value-Added Local Content, raising the use of high-value domestic parts and skilled labor; Level Playing Field, creating fair and equitable conditions for all players; and local supplier development, strengthening Thailand's automotive supply chain. Under the new framework, excise tax rates will be calibrated directly to the tangible economic benefit automakers generate in Thailand, encompassing capital investment, local assembly, domestic supply chain integration, and high-skilled employment.

"The transition of Thailand's automotive sector must convert rapid consumer demand into long-term capital formation, localized technology, and quality employment," said **Mr. Narit Therdsteerasukdi, Secretary General of the Thailand Board of Investment (BOI) and Secretary of the National Electric Vehicle Policy Committee**.

The tax framework's core principle establishes four distinct duty tiers based on localized value-add. Vehicle importers without domestic manufacturing facilities will have higher excise taxes. Automakers that already operate Thai assembly plants will be permitted to import select models for market-testing purposes. Their import volumes will be determined relative to the economic value they generated locally in the preceding year.

Domestic assembly will benefit from reduced excise brackets, with preferential rates tiered between vehicles incorporating moderate local content — such as low-volume premium models developing their local supplier networks — and models achieving deep localization of critical electronic components.

Cumulative BOI approvals across the electric vehicle ecosystem reached $4.59 billion (approx. 151.4 billion baht) across 189 projects as of 31 August 2026. Battery cell and pack manufacturing accounted for the largest share at $2.64 billion (approx. 87.07 billion baht), followed by battery electric vehicle assembly at $1.17 billion (approx. 38.56 billion baht), and core component production at $380.5 million (approx. 12.56 billion baht).

The aggressive investment in BEV sector also coincides with aggressive capital outlays by legacy Japanese manufacturers strengthening their cornerstone production hub in Southeast Asia. Four major marques — Honda Motor Co., Mitsubishi Motors Corp., Isuzu Motors Ltd., and Mazda Motor Corp. — have committed a combined $1.53 billion (approx. 50.4 billion baht) to upgrade Thai assembly lines with robotics and automation, supporting hybrid, mild-hybrid, and pure electric vehicle platforms.

Charging infrastructure is expanding in tandem, with investment-promoted charging stations planning 23,135 commercial dispensers nationwide. Of these, 10,249 are fast-charging DC outlets, already fulfilling 85% of Thailand's nationwide 2030 target of 12,000 fast-charging DC units.

"The global automotive industry is accelerating toward electrification across battery-electric, hybrid, plug-in hybrid, and next-generation powertrains, and Thailand must adapt to maintain its long-term manufacturing strength," Mr. Narit said. "Our strategic priority is to remain technology-open while maximizing local value creation. This tax restructuring marks a pivotal step in balancing imports with domestic capital, reinforcing Thailand's status as a premier global production hub equipped for every future automotive technology."

The meeting also approved two subcommittees to advance electric vehicle policy. The Subcommittee for Promoting the Modern Automotive and Auto Parts Manufacturing Industry will oversee the automotive supply chain and manage used EV batteries and used cars. The Subcommittee for EV Charging Infrastructure will develop charging infrastructure and related regulations.

Note: Currency conversions are based on the Bank of Thailand's average selling rate of approximately 1 USD = 33 THB.

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