

CHAPTER 17 CUSTOMS

The Customs authorities are charged with administration and enforcement of the Customs Act, and to an extent, they are also required to enforce laws concerning taxation, exchange control and other laws.

Customs duties are imposed on a wide range of imported goods. They also apply to a number of exported goods, such as rice, metal scrap, raw leather, rubber, wood, raw silk and powdered fish.

Brussels nomenclature The Thai Customs authorities use the Brussels Tariff Nomenclature.

Value basis Imported goods are generally valued at their CIF cost, with the customs officer having authority to compare the value declared with other similar imports and to assess customs duties on what the custom officer deems to be the actual value. Exported goods are valued at FOB prices.

Exchange controls Most imports valued at over Baht 500,000 can be cleared only upon presentation of a certificate issued by a commercial bank, showing that the import has been reported to the Bank of Thailand.

Before an export exceeding Baht 500,000 in value can be made, the exporter must present a Certificate of Exportation to the Customs officer. Normally, export proceeds must be brought into Thailand within 180 days and converted to Baht or deposited in a foreign currency account in Thailand within 15 days of receipt.

Duty refund Goods such as raw materials used in producing, processing or packaging items for export, may be imported under a system allowing for duties paid to be refunded or for a guarantee to be posted. The items so imported must be re-exported within the time stipulated under Customs regulations. Goods imported which are not processed in any way and not kept in a bonded warehouse are eligible for a partial duty refund equal to 90% of the duty paid or the entire duty paid in excess of Baht 1,000, whichever is higher.

Value added tax In addition to customs duties, most imports are subject to value added tax at the current rate. VAT is assessed on the total of the CIF value of the imported goods and the customs duty payable.

Value for income tax purposes For income tax purposes, goods that are exported are generally considered to be sold at the market value prevailing on the date of export.

Exemptions The Petroleum Authority may grant duty exemptions for equipment and other items imported by a promoted company, a petroleum concessionaire

or petroleum contractor. Businessmen relocating to Thailand may import their household effects, but the Customs Department requires that a work permit be submitted before the household goods are released duty free.

Changes to the Customs Act In 2009, changes were suggested to the Customs Act. A draft has been circulated to the Joint Foreign Chambers of Commerce in Thailand who have made representation particularly in relation to:

- The multiple to be applied to calculation of the penalty in a case of non-declaration or under-declaration, and
- The manner in which penalties paid are shares as awards with customs officers.

The draft is still under review.

The future Thailand, as a member of ASEAN, is subject to the agreed plan for reduction of import duties that applies to trade between all the ASEAN countries. Thailand is also a party to other trade agreements, including the trade group BIMSTEC, and bilateral trade agreements with India, China, Bahrain, Australia and New Zealand.

In the long term, import duties will be reduced and will in many cases disappear under these agreements, and free trade will become the norm rather than the exception.

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