

CHAPTER 17 CUSTOMS

The first Customs Act was passed in 1926. The most recent comprehensive revision was under the Customs Act (2017).

The Customs Department administers and enforces 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 The new Customs Act was approved in 2017. The main changes are these:

Reducing rewards The commission paid to a customs officer or a whistleblower will be limited to Baht 5 million per case.

Clarification of customs offences and punishment: Customs offenses of smuggling, evasion and non-compliance are re-classified so that the punishment can take into account degrees of culpability.

Penalties for evasion will be 0.5 - 4 times the amounts of duty evaded. The penalty for smuggling will be four times the duty-paid value of the goods. Non-compliance offenses are punishable at up to Baht 500,000

Vicarious liability of directors: The new act now defines who is managing director, managing partner, and the person responsible for the operations of a juristic person for customs purposes. .

Post-clearance audit Customs officers may enter a company's premises and carry out a post-clearance audit relating to imports and exports for up to five years from the date of import or export. The time period is the same for record retention requirements.

Time limits for duty evaluation Duty must be assessed within three years from the submission of an import or export entry clearance form.

In exceptional cases where the customs officer cannot assess the duty within that period, it may be extended by a maximum of two years. If there is evidence that a taxpayer intended to avoid paying the duty, an additional five years may be approved.

Appeal period The Board of Appeal, an internal appellate review panel within the customs department, must conclude appeal cases within 180 days from the date of receipt of the appeal and supporting documents. Where the Board of Appeal does not finish reviewing the appeal within the specified deadline, the importer or exporter involved in the customs process may bring the case to the court.

Duty refund An importer or exporter may claim a duty refund within three years from the date of shipment.

The future Thailand, as a member of ASEAN, is subject to an agreed plan for reduction of import duties that applies to trade between all the ASEAN countries. The times limits for duty reduction or exemption have already been agreed and will not be affected by the postponement of AEC 2015 from the end of 2015.

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 2013, Thailand commenced negotiations with the European Union for a bilateral FTA. At the end of 2014, Thailand lost its GSP privileges on the export of certain goods to the EU. The FTA negotiations were suspended when the Thai parliament was dissolved in December 2013. As at September 2018, these negotiations have not been resumed.

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.

Revised 1 September 2018