



## Legal Alert | Customs And International Trade

### Customs Law in Thailand: An Overview of Key Aspects and Regulations

In today's globalized economy, **customs laws are critical in regulating the movement of goods across borders**. For businesses operating in Thailand, understanding and complying with customs laws is crucial for maintaining seamless operations and avoiding legal complications.

Customs laws are extensive in Thailand, and recent reforms aim to modernize and simplify the legal procedures for importation and exportation. It is essential for any companies operating in Thailand to be kept abreast on the latest customs laws and their relevant sub-regulations. This article gives an overview of the current Thailand's customs laws, recent developments and key aspects for companies engaging in cross-border trade.

#### What are Customs Laws?

Customs laws are the set of laws that **control the importation and exportation of goods across a country's border**, collect import and export duties together with other taxes, and impose limits on importation and exportation of prohibited and restricted goods (the "**Customs Laws**"). We set out below the critical areas regulated by the Customs Laws:

- **Tariffs and Duties:** Taxes levied on imported and exported goods.
- **Restricted Goods:** Importation and exportation of goods that are prohibited or restricted for safety, wellness, or environmental reasons.
- **Trade Compliance:** Ensuring that the goods adhere to specific requirements, such as labeling, safety standards, and international trade agreements.
- **Customs Clearance Procedures:** Documentation, valuation, and classification of goods to determine applicable tariffs and tax rates.

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Customs Laws have an influence on many elements of cross-border commerce, and legal compliance is critical for companies to avoid legal liabilities and maintain seamless operations.

## Customs Laws of Thailand

The primary legislation governing customs in Thailand is the **Customs Act B.E. 2560 (2017)** (“**Customs Act**”), which was enacted to align Thailand’s customs formalities with international standards and replace the laws issued since B.E. 2469 (1926) . The Thai Customs Department (“**Customs Department**”) under the Ministry of Finance oversees and enforces the Customs Act and other regulations and notifications covering specific procedures, duty exemptions, and preferential treatment under Free Trade Agreements.

### Key Governing Bodies

The Ministry of Finance has a significant role, as its responsibilities are to determine Thailand’s customs policy and work closely with the Customs Department.

The Customs Department’s main responsibilities include monitoring and ensuring compliance with Customs Laws, collecting of import and export duties, proposing to the Ministry of Finance any updates for Thailand’s customs policy, and promoting international trade.

Companies that operate the importation or exportation of goods must interact with these governmental agencies to ensure compliance with the Customs Laws, regulations and notifications.

## Recent Changes in Thai Customs Laws

The new Customs Act has brought substantial changes to the Customs Laws, which includes numerous significant reforms aimed at increasing the efficiency of enforcement and providing clarification on the Customs Laws helping companies to understand and comply with the Customs Laws. Some of the main updates are as follows:

- **Tax Assessment Period:** The new Customs Act clarifies the timeline for the Customs Department to conduct a tax assessment.
- **Tax Refund Period:** The new Customs Act extends the tax refund period from two years to three years from the importation or exportation date.
- **Transit and Transshipment:** The new Customs Act imposes a 30-day limitation for transit and transshipment of goods through Thailand. Further, land transit is permitted only if there are international agreements.

## About Us

### Customs and International Trade Practice Group

Navigating Thailand's customs procedures may be difficult, particularly for international companies unfamiliar with the local legal landscape. The expertise corporate law firms can be of great help in this situation to ensure companies comply with the Customs Laws, settle disputes, and reduce other legal risks.

By providing specific legal assistance on topics such as customs value, tariff classification, and import/export processes, legal experts can ensure that companies can function successfully within Thailand's regulatory framework. Working with an expert corporate law firm may help organizations in cross-border commerce avoid expensive delays, fines, and legal challenges.

- **Enforcement Mechanisms:** The new Customs Act and relevant sub-regulations strengthen an enforcement mechanism by improving a system, so-called “Thailand National Single Window” or “NSW”, for monitoring importation and exportation of goods. This NSW system will link the database of the Customs Department and other governmental agencies involved in the importation and exportation, such as Marine Department, Department of Civil Aviation and Department of Fisheries.

## Key Aspects to Know About Customs Laws in Thailand

Understanding the precise requirements of the Customs Laws is critical for companies doing cross-border transactions. The following are some of the most crucial points to consider:

### 1. Import and Export Procedures

Thailand's Customs clearance procedure (“**Customs Clearance**”) consists of multiple phases, each of which requires careful attention to maintain compliance with the Customs Laws.

- **Documentation Requirements:** To pass the Customs Clearance, companies must provide a range of documentation, such as import or export declarations, invoices, packing lists, bills of lading, certificates of origin, and/or relevant licenses for importation or exportation of certain goods. Proper paperwork is essential to prevent delays and denials at the border.
- **Customs Valuation Methods:** The value of imported products is established using international standards, which include the transaction value of the goods. To ensure that the calculation of the duties and relevant taxes is imposed correctly, the value of goods must be accurately declared.
- **Duty Calculation and Payment:** Import and export duties are computed based on the value of the goods, the relevant tariff rate, and any preferential rates under international agreements. Companies must ensure that they apply an accurate tariff and tax rate for the calculation.

### 2. Customs Duties and Tariffs

Thailand imposes duties and various taxes on imported or exported goods. This includes:

- **Imposition of duties and relevant taxes:** Companies will be subject to import duties and export duties upon importation and exportation. In addition to the duties, companies may also be

subject to an excise tax for certain types of goods and value added tax with current rate at 7%.

- **Free Trade Agreements (FTAs) and Preferential Rates:** Thailand has various free trade agreements (FTAs) and preferential rates, including those with ASEAN, China, and Japan. These agreements often give favorable tax rates for goods originating in a party to such free trade agreements.
- **Duty Exemptions and Privileges:** Certain goods may be eligible for duty exemptions, particularly if they are destined for re-export, imported directly to a free zone or are part of a bonded warehouse system.

### 3. Penalties & Enforcement

The Customs Act imposes strong fines for violation, and companies must be mindful of the repercussions of noncompliance.

- **Common Customs Offenses:** Some of the most prevalent customs violations under the Customs Act include declaring false information, evasion of the Customs Clearance, and declaring false value of goods.
- **Revised Penalty Structure:** The new Customs Act clarifies a punishment system that includes fines, imprisonment, and the seizure, and auctioning of goods.
- **Appeal Processes and Timelines:** Companies may appeal a tax assessment issued by the Customs Department's officer. Appeals must be submitted within a certain time limit, and the procedure may entail many phases, including reviews by the Thai Customs Department and the courts.

## Understanding Customs Laws in Thailand

The Customs Laws are an important aspect of international commerce, and complying with the Customs Laws is necessary for companies operating in import and export businesses. Companies may reduce the risks involved with cross-border commerce by knowing essential parts of the Customs Laws, such as the Customs Clearance process, tariffs, and relevant tax incentives.

For more information, please get in touch with [our Customs and International Trade Practice](#), or alternatively, please contact the author at [thanyaluck.t@kap.co.th](mailto:thanyaluck.t@kap.co.th) or visit [www.kap.co.th](http://www.kap.co.th)