



## Customs & GI3 Alert

### Thailand's EV 3.5 Package: Opportunities for EV Manufacturers

#### Introduction

On November 1<sup>st</sup>, the Board of Investment (BOI) announced that Thailand's EV Board approved the second phase of Electric Vehicle (EV) promotion measures (EV 3.5 package). This new phase follows the first EV 3.0 package, which was implemented in 2022 and extends similar incentives such as subsidies for purchase of electric passenger cars, electric pickup trucks, and electric motorcycles, along with reductions in excise rates and duty rates for a new period.

#### Who will benefit?

The EV 3.5 package will be open to companies that have already participated in EV 3.0 package as well as new investors who are interested in setting up electric vehicle production in Thailand.

#### What to Know?

The second phase of the EV promotion measures will be made available over a four-year span from 2024 to 2027 and offers a range of support measures aimed at fostering the continuous growth of the EV industry in Thailand.

Under the EV 3.5 package, qualified applicants will be granted subsidies and tax incentives from the Thai government for the purchase of the following three main types of vehicles based on battery capacity of each vehicle type:

- electric passenger cars,
- electric pickup trucks, and
- electric motorcycles.

Details of available incentives can be summarized as follows: -

Type of vehicles	EV Retail Price	Battery capacity	Subsidies*	Tax Incentives	
Electric passenger cars	Not exceeding 2 million Baht	Below 50 Kwh	20,000 – 50,000 Baht/unit	Import duty reduction for Completely Built-Up Units (“CBUs”) up to 40% during 2024 – 2025	Excise tax reduction from 8% to 2%
		50 KWh or more	50,000 – 100,000 Baht/unit	-	-
	2 – 7 million Baht	50 KWh or more	-	-	-
Electric pickup trucks	Not exceeding 2 million Baht	50 KWh or more	50,000 – 100,000 Baht/unit (For domestic manufacturing)	-	-
Electric motorcycles	Not exceeding 150,000 Baht	3 KWh or more	5,000 – 10,000 Baht/unit (For domestic manufacturing)	-	-

*Remark\*: The amount of the subsidies will be based on the type of vehicles and the battery capacity. In addition, the BOI and other relevant government agencies will collaborate to determine the appropriate rate of the subsidies and present it to the Thai Cabinet for consideration*

#### Eligibility Conditions:

- Companies must sign an MOU with the Thai Excise Department
- Companies must be industrial operators in Thailand, authorized distributors of Thai Free Zone operators or have a manufacturing agreement with either a Free Zone operator or a BOI certified Thai manufacturer of BEVs.
- The company’s domestic EV production must offset any CBU imports at a ratio of 1:2 by 2026 and 1:3 by 2027.
- Requirements regarding the use of batteries and other key parts will need to be in accordance with the conditions outlined in EV 3.0, meaning eligible companies must also localize battery/EV parts production or locally source batteries/EV key parts according to fixed timetables.
- Imported and domestically manufactured electric cars and batteries must acquire the Industrial Product Standards (TIS) and pass testing based on international standards at the Automotive and Tire Testing National Center (ATTRIC)

Moreover, the EV Board also approved to extend the deadline for EV registration under EV 3.0 package from **31<sup>st</sup> December 2023 to 31<sup>st</sup> January 2024** to allow consumers who are planning to purchase EVs at the upcoming Thailand International Motor Expo to complete the registration process.

Meanwhile, the existing EV 3.0 package incentives continue to apply for qualified companies but will gradually phase out in the period 2024-2025. Separately, EV manufacturers can also continue to enjoy duty exemptions granted by the Thai Customs Department on imports of key EV parts until the end of 2025.

## What can you do?

Foreign and domestic automotive companies who are interested in applying for the EV 3.5 Package are highly recommended to review their business plans/ activities, assess their eligibility for the EV incentives against the applicable conditions and map the steps for application.

It is also important that interested companies consider other available investment promotion incentives under the BOI and import/export related customs privileges that can be leveraged in combination with the EV 3.5 package and understand the potential benefits and challenges and how to manage these.

Our Deloitte Customs and Gi3 professionals work closely together and can advise you on how to optimise the use of these new incentives as part of your business and future investment plans in Thailand, including:

- Reviewing of your business (activity) and investment and perform feasibility study for the eligibility of the promoted activities by the BOI and the EV Package incentives;
- Preparing of the relevant applications;
- Liaising with the BOI/Customs/Excise authorities and following up on the application; and
- Setting up of guidance and internal Customs/ BOI compliance support including trainings.

For further assistance and guidance, please contact our Customs and Global Trade and Gi<sup>3</sup> team.

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