



New Excise Tax Structure for Eco Cars

On 22 October 2014, the Ministry of Finance (MOF) issued two new MOF notifications. The first was an MOF Notification re: excise tax reduction (No. 127), effective from 22 October 2014 to 31 December 2015, and the second was an MOF Notification re: excise tax reduction (No. 128), effective from 1 January 2016 onward. The content of the notifications is related to a new excise tax structure and new excise tax rate for eco cars, respectively.

As a result of these two MOF notifications, the new excise tax structure and new excise tax for eco-cars under Chapter 5, Category 05.01-05.02 of Excise Tax Act B.E. 2527 (passenger car or public transport vehicle with seating not exceeding 10 seats), will take effect from 1 January 2016 onward. Details of the new excise tax structure and excise tax rate are summarized in the table below.

Vehicle Type	New Excise Tax Rate		
	Engine Size	CO2	New Excise Tax Rate (%)
Eco Car			
▪ Benzene engine	≤ 1,300 cc		17
▪ Diesel engine	≤ 1,400 cc		17
▪ Benzene engine with active safety system	≤ 1,300 cc	≤ 100 g/km	14
▪ Diesel engine with active safety system	≤ 1,500 cc	≤ 100 g/km	14
▪ Benzene engine which can run on a blend of gasoline and not less than 85% ethanol, with active safety system	≤ 1,300 cc	≤ 100 g/km	12
▪ Diesel engine which can run on a blend of gasoline and not less than 10% methyl ester, with active safety system	≤ 1,500 cc	≤ 100 g/km	12

For an eco-car to be eligible for the above new excise tax rate, it must obtain a certificate of eco-car (2nd generation) accreditation issued by the Ministry of Industry and must meet the following minimum technical requirements:



- 1) Car runs or is capable of running at a fuel consumption level of not more than 4.3 liters per 100 kilometers, in accordance with the combined Mode as specified in the technical requirements under UNECE Reg. 101 Rev. 2 or higher.
- 2) Car complies with Euro 5 standard as specified in the technical requirements under UNECE Reg.83(06) Rev.4 or higher.
- 3) Carbon dioxide emitted from exhaust pipes shall not exceed 100 grams per 1 kilometer, in accordance with the technical requirements under UNECE Reg. 101 Rev.2 or higher.
- 4) Passenger safety standards for front impact must be in accordance with the technical requirements under UNECE Reg.94 Rev.1 standard or higher.
- 5) Passenger safety standards for side impact must be in accordance with the technical requirements under UNECE Reg. 95 Rev.1 standards or higher.
- 6) Passenger safety standards for Active Safety must include at least an Antilock Braking System (ABS) along with the installation of an Electronic Stability Control System (ESC System) and must comply with the technical requirements under UNECE Reg. 13H Rev.2 standards or higher.

The issuance of these notifications is in response to the new automotive excise tax restructuring plan, which aims to levy excise tax on vehicles based on level of CO2 emission, safety standard, and fuel saving, instead of engine size. The new excise tax structure is expected to be fully implemented on 1 January 2016.

China to Push Forward Free Trade Area of the Asia Pacific (FTAAP)

Since its accession to membership of the Asia-Pacific Economic Cooperation (APEC) in 1991, China, which was at that time a highly centralized and relatively closed economy, has continuously enjoyed a significant increase in its volume of trade, both in terms of imports and exports, and of inward investment. It can be said that the APEC is one of the factors driving China's economic growth over the past two decades.

One of the major changes under APEC has been an improvement in regional customs clearance systems. This has shortened the time needed for goods to be delivered. In addition, APEC also mandated its members to set up electronic port management systems, which have also helped to speed up the overall clearance process. In general, the APEC has played a significant role in upgrading China's trade infrastructure, which, in turn, facilitates international trade flow to the world's most populated nation. Furthermore, based on a study of APEC's impact on regional trade conducted by Nankai University, the cooperation under the APEC has been a key factor in lowering the average tariff rate in the Asia-Pacific region from an average of 16.9% to 5.8% percent over the past few years. Without any doubt, China is preparing to push further toward a greater cross-regional integration.

China has long hoped for a far-reaching Free Trade Area of the Asia Pacific (FTAAP). The existing bilateral and multilateral FTAs are undoubtedly benefiting China, but those FTAs remain highly fragmented in standards and governing rules. In contrast, a single agreement that covers the entire APEC region is hoped to add greater interest to every nation concerned. In May this year, China agreed to conduct a feasibility study, signifying its intention of being the leader of this deal. Considering China's current position as the second largest economy in the world, the Asia-Pacific balance of power may not be the same as it was a decade ago.

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