

Online shopping can be quite taxing

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As the taxi pulled away from my hotel in Seoul I realised I had left my Amazon Kindle e-reader in my room. No problem, I thought, I'll just have them mail it. For reasons that remain beyond me, that was not possible and my quest for a replacement Kindle began. Despite the seemingly endless labyrinth of malls and merchandise-lined marketplaces throughout Thailand, one cannot find everything, and imports ordered on the internet can fill the void. But what will it actually cost to get that purse from Nordstrom's, the Barbour jacket or the Amazon Kindle to your condo in Hua Hin?



Every country has the right to impose tariffs, taxes, and other charges on any products entering their country, and does so to varying degrees based on the type of product, its point of origin, applicable trade agreements and various other stipulations. Thailand is no exception.

Goods that are imported into Thailand must pass through at least one channel of the Customs Department at the point of entry: either at an airport, an overland border crossing, a shipping port, or through an international courier or the postal service. Generally all goods are subject to some form of duties and taxes. Particular types of goods, and goods from specific countries with whom Thailand has free trade agreements, qualify for an exemption from import duties or for incentivised tax rates. The stipulations applied to these special goods are outlined in the Customs Tariff Schedule.

However, these incentives are designed for high volume imports normally exercised by businesses rather than, for example, a birthday gift for your significant other. Personal consumer goods are subject to duties under the Customs Tariff Decree BE2530 (1987), which classifies the categories of goods with accompanying import duty rates. Also, consumer goods imported into Thailand are subject to other taxes and fees, as listed below:

- Import duty: 20-60% of CIF (cost, insurance and freight);
- Special duty: Import duty (special duty rate);
- Excise tax: (CIF plus import duty plus Special duty) (excise tax rate, if applicable);
- Interior tax: 10% of excise tax; and VAT: 7% of CIF.

That daunting litany of taxes and duties, which might represent nearly 100% of the base purchase price, would be enough to stop most internet shoppers in their tracks. The Customs Tariff Schedule specifies which duties and taxes are applicable to particular goods. Today, we will examine the process of importing personal consumer items bought over the internet through one of the world's most popular internet-based businesses: Amazon.

Due to its high volume of global sales, Amazon is different than many other internet-based businesses in the way it addresses import fees when shipping internationally. For countries such as Thailand that have an established Amazon customer base, the company automatically estimates the value of import duties and taxes at the time of purchase. These charges are listed as an "import fees deposit" and are included in the total purchase price. The import fees deposit is used on your behalf to reimburse the carriers for the fees that are levied in the destination country in order to ensure that your purchase arrives at your home without complication.

For example, if you were to order a Kindle through Amazon's website, in our experience an import fee deposit of 37% would be required, consisting of a 30% import duty, as outlined in the customs tariff schedule for personal electronic consumer products, in addition to the standard 7% VAT. Paying these fees online and ahead of time, in theory, ensures the unhindered arrival of your Kindle to your doorstep without having to pay anything more. I confess, though, that mine has yet to arrive.

Imported books are not taxed either at the point of purchase or by Thai customs, so books ordered from Amazon generally arrive on your doorstep without a problem.

However, if you were to ship an order that contains multiple books and even a single electronic consumer product such as a CD, DVD or a Kindle, the value of the import duties and taxes assessed will be for the total purchase price and shipping costs of the package as a whole. The Customs Department does not itemise products. So to avoid paying excess import charges, it is best to separately ship products that will have an import duty assessed.

Not every company has the ability to negotiate the same customer conveniences as Amazon, so what happens when you order from another company and want to import your purchase into Thailand? When ordering from a company that does not assess import duties and local taxes at the point of purchase, the recipient is responsible for paying all fees when they want to come into possession of the package. On the final page of the ordering process, you can review everything before confirming the purchase. This is where companies will itemise the purchase price, shipping costs, and any relevant taxes. If there are no import charges listed, then you can reasonably assume that you will be responsible for those fees when your package arrives in Thailand.

If your item is sent to you via an international courier such as DHL or FedEx, then these import duties will have been paid in advance to get your package into the country. Therefore, you will either need to pay the total balance of fees to the courier when your package is delivered to your home, or pay the fees at the local branch of your courier when you go to pick up your package. Major internet retailers, absent an Amazon-type system, may provide an estimate of the import charges. In general, whenever importing a product, you can expect to pay VAT and a minimum import duty of 20% to acquire your package.

A package sent via an international postal service such as UPS that has been assessed for import duties or taxes will not be delivered to your residence, and instead an invoice notifying you that a fee must be paid for your package will arrive. You must then pick up your package at the designated post office through which international shipments pass. In Bangkok, this is the Thailand Post office located at Saphan Khwai BTS station.

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