



# Tax News Flash

KPMG in Thailand



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Framework for the United States – Thailand Agreement on Reciprocal Trade

On 27 October 2025, the governments of Thailand and the United States (US) jointly announced a Framework for an Agreement on Reciprocal Trade, seen as an important step towards deepening economic cooperation between these countries. Under the Framework, Thailand and the US have agreed, in principle, to reduce tariff and non-tariff barriers, and to strengthen cooperation on trade facilitation, supply-chain resilience, and investment promotion.

## Key highlights

The Framework covers:

1. **tariffs**
2. **non-tariff barriers for US industrial exports**
3. **non-tariff barriers for US food and agriculture** in the Thai market
4. **barriers impacting digital trade, services, and investment**
5. resolution of long-standing **intellectual property issues**
6. strengthening cooperation to increase **supply chain resilience**
7. improving **protection of internationally recognized labor rights**
8. strengthening **environmental protection and enforcement of environmental laws**
9. **acknowledging forthcoming commercial deals** between US and Thai companies in the agriculture, energy and aviation sectors

For more information, please refer to the [Fact Sheet](#) issued by the Office of the United States Trade Representative (USTR).

## Our key observations

The US and Thailand are expected to continue negotiations to finalize the Agreement on Reciprocal Trade from the commitments outlined in the Framework. While we believe the Framework represents an important milestone in Thailand–US trade relations, we recommend businesses stay alert to further announcements and assess how these developments may impact your supply chain strategies. In the meantime, we have outlined below some of the potential implications and key areas that businesses can begin to consider.

### 1. Expect changes to customs laws and audit dynamics

The Framework explicitly commits Thailand to amend the Customs Act B.E. 2560 (2017) (CA 2560) to remove the customs reward system related to breaches and penalties under Section 255 of CA 2560. We believe businesses should anticipate more transparent and rule-based enforcement, but also possible greater frequency and reliance on post-clearance audits, instead of discretionary inspections at ports of entry. Thus, keeping up to date with the ever-changing customs laws and regulations is key. Doing so will not only help safeguard compliance but also provide a competitive advantage through improved control over import declarations and potential savings on duties.

### 2. Greater scrutiny of the country of origin

As the US is committed to selecting Thai products (from the list set out in Annex III to Executive Order 14346), for eligibility for the 0% reciprocal tariff rate, Thai exporters can expect greater scrutiny on country-of-origin determinations, from both US Customs and Border Protection (US CBP) and Thai Customs. Exporters should review

their supply chains to ensure that the “country of origin” of their goods satisfies the origin requirements recognized under CBP administrative rulings (e.g. substantial transformation test, essential character test, etc.). Even if exported directly from Thailand, goods assembled in Thailand using substantial non-Thai content may not qualify as being of Thai origin from the US CBP’s perspective. Businesses should note that the country of export is not necessarily the same as the country of origin, and inaccurate declarations could lead to complications or even tariff exposure.

Origin tracing may also extend beyond direct exporters. For instance, where Thai-made components are used as input or raw materials in another country’s exports to the US, the US CBP may review origin documentation throughout the value chain.

### 3. Lower tariff barriers to US imports

For importers of US goods, it is equally important to monitor US announcements on products eligible for 0% reciprocal tariffs and verify the correct HS codes. Importers should also take note of new regulatory cooperation measures, such as the acceptance of US FDA or FSIS certificates, which may facilitate import procedures, but which may also result in greater scrutiny of product conformity and safety standards.

Given the above, businesses may consider the following key actions:

1. conducting **a comprehensive customs compliance review**, and **proactively disclosing any identified violations** to Customs, in preparation for increasingly stringent Customs audit trends
2. **reviewing the rules of origin** and **reassessing the regional value content (RVC)** of goods exported to the US to determine whether they qualify as being of Thai origin
3. **evaluating the cost structure** of goods sold in Thailand to maintain competitiveness in light of a possible rise in US imports into Thailand
4. **re-evaluating and updating HS code classifications** for goods imported from the US to determine whether they are subject to any tariffs
5. **understanding US regulatory certificates and standards** to facilitate smoother importation of US goods into Thailand

KPMG in Thailand has extensive experience in helping Thai and foreign MNEs navigate major changes in the tariff landscape and reduce impact on their supply chains. If you have any questions, or would like to discuss how tariff volatility may affect your business, please feel free to contact us.

*Kindly note that this Tax News Flash is based on publicly available information as of 27 October 2025 (GMT+7) (Thailand time). We recommend monitoring official channels for updates or changes. For consistency, all dates mentioned in this Tax News Flash are in GMT+7 (Thailand time) unless otherwise specified.*

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