

## Medium - Term Fiscal Framework (MTFF) for Fiscal Year 2027 - Fiscal Year 2030

### Executive Summary

- On November 18<sup>th</sup>, 2025, the cabinet approved the Medium - Term Fiscal Framework (MTFF) for Fiscal year 2027 - 2030. The main points of this MTFF are summarized below:
- Amidst the volatility and uncertainty in the economy, politics, geopolitics, and climate change, Thailand's fiscal situation signals warnings from multiple fronts. Considering the proportion of Government Revenue to Gross Domestic Product (GDP) in Thailand over the past 20 years, it is found that the Government Revenue to GDP ratio has continuously trended downwards, decreasing from 17 percent in 1993 to 14.9 percent in 2025. Even though the government revenue ratio has been continuously decreasing, government expenditure has become increasingly important in stimulating the country's economy, especially in conditions of economic stagnation, rising borrowing costs, and high household debt. This is reflected in the Government Expenditure to GDP ratio, which has been on a rising trend. Currently, the Current Expenditures (such as salaries and compensation for civil servants, medical expenses, utility costs, subsidies, etc.) account for 70 - 80 percent of total expenditure, and has a continuous increasing trend. This results in a reduced remaining budget for Capital Expenditure, which is a key expenditure in driving the economy. The government needed to raise capital to restore the economy by borrowing through both short-term and long-term financial instruments. This has caused the Public Debt to GDP ratio to rise and approach the ceiling of 70 percent. At the same time, highly volatile global economic conditions have resulted in uncertainty in forecasting interest burdens.
- Furthermore, when considering the determination of the Fiscal Rule under Section 11 (4) and Section 50 of the Fiscal Responsibility Act, B.E. 2561 (2018) (e.g., the Contingency Fund for emergencies or immediate needs ratio, the ratio of debt commitment beyond or outside the scope specified in the budget expenditure law, the principle repayments ratio, the government debt burden ratio, etc.) , it is found that some ratio should be reviewed, abolished, or supplemented to align with the economic situation and fiscal context , in order to maintain more stringent fiscal discipline, particularly the stock of fiscal liabilities from off-budget activities under Section 28 of the Act, which has a continuous increasing trend. In 2019, the stock of fiscal liabilities was 865,018 million baht, or 28.83 percent of the total budget, increasing to 1,133,751 million baht, or 30.21 percent in 2025.
- Taking all factors into account, the credit rating agencies have voiced concerns regarding Thailand's long-term fiscal sustainability, which is reflected through the adjustment of Thailand's Outlook, which serves as a warning sign of the risk of a potential downgrade in the country's credit rating in the next period.

- Therefore, in implementing the medium-term fiscal policy, the government aims to restore the country's fiscal condition to strengthen fiscal stability and maintain the sovereign credit rating under the concept of "Credible". This prioritizes fiscal consolidation under the framework of fiscal discipline, transparency, and concrete actions in all dimensions of fiscal management, following these guidelines:

1. Disclosure of clear, concrete, and fair guidelines for the fiscal management in terms of revenue, expenditure, and public debt.

Area	Measures/Details
Revenue	<p><b>1. Increasing Revenue Collection Efficiency</b></p> <ul style="list-style-type: none"><li>● Utilizing digital systems and Big Data to expand the tax base and increase accuracy in auditing taxpayers (Individuals and corporates).</li><li>● Utilizing a Data Lake to enhance the revenue collection efficiency by specifically collecting and integrating data from relevant agencies. This capability enables the robust design, analysis, and evaluation of fiscal policies necessary to ensure state fiscal stability and maximize public benefit.</li><li>● Reviewing subordinate laws and regulations related to the administration of excise tax collection, relevant state enterprises, and applying technology to enhance the efficiency of tax collection.</li><li>● Increasing the revenue remittance rate for some state-owned enterprises.</li></ul> <p><b>2. Implementing Tax Measures by Collecting Agencies</b></p> <ul style="list-style-type: none"><li>● Adjusting the Personal Income Tax (PIT) structure and assessing the current tax deductions</li><li>● Collecting Departure Levy from all passengers departing the Kingdom of Thailand</li><li>● Collecting Top-Up Tax starting from FY2027 onwards, in accordance with the Pillar 2 under the international framework on Base Erosion and Profit Shifting (BEPS).</li><li>● Increasing tax rate on petroleum products</li><li>● Imposing a carbon tax on products that are harmful to the environment</li><li>● Adjusting the tax structure and increasing tax rate for liquor and tobacco products (Sin Tax)</li></ul>

Area	Measures/Details
	<ul style="list-style-type: none"> <li>● Collecting import duty on products valued less than 1,500 baht</li> <li>● Gradually increasing the VAT rate to 8.5% in FY2028 and 10% in FY2030, while requiring the government to propose policy packages to mitigate impacts on all stakeholders and the economy</li> </ul>
Expenditure	<ol style="list-style-type: none"> <li>1. <b>Implementing key government policies.</b></li> <li>2. <b>Implementing highly efficient and effective budgeting</b> aligned with the current economic context to strictly control the increase the Current Expenditure, especially expense for public sector personnel, public welfare, medical care, utility fees, and agency operations.</li> <li>3. <b>In project development, Budgetary Units must clearly define goals, indicators, and outcomes</b> that deliver tangible benefits to the public or generate sustained positive effects on the economy.</li> <li>4. <b>In requesting budget allocation, Budgetary Units should prioritize Area-Based Budgeting.</b></li> <li>5. <b>In the budgeting process, all sources of funds, both budgetary and non-budgetary, must be fully utilized.</b> <ul style="list-style-type: none"> <li>● Budgetary Units must prioritize the use of non-budgetary funds for executing their missions.</li> <li>● Alternative funding sources such as loans and Public - Private Partnerships (PPP) should be considered for public investment projects.</li> <li>● For infrastructure projects expected to generate future operating revenue, consideration should be given to utilizing the Thailand Future Fund (TFFIF) to alleviate the budget burden and enhance the efficiency of public asset management.</li> </ul> </li> <li>6. <b>Optimizing Public Investment Project Execution</b> <ul style="list-style-type: none"> <li>● Utilizing an infrastructure fund for capital raising, prioritized for state enterprises with clear investment plans, sound financial status, and stable cash-flow infrastructure projects.</li> <li>● Evaluating the feasibility of private sector participation through the Public-Private Partnership (PPP) for infrastructure and public services investments. This evaluation should confirm that the private partner offers greater potential, innovation, risk management, or service quality delivery compared to government execution, ensuring the maximum value and efficiency.</li> </ul> </li> </ol>

Area	Measures/Details
Public Debt	<p><b>1. Proactive Debt Management</b>, with fundraising strategies aligned to domestic and global economic and financial conditions, supported by forward-looking risk assessments to mitigate cost and interest rate volatility, including consideration of government debt restructuring where appropriate.</p> <p><b>2. Maintaining Discipline in Principal and Interest Repayment</b>, ensuring alignment between budget allocations and debt maturities, while maintaining flexibility to accommodate interest rate fluctuations.</p> <p><b>3. Assessing Debt Affordability</b>: Thailand maintains strong debt affordability, supported by prudent budget allocations, proactive debt management, and flexible interest payment strategies</p>

**2. Adjusting Fiscal Rules to enhance fiscal discipline.** Reviewing the fiscal discipline ratios under Section 11 (4), namely the Contingency Fund for Emergencies or Immediate Needs, principal repayment, the debt commitment beyond or outside the scope specified in the budget expenditure law, in order to signal to the government's intention to maintain stricter discipline.

**3. Establishing guidelines for supervising the implementation of Quasi - Fiscal measures under Section 28 of the Fiscal Responsibility Act, B.E. 2561 (2018).** Proposing Cabinet approval to set guidelines for considering projects under Section 28 of the Fiscal Responsibility Act, B.E. 2561 (2018) (stock of fiscal liabilities from off-budget activities) to be within 32 percent of the total budget. All government agencies should avoid approving subsidy grant-type projects that fail to induce adjustment for improving the productivity of the agricultural sector. On the protocol for submitting proposals to the Cabinet, the project - owning agencies must first obtain preliminary approval from the Prime Minister. Then, the agencies are required to send the project details to the Ministry of Finance for consideration and commentary before submitting the final proposal to the Prime Minister and the Cabinet for further consideration and final approval.

- The three areas of guidelines for strengthening fiscal health led to the formation of an appropriate fiscal deficit target that supports the expansion of Fiscal Space. **The goal is to reduce the size of the fiscal deficit to not exceeding 3.0 percent of GDP by fiscal year 2029, in order to serve as the government's fiscal operations framework**, which will ultimately restore the country's fiscal condition to a strong and sustainable state in the future.

Medium Term Fiscal Framework (MTFF) for Fiscal year 2027 - 2030

(Approved by the Cabinet on November 18<sup>th</sup>, 2025)

Unit: Million Baht

Fiscal year	2026	2027	2028	2029	2030
Revenue	2,920,600	3,000,000	3,145,000	3,274,000	3,422,000
%Change	3.5	2.7	4.8	4.1	4.5
Expenditure	3,780,600	3,788,000	3,826,000	3,864,000	3,903,000
%Change	0.7	0.2	1.0	1.0	1.0
Budgetary Balance	(860,000)	(788,000)	(681,000)	(590,000)	(481,000)
% of GDP	(4.4)	(3.9)	(3.3)	(2.7)	(2.1)
Public Debt Outstanding	13,099,250	13,794,810	14,419,390	14,954,436	15,335,708
Debt to GDP (%)	68.17	69.36	69.78	69.52	68.22
GDP	19,371,000	20,049,000	20,831,000	21,685,000	22,661,000