

**(Unofficial Translation)**  
**Explanatory notes for investment promotion application**  
**Investment promotion measures to solve environmental issues**

In consistence with the Board of Investment's Announcement #3/2550 on measures to solve environmental issues issued on September 14, 2007, the Board of Investment issues the following guidelines.

1. The qualifications of the applicant according to the measures to solve environmental issues are as follows.

1.1 The applicant must operate in compliance with the principles and conditions in environment management as stipulated by related authorities with drained pollutant not exceeding the control level specified by laws.

1.2 The applicant must be an operator in one of these following industries.

- Petroleum refinery
- Natural gas separation plant
- Power plant
- Chemical and petrochemical
- Ore and basic metal

1.3 The project must already be fully operated whether it is currently a promoted project or .

1.4 In case that it is currently a promoted project, it must fall in either or one of the following conditions :

- Promoted project that receive privileges corporate income tax exemption.  
(This includes the project within or after the corporate tax exemption or reduction period expiration)
- Promoted projects with no corporate tax exemption.

1.5 Application for promotion must be submitted within the year 2009 and the environment impact reduction plan must be completed within March 2011.

2. Investment promotion application process.

2.1 The applicant must submit the Investment Application Form (F PA PP 01) attached with Investment Promotion Application Supplementary Form for the Privileges under Policy to Solve Environmental Issues (F PA PP 20) at the Investment Promotion Bureau 2 or 4, Office of the Board of Investment.

2.2 The applicant can also first submit Investment Promotion Application Subplementary Form for the Privileges under Policy to Solve Environmental Issues for pre-consideration. However, the applicant must also submit the full Application Form afterward within the year 2009.

2.3 The environment impact reduction plan submitted to the Office must be approved by the Working Team for Screening Projects to Solve Environment Issues prior to being considered for investment promotion approval.

2.4 In case that the applicant wishes to amend any details of significance in the project that has been approved, the applicant must submit the project amendment application for approval by the Board.

3. The environment impact reduction plan must be aimed at reducing environment issues in one or more indicators as follows.

3.1 Indicator 1: Reduction of exhausted SO<sub>2</sub>. The amount of exhausted SO<sub>2</sub> reduction planned after completion in combination with the technology applied in the project will be considered in comparison with the maximum actual emission (MAX ACTUAL) of SO<sub>2</sub> in 2006 as base year.

3.2 Indicator 2: Reduction of exhausted NO<sub>x</sub>. The amount of exhausted NO<sub>x</sub> reduction planned after completion in combination with the technology applied in the project will be considered in comparison with the maximum actual emission (MAX ACTUAL) of NO<sub>x</sub> in 2006 as base year.

3.3 Indicator 3: Waste water improvement and/or reduction of waste water. The quality improvement and/or the amount of waste water reduction planned after completion in combination with the technology applied in the project will be considered in comparison with the quality and/or the maximum actual drainage of waste water in 2006 as base year.

3.4 Indicator 4: Total VOCs reduction. The total VOCs reduction planned after completion in combination with the technology applied in the project will be considered in comparison with the maximum actual total VOCs emission in year prior to the year of submission as base year.

If the plan submitted by the applicant does not comply with 3.1~3.4, the Working Team for Screening Projects to Solve Environment Issues will consider the projects on case by case basis.

4. The projects approved for investment promotion will receive following privileges :

4.1 Exemption on import duty of machinery

4.1.1 The machinery eligible for import duty exemption must be the machinery specified in the environment impact reduction plan that is approved by the Office of the Board of Investment.

4.1.2 The duration for importing machinery will be specified according to the proposed and approved plan.

4.1.3 The machinery that are used for the environmental protection that has already been imported prior to the submission of application form or environment impact reduction plan will be allowed to be included in the project eligible for investment promotion according to the policy. In that case, the machinery list must be specified in the environment impact reduction plan. In case of existing promoted projects, the existing import duty exemption is applicable.

4.2 Exemption on corporate income tax

4.2.1 Corporate income tax will be exempted for 3 years for the amount up to 70% of the total investment amount, excluding land and working capital used in the plan. The tax exempted must be from the revenue of the existing project which applies for promotion under this policy.

4.2.2 Exemption period starts from the date of Investment Certificate, regardless of that project is already be an existing promoted project or not.

4.2.3 The total amount of investment included in the eligible amount consists of construction cost, machinery cost, installable cost, and machinery test-run cost for the environment impact reduction project only.

5. The Office will cancel the existing Investment Promotion Certificate. when the new Investment Promotion Certificate under this policy is issued. ( This only apply to the existing promoted project ).

The Office of the Board of Investment

March 5, 2008