

(Unofficial Translation)

**Announcement of the Board of Investment**

**No. 6/2546**

**Re: Policy on Promotion of SMEs in Thailand**

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Referring to Board of Investment Announcement No. 1/2543, dated 1 August 2000, regarding policies and criteria for investment promotion; and Announcement No. 2/2543, dated 1 August 2000, regarding the types, sizes, and conditions of activities eligible for promotion, dated 1 August 2000;

To promote and strengthen Thai SMEs to international standards, by virtue of Section 16, Paragraph 2, of Section 31 of the Investment Promotion Act of B.E. 2520, as amended (No. 3) in B.E. 2544, the Board of Investment issues the following Announcement prescribing categories and conditions for promoted SMEs:

1. Projects in the following activities shall be classified as priority activities, and will not be subject to the cap on the amount of corporate income tax exemption, as set forth in Paragraph 2 of Section 31.
  - 1.1 Processed agricultural produce, including:
    - Category 1.11 Manufacture or preservation of food or food ingredients, using modern technology (except drinking water, candy, and ice cream)
    - Category 1.13 Grading, packaging and storage of plants, vegetables, fruits, or flowers
    - Category 1.20 Manufacture of products from herbs
  - 1.2 Innovative industries with a focus on lifestyle and design products, including:
    - Category 3.1.3 Manufacture of fabrics
    - Category 3.1.6 Manufacture of garments
    - Category 3.6 Manufacture of toys
    - Category 3.7.2 Manufacture of souvenirs.
    - Category 3.7.3 Manufacture of artificial goods
    - Category 3.10 Manufacture of stationery or parts
    - Category 3.11 Manufacture of furniture or parts
2. Rights and benefits:
  - 2.1 As a priority activity, projects will be exempt from machinery import duty and will receive a corporate income tax exemption for a period of 8 years, regardless of location. Other privileges will be granted according to BOI Announcement No. 1/2543.
  - 2.2 Projects shall not be subject to a cap on the amount of corporate income tax exemption
3. Conditions:
  - 3.1 The size of investment shall not be less than 500,000 baht (exclusive of land prices and working capital)
  - 3.2 Thai shareholders shall hold not less than 51% of registered capital

- 3.3 The ratio of liability to capital shall not exceed 3:1
- 3.4 The product must have been identified as a One Tambon One Product (OTOP) item and must meet local-product standards, as approval by the Subcommittee on SME Promotion
- 3.5 Promotion shall cover existing operations and new investments, in order to increase production capacity or improve production efficiency

Effective from 18 August 2003, onwards

Announced on 16 October 2003

(Mr. Somkid Jatusripitak)

Deputy Prime Minister

Acting Chairman of the Board of Investment