

(Unofficial Translation)

Announcement of the Office of the Board of Investment

No. Por. 8/2546

**Re: Procedures for Granting Rights and Benefits in Accordance with
Section 36 (1) and (2) for Existing Activities**

Pursuant to the Board of Investment Announcement No. 3/2546, dated 10 July 2003, in regard to the Granting of Rights and Benefits to existing activities in accordance with Section 36 (1) and (2);

In order to foster transparency and consistency in granting rights and benefits, by virtue of Sections 13 and 36 of the Investment Promotion Act of B.E. 2520, the Office of the Board of Investment, as authorized by the Board of Investment, hereby issues the following regulations in regard to procedures for granting rights and benefits in accordance with Section 36 (1) and (2) for existing activities:

1. Promoted persons must choose to exercise their rights and benefits being granted either on raw and essential materials by virtue of Section 36 of the Investment Promotion Act of B.E. 2520; or on bonded warehouses or by virtue of Section 19 *bis* of the Customs Department.

2. Preparation of production formulas and calculation of maximum inventories.

Prior to the importation of raw and essential materials, promoted persons must submit a list of raw and essential materials, together with evidence in support of said list of raw and essential materials that has been reviewed and approved by any association or agency approved by the Office of the Board of Investment (OBOI). Such list shall include the following details:

- 2.1 The types of product to be produced;
- 2.2 The production process;
- 2.3 Production formulas, showing a list of raw and essential materials and their amounts per unit of product, including amounts lost during the production process;
- 2.4 The expected annual product export volume, as per customer order;
- 2.5 A list of each raw and essential material and its maximum inventory;
- 2.6 A description of the use of each raw and essential material;
- 2.7 Samples or photos of raw and essential materials and finished products, as determined by any association or agency approved by the OBOI;
- 2.8 Other documentation or evidence, as determined by any association or agency approved by the OBOI.

3. Importation without a production formula:

- 3.1 Promoted persons must submit a list of each raw and essential material and its maximum inventory that has been reviewed and approved by any association or agency approved by the OBOI;
- 3.2 Promoted persons must prepare an inventory-management system available for inspection at any time and consisting of the following controlling documents:
 - 3.2.1 Receipts of imported raw and essential materials;
 - 3.2.2 Production formulas;

- 3.2.3 Production orders;
 - 3.2.4 Requisition forms for raw and essential materials;
 - 3.2.5 Inventory-control reports for imported raw and essential materials, by type of raw and essential material;
 - 3.2.6 Finished product inventory-control accounts;
 - 3.2.7 Other documentation, as required by any association or agency approved by the OBOI.
4. Instructions for the release of raw and essential materials:
- 4.1 Promoted persons must exercise their releasing and balancing of accounts of raw and essential materials through the Investors Club Association or other associations approved by the OBOI;
 - 4.2 Promoted persons wishing to apply for import duty exemption for raw and essential materials under the approved list shall do as follows:
 - 4.2.1 Submit a written request to the Investors Club Association with the following supporting documents attached:
 - 4.2.1.1 Invoices;
 - 4.2.1.2 Packing lists (if any);
 - 4.2.1.3 Confirmation letter of the commencement date of the exercise of rights and benefits (for the first release only);
 - 4.2.1.4 Information diskettes as required by the Investors Club Association.

All copies of these documents shall be affixed with a Company Seal and signed by authorized persons.
 - 4.2.2 Promoted persons may choose to send information via modem, with copies of the documents in 4.2.1 sent by fax;
 - 4.2.3 The OBOI shall approve an import duty exemption for each importation of raw and essential materials, in accordance with the approved list and inventory amount, and inform the Customs Department in writing about the approval, under the following conditions:
 - 4.2.3.1 In the event of production solely for export, import duty exemption shall be granted for the amount of importation not exceeding the maximum inventory approved;
 - 4.2.3.2 In the event of production for partial export, the amount eligible for import duty exemption in each importation shall be for use in production for export only, an aggregate of which shall not exceed the maximum inventory approved.
5. Exercise of rights under Section 36:
- Raw and essential materials being granted import duty exemption shall be used in production solely for export. In the event the finished products therefrom are sold domestically, they shall be subject to import duty, and promoted persons must submit a domestic sales plan containing a list and amounts of raw and essential materials used for production to the OBOI.

6. Approval of the balancing of accounts of raw and essential materials:

After promoted persons export finished products, they shall request approval of the balancing of accounts for raw and essential materials within three months from the export date, as follows:

- 6.1 In the event of preparation of production formulas, promoted persons shall comply with the criteria and procedures in regard to the balancing of accounts of raw materials and import materials for export, as prescribed by the Office of the Board of Investment. For balancing by computer, data diskettes shall be provided;
- 6.2 In the event of no production formulas, a request shall be submitted to the Office of the Board of Investment or the Investors Club Association, together with the following supporting documents:
 - 6.2.1 Copies of production formulas;
 - 6.2.2 Outbound shipping orders;
 - 6.2.3 Invoices;
 - 6.2.4 Packing lists (if any);
 - 6.2.5 Inventory-control accounts for raw and essential materials, by type of raw and essential material;
 - 6.2.6 Other documentation, as required by any association or agency approved by the OBOI.

7. Applications for extensions of time:

Promoted persons may submit a written application for an extension of the importation period for raw and essential materials prior to the expiration of the exercise period for rights and benefits.

8. Upon expiration of the exercise period of rights and benefits, promoted persons shall:

- 8.1 Prepare a list of raw and essential materials as per the expiry date for the exercise of rights and benefits and inform the OBOI, so that the OBOI can review the remaining inventory of raw and essential materials at the factory.

The raw and essential materials imported with import duty exemption shall be used for production and export within one year from the expiration of the exercise period for rights and benefits, provided that said export shall be made within one year from the importation date;

- 8.2 Submit export documents, in order to apply for approval for the balancing of accounts of raw and essential materials, and accounts shall be closed within one year from the expiration of the exercise period for rights and benefits. In the event that promoted persons fail to export within the specified period and to provide the OBOI with documents relevant to export within one year from the expiration of the exercise period for rights and benefits, the promoted persons shall pay import duty on the remaining inventory of raw and essential materials under the conditions in effect on the importation date.

9. In regard to exportation, the Customs Department shall utilize sampling, in accordance with procedures prescribed by the Customs Department, as well as send a sample to the OBOI for inspection. After promoted persons have requested approval of the balancing of accounts, a request for the return of such samples

must be made within 15 days; otherwise, the OBOI shall proceed as deemed appropriate.

Announced on 11 August 2003

(Mr. Somphong Wanapha)
Secretary-General of the Board of Investment