

(Unofficial Translation)

**Announcement of the Board of Investment
No. Por 1/2545
Definition of Investment Capital**

In order to establish a standard means for calculating the amount of investment capital, in accordance with Office of the Board of Investment Announcement No. Por 12/2544 dated December 7, 2544 concerning the Capping, Criteria and Calculation of Corporate Income Tax Exemption,

By virtue of Sections 11, 13 and 31 of the Investment Promotion Act B.E. 2520, as amended by the Investment Promotion Act (No. 3) of B.E. 2544, the Office of the Board of Investment, authorized by the Board of Investment, hereby defines investment capital as follows:

1. Investment capital, excluding the cost of land and working capital, to be used in the calculation of the cap on corporate income tax exemptions, as set forth by the Board of Investment, is defined as follows:

1.1 Construction costs shall cover the following:

1.1.1 In cases where promoted persons construct their own buildings, costs shall cover construction costs of office buildings, factories, infrastructure, and facilities, including expansion or renovation.

1.1.2 In cases where promoted persons purchase or use existing buildings, costs of construction shall refer to the price of buildings or factories specified in the purchase agreement or the net cost specified in the company's account of the latest financial year prior to submission of the application for promotion.

1.1.3 In cases where promoted persons lease buildings or factories, construction costs shall refer to the price of buildings or factories specified in the lease agreement. The lease period must be longer than three years.

1.2 Costs of Machinery, installation and testing, shall cover:

1.2.1 In cases where machinery is purchased, costs shall refer to the cost of machinery, including costs of installation, test-run, and cost of expertise that is already included in the machinery costs, such as costs of engineering and design. For software and E-commerce businesses, the costs shall include computers and applications.

1.2.2 In cases where machinery is leased, the costs shall refer to the price specified in the lease agreement.

1.2.3 In cases where machinery is rented, the costs shall refer to the price specified in the rental agreement, which must be for a period of more than one year.

1.2.4 In cases where the machinery is freely obtained from subsidiaries and information about sources of the machinery are stated in the BOI application for promotion, the costs shall refer to the amount appearing in the ledger account of the contributing company. Exchange rates, if applicable, shall be calculated from the date the application is submitted to the BOI.

1.2.5 For mortgage of machinery, the costs shall be as specified in the company's accounts.

In cases of applying for factory relocation, investment capital shall not include the costs of machinery.

1.3 For preliminary expenses, capital shall refer to the costs involved in establishing a new company, such as costs for travel, legal, a company prospectus and other fees.

1.4 For other assets, capital shall include the following items:

1.4.1 Office supplies and transportation, capital shall be applicable exclusively for investment promotion for a new company or for a project relocation.

1.4.2 Concessions and assets paid to the government for the utilization of natural resources.

2. In cases where there are problems in applying the guidelines mentioned above, the decision of the Secretary General shall be deemed final.

Announced on January 28, 2002

(Mr. Chakramon Phasukavanich)
Secretary General, Board of Investment