



(Unofficial Translation)

Explanatory Notes for Application for Additional Rights and Privileges for Investment in Development of Skills, Technology & Innovation (STI)

This announcement supersedes and replaces the Board of Investment Announcement dated May 27, 2004, and is consistent with Board of Investment Announcement #3/2549 dated March 20, 2006 on the provision of Additional Rights and Privileges for Investment in Developing Skills, Technology, and Innovation.

1. Procedures for Obtaining Additional Rights and Privileges

1.1 Applicants for additional rights and privileges must submit the form, 'Application for Additional Rights and Privileges for Investment in Development of Skills, Technology, and Innovation'. This form may be submitted along with the Application for Investment Promotion, or at a later time.

1.2 Applications made at a later time must be submitted prior to the generation of revenue from the approved project, and the applicant must attach a letter confirming that the project has not yet begun to generate revenue.

1.3 In the calculation of the percentage of investment/expenditures on skills, technology and innovation as compared to sales, only the figures related to the approved project will be taken into account.

1.4 Any substantial revision of research and development plans, training in advanced technology, or support of educational institutions or research institutes related to the project approved for additional rights and privileges for the development of skills, technology, and innovation must be submitted to and approved by the Office of the Board of Investment.

2. Types and Costs of Research and Development or Design Covered Under the Additional Rights and Privileges Criteria

2.1 **‘Types of Research and Development or Design’** include basic and applied industrial research as follows:

- (1) Research into practical applications, theory, or other operations aimed at generating new knowledge of economic value or of expanding current knowledge;
- (2) Research into developing practical applications of basic knowledge;
- (3) Development of formulas or designs for practical application;
- (4) Experiments to discover or evaluate alternative products, services or processes;
- (5) Design, construction, and experimentation of prototypes, models, and development kits;
- (6) Design of products, processes, services, or systems relating to new technologies or significant improvement of current ones;
- (7) Development of product prototypes;
- (8) Creation of pilot production processes;
- (9) Technological processes to correct defects or deficiencies in new products, new production processes arising from the development of prototypes, or from the creation of pilot production processes;
- (10) Industrial engineering work and new mechanical installations directly related to research in and development of new products and processes from prototypes or from pilot processes.
- (11) New product design or production processes arising from prototypes and new process development;

2.2 ‘Expenditures’ consists of

2.2.1 Wages and Salaries

- 1) ‘Wages and Salaries’ refers to moneys paid to researchers, assistant researchers, technicians, staff, laboratory analysts, and/or academic specialists involved in the research and development or design project, and hired

specifically to work on the project; including those trained for work on the project whose qualifications do not directly meet the requirements for the work.

(2) Costs incurred in the hiring of consultants or specialists other than those hired to demonstrate equipment or apparatus;

2.2.2 Costs of equipment and apparatus purchased specifically for the research and development or design project, and not intended for use in other activities;

2.2.3 Cost of renovation or repair of buildings for use as research laboratories;

2.2.4 Expenses incurred in the operation of experimental laboratories;

2.2.5 Costs of raw materials and materials required for the research and development or design project;

2.2.6 Training costs;

2.2.7 Implementation costs (not exceeding 30% of the cost of the project before calculating the cost of operations and equipment/apparatus)

2.2.8 Cost of outsourcing research (if any);

2.2.9 Cost of required licenses or copyrights for the research.

3. Expenditures for and Types of Advanced Technology Training Covered Under the Additional Rights and Privileges Criteria

3.1 'Costs of Training' refers to actual costs incurred in the training of Thai personnel, whether it be in-house training, or training undertaken in-country or abroad (excepting travel or accommodation costs);

3.2 'Types of Training' include any or all of the following:

(1) Training directly related to the technology development and innovation project approved for STI rights and privileges, and not training to conduct regular work functions;

(2) Advanced technology training directly related to the specific industry;

(3) Training aimed at promoting and enabling the rapid transfer of technology to build the capacity of Thailand's private business sector; the knowledge gained must be new knowledge under the applicant's current operational conditions, and the advanced technology training must receive approval from the Office of the Board of Investment Screening Committee to ensure relevance and importance

(4) Training aimed at enhancing specific technical capacities of Thai personnel and private business in each industry in the conduct of research and development or design, or to increase product quality;

(5) Training aimed at preparing Thai personnel in the private business sector to effectively transfer knowledge and skills in new technologies or leading domestic or foreign technologies.

The Office of the Board of Investment will review the training plans on a case by case basis to consider their relevance to advanced technology training.

4. Expenses in Support of Educational Institutions or Research Institutes

Expenses in support of educational institutions or research institutes refers to the provision of scholarships or equipment or apparatus to enable the institution or institute to conduct research and development or undertake other activities to develop capacities in skills, technology, and innovation, with the concurrence of the Office of the Board of Investment.

Board of Investment
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