

(Unofficial Translation)
Board of Investment Announcement
No. 9/2547

Policy of investment promotion for Semiconductor Industry

Following the Board of Investment Announcement No. 1/2547 dated August 1, 2543 and No. 2/2543 date August 1, 2543

In order to promote and support activity in semiconductor industry, by virtue of Section 16 and Section 31 Section of the Investment Promotion Act B.E. 2520, as amended by the Investment Promotion Act No.3 B.E.2544, the Board of Investment hereby announces the criteria for investment promotion in semiconductor industry as follows.

1. Manufacture of integrated circuit wafer in Activity 5.6.1 shall be classified priority activity of special importance and benefit to the country and eligible privileges shall be adjusted as follows.

1.1 Exemption of import duty on machinery regardless of zone and permission to import machinery to for improvement and replacement of existing machinery throughout the promoted period.

1.2 Exemption of corporate income tax for 8 years without being subject to corporate income tax exemption cap as stipulated in Section 31 Paragraph 2.

1.3 Investment for the purpose of improving the existing machinery will be regarded as part of the promoted project.

2. Manufacture of integrated circuit (IC) shall include importation of wafer to be processed, either before or after testing, and/or assembly and packaging and/or testing. Privileges shall be divided into the following 2 parts.

2.1 Basic privileges

- Exemption of import duty on machinery regardless of zone and permission to import machinery to for improvement and replacement of existing machinery throughout the promoted period.

- For Zone 1, exemption of corporate income tax for 4 years.

- For Zone 2, exemption of corporate income tax for 6 years for those located out of industrial estate or promoted industrial zone, and for 7 years for those located in industrial estate or promoted industrial zone.

- For Zoe 3, exemption of corporate income tax for 8 years.

2.2 Additional privileges. To be classified as priority activity of special importance and benefit to the country eligible for exemption of corporate income tax without being subject to corporate income tax exemption cap as stipulated in Section 31 Paragraph 2, if able to proceed one of the (1)~(5). Additional 1 year's exemption shall be granted if able to proceed (1)~(3), and additional 2 years' exemption shall be granted if able to proceed (4)~(5). However, the total exemption shall not exceed 8 years.

2.2.1 Having Research & Development or design expense exceeding on average 1~2% of annual sales revenue in the first 3 years or 20 million baht in total in the first 3 years.

2.2.2 Employing personnel with graduate degree or higher in science, engineering or technology-related fields, research and development or designing, more than 5% of total workforce in the first 3 years, considering the company's overall situation.

2.2.3 Having expenses in training of Thai personnel not less than 1% of payroll expenses in the first 3 years, considering the company's overall situation.

2.2.4 Having expenses in developing capability for subcontractors or in supporting related educational institutes on average not less than 1% of total annual sales revenue in the first 3 years or not less than 20 million baht in total in the first 3 years.

2.2.5 Establishing an R&D center in Thailand according to the criteria approved by the Board within 3 years from date of commencement of operation.

2.3 Investment for the purpose of improving the existing machinery will be regarded as a part of the promoted project.

2.4 Project that is approved for promotion but does not have revenue may apply for the additional privilege according to the criteria.

Effective from August 31, 2004 onward.

Announced on November 19, 2004

General

(Chawalit Yongchaijut)
Deputy Prime Minister
Acting Chairman of the Board