

(Unofficial Translation)
Board of Investment Announcement
No. 1/2548

Policy to promote the relocation of electronics products and parts manufacturing and subcontracting sites to the upcountry.

As it is deemed appropriate to promote relocation of production and subcontracting of existing manufacture of electronics products and parts, either promoted companies in Zone 1 or Zone 2 or non-promoted companies, to Zone 3 (22 provinces) including SMEs subcontractors in Zone 3 (22 provinces)

by virtue of Section 16 of Investment Promotion Act B.E. 2520, the Board of Investment hereby issues the Announcement prescribing the criteria for granting rights and benefits for relocation of production and subcontracting of manufacture of electronics products and parts to upcountry as follows:

Conditions

1. Project must be manufacturer of electronics products and parts in Zone 1 or Zone 2 that relocating its production to Zone 3 (22 provinces), and SMEs subcontractors in Zone 3 (22 provinces)
2. Relocating or subcontracting production capacity must be in the size agreed by the Office of the Board of Investment.
3. Relocating or subcontracting production process must be a full production line or have a rate of production process sufficient enough which has been approved by the Office of the Board of Investment.
4. Investment in upgrading existing facility that is relocating will be considered a part of the promoted project, which must be approved by the Office of the Board of Investment.
5. Relocating or subcontracting project must submit application form as a package within December 31, 2008. Please note that the Subcontractor can be more than one company.
6. Subcontractor must propose to employ no lesser than 200 persons within the third year of operation.

Benefits

Relocating operator

- (1) To be exempted from import duty of machinery.
- (2) To receive 50% reduction of corporate income tax rate on the net income from the investment for 5 years from the date of first revenue derived from the promoted activity.

Subcontractor

- (1) To be exempted from import duty of machinery.
- (2) To be exempted from corporate income tax on the net income from the investment for 8 years with accumulated exempted tax not exceeding 100% of total investment (excluding land cost and working capital)
- (3) To receive 50% reduction of corporate income tax rate for 5 years after the exemption period.
- (4) To be entitled to double deduction from taxable income of transportation, electricity and water costs for 10 years from the date of first revenue derived from promoted activity.
- (5) To be entitled to deduction from net profit of 25% of the project's infrastructure installation cost.

Effective from December 27, 2004.

Announced on February 11, 2005

General

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