

(Unofficial Translation)

Board of Investment Announcement

No. 2/2551

Subject: Special Measures to Accelerate Investment

During Thailand Investment Years 2008-2009

.....

Pursuant to Board of Investment Announcement No. 1/2543, dated 1 August 2004, on Policies and Criteria for Investment Promotion and Board of Investment Announcement No. 2/2543 dated, 1 August 2004, on Types, Sizes and Conditions of Activities Eligible for Promotion,

To achieve the targets outlined in the policies of Thailand Investment Years 2008-2009, by virtue of Section 16, Paragraph Two; Section 31, Paragraph Two; and Section 35 of the Investment Promotion Act, B.E. 2520, the Board of Investment hereby announces the following:

1. All areas throughout the country, except Bangkok, are Investment Promotion Zones, until 31 December 2009.
2. Activities entitled to the special investment promotion incentives are categorized into three groups; namely,

2.1 Activity group related to energy conservation and alternative energy

Type 1.26 Manufacture of alcohol or fuel from agricultural products, including scrap, garbage and waste

Type 4.24 Manufacture of energy-conserving machinery or equipment that uses alternative energy

Type 4.25 Manufacture of fuel cells

Type 4.26 Manufacture of engines, machinery, and accessories for natural gas vehicles

Type 4.27 Assembly of natural gas vehicles, especially buses or heavy trucks

Type 5.5.24 Manufacture of solar cells

Type 7.1.1 Production of electricity or steam power from alternative energy (e.g., wind/biomass/agricultural materials/gas

Type 7.29 Natural gas service stations for vehicles

2.2 High-technology group

Type 2.19 Manufacture of advanced ceramics

Type 3.1.1 Manufacture of natural or synthetic fibers

– Functional Fiber

Type 3.9 Manufacture of medical supplies or medical equipment

Type 3.14 Manufacture of scientific equipment

Type 4.2 Manufacture of machinery and equipment, e.g.:

- Manufacture of moulds and dies including spare parts
- Manufacture of jigs and fixtures
- Manufacture of industrial machinery, i.e., turning machines, drilling machines, boring machines, milling machines, grinding machines, machining centers, gear cutting & finishing machines, die sinking EDMs, wire cut EDMs, laser beam machines, plasma arc cutting machines, electron beam machines, broaching machines, and deburring machines
- Manufacture of parts and equipment for high precision machining processes; namely, cutting, milling, turning, grooving, shaving, grinding, polishing and threading
- Manufacture of farm machinery and equipment and food processing machinery
- Manufacture of tractor transmissions

Type 4.7 Manufacture or repair of aircraft, including parts or onboard equipment

Type 4.8 Manufacture of vehicle parts

- Automatic Transmissions
- CVT's (Continuously Variable Transmissions)
- Traction motors for automobiles; e.g., hybrid or fuel cell cars
- ESC (Electronic Stability Control)

- Regenerative Braking Systems

Type 5.4.3 Manufacture of automated industrial automation equipment

Type 5.5 Manufacture of parts or supplies used for electronic apparatus

- Hard disk drive parts, such as wafers, media/substrates

- Flat panel displays, such as LCD panels, OLED panels

Type 5.6 Manufacture of material for microelectronics

- IC Wafers

Type 5.7 Electronic design

- IC Design

Type 7.12 Research and development

Type 7.13 Scientific laboratories

Type 7.14 Calibration services

Type 7.15 Human resource development:

Type 7.30 Biotechnology activities

2.3 Manufacture activity group related to eco-friendly materials and products; namely,

- Type 6.17 Eco-friendly chemicals

- Type 6.18 Eco-friendly products

3. Rights and benefits for the activities under 2 are as follows:

3.1 Exemption of import duty on machinery

3.2 Exemption of corporate income tax for a period of eight years, with no cap on such exemption

3.3 Fifty percent reduction of corporate income tax on the net profit generated from the investment for a maximum of five years from the termination of the period under Section 13, Paragraph One or Two as the case may be, or from the date income is generated from the promoted activity in case the promoted person does not receive corporate income tax exemption.

3.4 Promoted persons in one of the above-referenced promoted activities will be granted permission to deduct double the amount of transportation, electricity and water supply expenses when calculating corporate income tax for a period of ten years from the date income from the promoted activity is first generated.

3.5 Promoted persons in one of the above-referenced promoted activities will be permitted to deduct from net profit the cost of installation or construction of facilities at a maximum rate of 25% of the amount invested in the promoted activity. The promoted person may choose to make the deduction in any particular year or years within ten years from the date income is generated from the promoted activity. This deduction is in addition to the normal depreciation allowance.

4. An application for promotion must be submitted by 31 December 2009.

5. Projects that submitted an application for investment promotion after 1 January 2008 are also entitled to the rights and benefits under these special measures, provided that income from the promoted activity had not been generated prior to the effective date of this announcement.

Effective from 5 November 2008 onwards

Announced on 28 November 2008

(Mr. Olarn Chaipravat)

Deputy Prime Minister

Acting as Chairman