

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

In order to be consistent with the Board of Investment Announcement No. 6/2552 dated May 29, 2009, Office of the Board of Investment hereby repeals and replaces the Explanatory Notes for Application for Additional Rights and Privileges for Investment in Development of Skills, Technology & Innovation (STI) dated February 16, 2007, with follows:

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 Project that already has income on the date of application for additional rights and privileges for the development of skills, technology, and innovation must have remaining period and amount of corporate income tax exemption.
- 1.3 Project that is not eligible for corporate income tax exemption must apply for STI in the investment promotion application process.
- 1.4 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.
- 1.5 Any substantial revision of research and development plans, training in advanced technology, or support of educational institutions or research institutes related to the project that already been 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:
 - 2.1.1 Research into practical applications, theory, or other operations aimed at generating new knowledge of economic value or of expanding current knowledge;
 - 2.1.2 Research into developing practical applications of basic knowledge;
 - 2.1.3 Development of formulas or designs for practical application;
 - 2.1.4 Experiments to discover or evaluate alternative products, services or processes;
 - 2.1.5 Design, construction, and experimentation of prototypes, models, and development kits;
 - 2.1.6 Design of products, processes, services, or systems relating to new technologies or significant improvement of current ones;
 - 2.1.7 Development of product prototypes;
 - 2.1.8 Creation of pilot production processes;
 - 2.1.9 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;

- 2.1.10 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.
- 2.1.11 New product design or production processes arising from prototypes and new process development;

2.2 Expenditures consist 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 working 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/apparatus

- Costs of equipment/apparatus refer to costs for purchasing equipment/apparatus specifically for the research and development or design project, and not intended for use in other activities;

2.2.3 Costs of renovation/repair of buildings for use as research laboratories;

2.2.4 Costs of experimental laboratories service;

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

2.2.6 Training costs;

2.2.7 Operational costs (must not exceed 30% of the project's cost before calculating the operational costs and costs of equipment/apparatus)

2.2.8 Costs of outsourcing research (if any);

2.2.9 Cost of required licenses/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 refer to actual costs incurred in the training of Thai personnel, whether in-house or outside training, both in-country and abroad as deemed appropriate by the Office of the Board of Investment;

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

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

3.2.2 Advanced technology training directly related to specific industry;

3.2.3 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's Screening Committee to ensure relevance and importance

3.2.4 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;

3.2.5 Technical training aimed at preparing Thai personnel in the private business sector to effectively transfer knowledge and skills in new or advanced technologies from domestic and foreign technology sources.

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 refer to provision of scholarships or equipment/apparatus to enable educational or research institutes 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.

Office of the Board of Investment
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