

(Unofficial Translation)

Announcement of the Board of Investment

No. 6/2547

Re: Amendment of the Policy to Promote Investment in the Development of Skills, Technology, and Innovations (STI)

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To encourage local industry in the notable development of skills, technology, and innovations (STI), thereby enhancing international competitiveness, and in keeping with strategies in investment promotion,

By virtue of Section 16 and Paragraph 2 of Section 31 of the Investment Promotion Act of B.E. 2520, as amended by the Investment Promotion Act (No.3) of B.E. 2544, the Board of Investment hereby repeals Announcement of the Board of Investment No. 1/2547 and Announcement of the Board of Investment No. 4/2547 and prescribes the following Announcement:

1. All businesses eligible for investment promotion under Announcement of the Board of Investment No. 2/2543 shall receive rights and benefits under the criteria for promotion of STI development, except businesses for which the Board prescribes otherwise, which shall then be entitled to other special rights and benefits.

2. Businesses under (1) above shall be deemed businesses of special importance and benefit to the nation, and shall not be subject to the cap on amount of corporate income tax exemption specified in Paragraph 2 of Section 31, as per the following criteria and conditions:

2.1 Businesses must execute any of Clauses 2.1.1-2.1.4, and shall be entitled to an additional one year corporate income tax exemption for qualifying each of them, provided that total exemption period shall not exceed 8 years.

2.1.1 Research and development or design expenditure of not less than 1-2 percent of annual sales, on average, over the first 3 years.

2.1.2 Employment of personnel holding a bachelor's degree or higher in science, engineering, or other fields related to research and development or design technology of not less than 1-5 percent of the total workforce over the first 3 years.

2.1.3 Expenses for training Thai personnel shall be not less than 1 percent of the payroll over the first 3 years.

2.1.4 Expenses for developing capabilities of Thai subcontractors or for supporting to related educational institutes shall be not less than 1 percent of annual sales, on average, over the first 3 years.

2.2 Shall be exempted from machinery import duty if qualified with any of Clause 2.1.1 – 2.1.4

2.3 A Subcommittee for Project Approval shall be authorized to approve a prescription of benefit index for each project.

3. The following businesses that directly promote STI development shall be deemed businesses of special importance and benefit to the nation, without prescription of a ratio for exemption from juristic-person income tax, in accordance with Paragraph 2 of Section 31, and shall be entitled to exemption from machinery import tariffs and exemption from juristic-person income tax for a period of 8 years, regardless of location:

- (1) Manufacture of medical supplies or medical equipment (Category 3.9)
- (2) Manufacture of scientific-instrument (Category 3.14)
- (3) Manufacture or repair of aircraft, including parts or onboard equipment (Category 4.7)
- (4) Electronic design (Category 5.7).
- (5) Research and development (Category 7.12)
- (6) Scientific laboratories (Category 7.13)
- (7) Calibration services (Category 7.14)
- (8) Human-resource development (Category 7.15)

Revenue derived from sales or the provision of services that are directly related to a promoted business or that are from downstream production for commercial purposes, either carried by the promoted company or sub-contractors, shall be regarded as revenue of such promoted businesses.

4. Investment project of a business under investment promotion for STI development that have already received investment promotion, but not yet generated any income, may apply for additional rights and benefits hereunder.

5. Consideration and examination of the employment of personnel holding a bachelor's degree or higher, in accordance with Clause 1.2.2, and of the conditions for ratios for expenditures in the training of Thai personnel, in accordance with Clause 1.2.3, shall be based on the company itself and not on the project for which investment promotion is being applied.

6. Investment project of a business under investment promotion for STI development not wishing to apply for additional rights and benefits hereunder shall receive rights and benefits in accordance with the criteria set forth in Announcement of the Board of Investment No. 1/2543.

Effective from 3 March 2004, onwards.

Announced on 6 May 2004.

(–*Mr. Chavalit Yongchaiyut*–)
Deputy Prime Minister
Acting Chairman of the Board of Investment