

# **New Chapter of Investment Promotion**





# Investment Outlook Towards Thailand 4.0

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## Thailand 4.0

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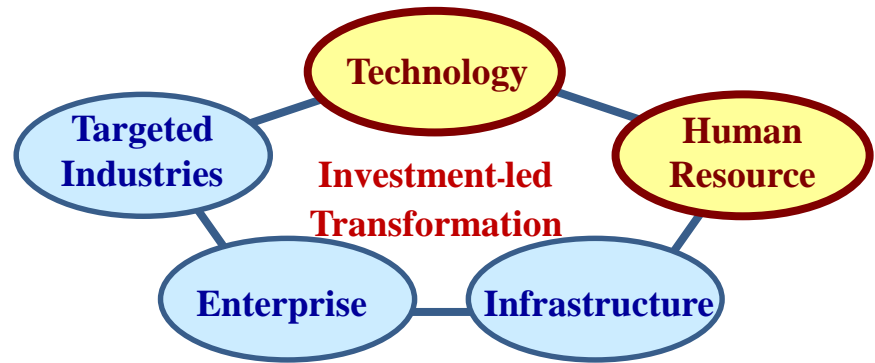
Core Technology	Industrial Cluster
Bio-tech	Agriculture & Food
Bio-Med	Health & Wellness
Mechatronics	Smart Devices & Robotics
Embedded Technology	Digital & IOT
Service Design & Technology	Creative, Culture and High Value Services



From	To
Volume-based	Value-based
Capital-driven	Innovation-driven
Physical capital	Human capital
Manufacturing	High value services
Sector-based & Standard Tax Incentive	Whole "tailored" packages & Negotiations

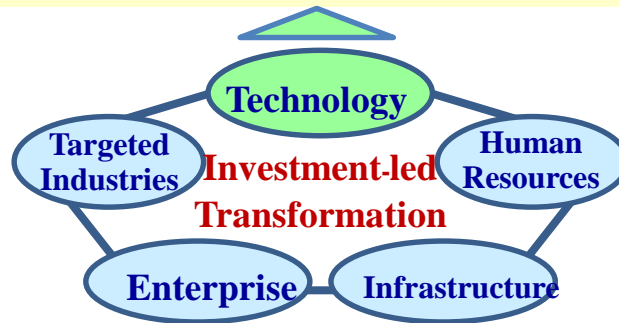


Prioritizing human resources and technology

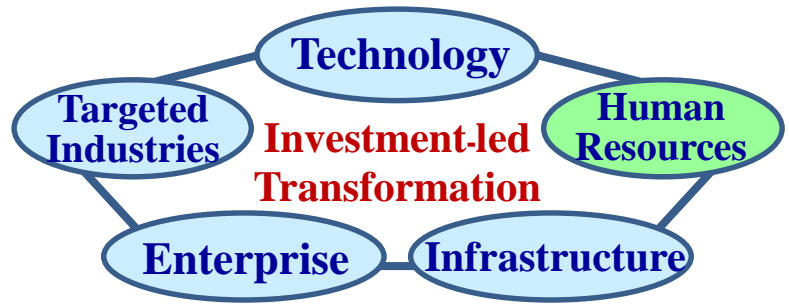


# Investment-led Transformation

Mission	Action Plan
<p><b>Promote Core Technologies</b></p>	<ul style="list-style-type: none"> <li>Promote <b>Core Technologies</b> in which Thailand has strong potential, by offering maximum incentives. Some examples of core technologies are Biotech, Nanotech, Advanced Materials, and Digital Technology, which are an integral part of the development towards Thailand 4.0, and are fundamental to the development of targeted industries.</li> </ul>
<p><b>Promote R&amp;D and Technology Transfer</b></p>	<ul style="list-style-type: none"> <li>Promote <b>R&amp;D</b> projects by offering maximum incentives, including exemption of import duties on materials used in R&amp;D.</li> <li>Eligible for <b>Merit-based Incentives</b> (additional 1-3 years of CIT exemption), to promote R&amp;D activities, support academic/research institutes, IP Licensing, advanced technology trainings, development of local suppliers, and product/packaging designs.</li> <li>Prescribe conditions for cooperation with <b>Universities &amp; Industries</b> in certain cases, in order to promote technology transfer and human resources development</li> </ul>
<p><b>Promote the Localization of Technology</b></p>	<ul style="list-style-type: none"> <li>Promote the creation of <b>International Consortiums</b> in industrial technology between the public and private sectors (both domestic and international), as well as between Thai and foreign universities, by attracting a foreign party as a strategic partner, which will ultimately promote the localization of technology.</li> </ul>



# Investment-led Transformation



Mission	Action Plan
<p><b>Human Resource Development</b></p>	<ul style="list-style-type: none"> <li>• <b>Cooperation programs with MOST, MOE, MOL and the private sector</b> to enhance Thai human resource readiness before entering into targeted industries. These include STI WiL, Talent Mobility, Cooperative Education, and Dual Vocational Education and Training programs</li> <li>• Promote the <b>private sector's educational/vocational training institutions</b> by offering maximum incentives</li> <li>• Prescribe conditions for <b>University &amp; Industry</b> cooperation in order to promote technology transfer to Thai businesses and personnel</li> </ul>
<p><b>Attract Talents from abroad</b></p>	<ul style="list-style-type: none"> <li>• Facilitating <b>Visas &amp; Work Permits</b> via BOI's one-stop service center at Chamchuri Square</li> <li>• PIT reduction for experts</li> <li>• Encourage foreign educational institutions/companies to <b>establish academic institutions in Science &amp; Technology and other fields which have a shortage of experts</b></li> </ul>



# Investment Promotion Policy in 2017

# Action Plans Under the Two Legislative Acts

	<b>BOI</b> <b>Investment Promotion Act</b>	<b>BOI +</b> <b>Revised Investment Promotion Act</b>	<b>BOI ++</b> <b>Competitiveness Enhancement Act</b>
<b>Targets for promotion</b>	<u><b>Sector-based</b></u> Promote investments in targeted industries in accordance with the Seven-Year Investment Promotion Strategy (2015-2021)	<u><b>Technology-based</b></u> Promote investments in core technologies in which Thailand has high potential	<u><b>Strategic Investment</b></u> Promote investment that is in line with Thailand 4.0 and the National Agenda. New technologies and high-impact investments which cannot be attracted by other incentives.
<b>Core incentives</b>	<ul style="list-style-type: none"> <li>• CIT exemption <b>≤ 8 years</b></li> <li>• ≤50% CIT reduction ≤ 10 years</li> <li>• Deduction up to 70% of the invested capital on net profit derived within 10 years (ITA)</li> <li>• Exemption of import duties on machinery, raw materials, materials imported for R&amp;D purposes</li> <li>• Non-tax incentives, e.g. permission to own land, permission to bring in foreign experts</li> </ul>	<ul style="list-style-type: none"> <li>• CIT exemption for <b>9-13 years</b> for projects that utilize advanced technology and innovation, or R&amp;D projects as prescribed by the Board</li> <li>• Other incentives in accordance with the BOI Act</li> </ul>	<ul style="list-style-type: none"> <li>• CIT exemption <b>not exceeding 15 years</b> for targeted industries</li> <li>• <b>10 billion baht grants</b> for investment projects engaged in R&amp;D, innovation or human resource development in specific areas</li> <li>• Other incentives in accordance with the BOI Act</li> </ul>

# Investment Promotion Policy in 2017

## Sector-based

- Bio Industries
- Creative & Digital Industries
- High Value Businesses & Services
- Advanced Manufacturing
- Basic & Supporting Industries

## Technology-based

- Biotechnology
- Nanotechnology
- Advanced Materials Technology
- Digital Technology

## Area-based

- EEC (3 provinces)
- SEZ (10 provinces)
- Southern Border (4 provinces, 4 districts)
- 20 Provinces with Lowest per Capita Income
- Industrial Estates/Zones
- Science and Technology Parks, e.g. Science Parks, Food Innopolis, SKP

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## Merit-based

- R&D
- Support academic/research institutes, or technology and HRD funds
- IP licensing fee
- Advanced technology training
- Development of Local suppliers
- Product and packaging design

## Specific Measures

### SME Supporting

Additional incentives and ease conditions for Thai SMEs

### Build Domestic Strengths

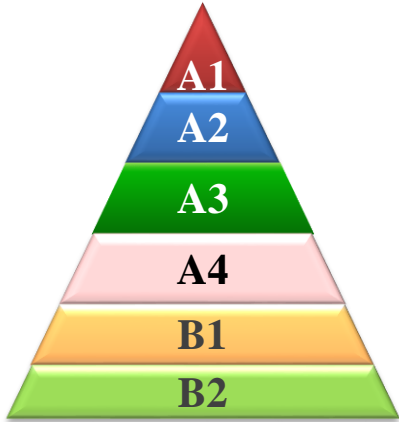
- Agriculture (upstream/processing foods & non-foods)
- Community Tourism (tourism infrastructure & attractions)

### Promote Improvement in Production Efficiency

- Upgrade machinery for energy conservation, alternative energy utilization, reduction of environmental impacts
- Upgrade machinery for efficiency enhancement, e.g. automation
- Invest in R&D/engineering design for efficiency improvements



# Sector-based Incentives



- A1:** Knowledge-based activities, focusing on R&D and design to enhance the country's competitiveness
- A2:** Activities in infrastructure for the country's development, activities using advanced technology to create value added, with none or very few existing investments in Thailand
- A3:** High technology activities which are important to the country's development, with a few investments already existing in Thailand
- A4:** Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain
- B1-B2:** Supporting industries that do not use high technology but are still important to value chain

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
A1	8 years (No Cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit (some activities)	✓	✓	✓
B2	-	-	✓	✓

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# Targeted Core Technologies

## Biotechnology

Cell Culture / Tissue Engineering Technology

Gene and Molecular Technology

Genetic Engineering Technology

Omics Technology

Biodegradable Materials Technology

Bioinformatics

Advanced Bioprocessing Technology

Bio-Analytical Technology

Biomaterial Production Technology

## Nanotechnology

Drug Delivery System

Nano-encapsulation

Nanofiber Technology

Nanomaterials Syntheses

Membrane Technology

Adsorption Technology

Nano-characterization and Testing

Nanostructure Fabrication

Surface Coating/Engineering Technology

## Advanced Materials Technology

Advanced Catalyst Technology

Composite Materials Technology

Functional Materials Technology

Photonics & Optical Technology

Printed Electronics and Organic Electronics

Advanced Materials Forming Process

Materials Characterization Technology

Energy Storage

## Digital Technology

Big Data Analytics Technology

Decentralized Sequential Transaction Database

Human Computer Interaction Technology / Brain Computer Interface

Internet of Things Technology

Natural Language Processing Technology

Virtual & Augmented Reality Technology

Digital Engineering and Manufacturing Technology

Software Testing Technology

Embedded Technology

Smart Grid

Wearable Technology

Artificial Intelligence Technology

Sensor Technology

Automation Technology

Robotics Technology

# Technology-based Competitiveness Enhancement Measures

- 1** Additional incentives for investment in the development of Core Technologies in which Thailand has potential to enhance the country's overall competitiveness and industries. Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research Consortium

CIT Exemption for 10 years + Merit (1-3 years) = **Maximum of 13 years**

## Targeted Core Technologies

- Biotechnology
- Nanotechnology
- Advanced Materials Technology
- Digital Technology

## Enabling Services

1. Research and Development
2. Vocational Training Centers (only in S&T)
3. Electronics Design
4. Engineering Design
5. Scientific Laboratories
6. Calibration Services

\* For 2-6, only projects that utilize advanced technology, as approved by the Board

## Examples of centers of excellence ready to work hand in hand with the industrial sector to develop Core Technologies



# Technology-based Competitiveness Enhancement Measures

## ② Improvement of Merit-based Incentives

Types of eligible investments/expenditures	Additional Cap (% investment capital /expenditure incurred)	
	Original	New
1. R&D: In-house, outsourced in Thailand or joint R&D with overseas institutes	200%	300%
2. Donations to technology and HRD funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in the S&T field	100%	100%
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	100%	200%
4. Advanced technology training	100%	200%
5. Development of local suppliers with at a least 51% Thai shareholding in advanced technology training and technical assistance	100%	200%
6. Product & packaging design: In-house or outsourced in Thailand	100%	200%

**Additional incentives will be granted depending on**

% of qualified investments/expenditures to combined revenue for the first three years	Additional CIT exemption with additional cap
1% or $\geq$ 200 MB.	1 year
2% or $\geq$ 400 MB.	2 years
3% or $\geq$ 600 MB.	3 years

- 3** **Import duty exemptions on materials imported for R&D purposes and related testing for R&D activities, biotechnology activities and testing related to R&D**
- **Materials imported for R&D purposes or related testing, e.g. prototype materials, chemicals, plants or animals, etc.**
  - **Eligible for 1-year exemption period, which can be renewed annually.**



## Targeted Industries in the EEC

(Chachoengsao, Chonburi, Rayong)

- Next-Generation Automotive
- Smart Electronics
- Eco-friendly Petrochemicals and Bio-Chemicals
- Automation and Robotics
- Aviation
- Medical Hub
- Affluent, Medical & Wellness Tourism
- Food for the Future
- Digital

- Emphasize on **projects that will enhance competitiveness in the EEC** such as:
  - Targeted industries that utilize advanced technologies
  - Infrastructure development
  - Development of tourist destinations
  - R&D and high-value services
- Projects eligible for CIT exemption (Group A) shall be given **an additional 50% CIT reduction for 5 years**
- Incentives will be granted in line with the Competitiveness Enhancement Act for Strategic Projects located in the EEC special zones including **a maximum CIT exemption of 15 years + grants**
- **Incorporate supporting tools from various agencies** as well as eliminate barriers, rules and regulations in order to generate real, high-value investments
- **One Stop Service** to facilitate investment in the area





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