

## Section 4: Metal Products, Machinery and Transport Equipment

Activities	Conditions
4.1 Manufacture of hand tools and measuring tools	<p><u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
4.2 Manufacture of machinery, equipment and parts 4.2.1 Manufacture of machinery, equipment or parts that have engineering design 4.2.2 Manufacture of farm machinery or equipment and food processing machinery or equipment 4.2.3 Manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy 4.2.4 Manufacture or repair of mould and die 4.2.5 Manufacture of other machinery, equipment and parts	<p><u>Conditions</u> The manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy must be according to the list approved by the Ministry of Energy.</p> <p><u>Rights and benefits</u> 1. The following activities are classified as priority activity of special importance and benefits to the country:</p> <ul style="list-style-type: none"> <li>1.1 Manufacture of machinery, equipment and parts that have engineering design</li> <li>1.2 Manufacture of farm machinery or equipment and food processing machinery or equipment</li> <li>1.3 Manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy</li> </ul> <p>2. The following activities are classified as priority activity:</p> <ul style="list-style-type: none"> <li>2.1 Manufacture or repair of mould and die</li> <li>2.2 Manufacture of other machinery, equipment and parts</li> </ul>
4.3 Manufacture of metal products, including metal parts	<p><u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000 2. The manufacture of sintered products and the manufacture of steel products or parts that contain metal casting process using induction furnace or forging process in the project are classified as a priority activity</p>
4.4 Surface treatment or anodized surface treatment	<p><u>Conditions</u> Must use modern manufacturing process as approved by the Board</p> <p><u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000 2. Projects located in industrial estates specified by the Industrial Estate Authority of Thailand shall be classified as priority activity</p>

4.5 Heat treatment	<u>Conditions</u> Projects that use cyanide must be located in industrial estates or promoted industrial zones <u>Rights and benefits</u> Classified as a priority activity
4.6 Building or repair of ships 4.6.1 Building or repair of ships of not less than 500 tons gross 4.6.2 Building or repair of ships of less than 500 tons gross (except wooden or steel ships)	<u>Conditions</u> If located in zone 1, the project of any size must obtain ISO 14000 certification within 2 years from the start-up date. <u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country
4.7 Manufacture of electric-powered vehicles (except those that cannot register under Motor Vehicle Act of B.E. 2522)	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
4.8 Manufacture of trains or electric trains or equipment or parts (only with rail system)	<u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country
4.9 Manufacture, repair or conversion of aircraft, including aircraft parts and equipment or onboard equipment	<u>Conditions</u> Aircraft conversion must be type-certification conversion. <u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country
4.10 Manufacture of vehicle parts 4.10.1 Manufacture of vehicle parts 4.10.2 Manufacture of 4-stroke motorcycles engines 4.10.3 Manufacture of automobile engines 4.10.4 Manufacture of automobile parts for international-standard eco-cars	<u>Rights and benefits</u> 1. Shall be according to the Board of Investment announcement No. 1/2543 dated August 1, 2000 2. Manufacture of the following is classified as a priority activity: 2.1 ABS 2.2 Substrate for catalytic converters 2.3 Electronic fuel injection systems 2.4 Automobile transmission 2.5 Battery for electric-powered vehicles 2.6 Traction motor for automobile such as hybrid or fuel cell cars 2.7 Electronic Stability Control (ESC) 2.8 Regenerative Braking System 2.9 Electric air conditioning system for automobile 2.10 Rubber tires for vehicles 2.11 Aircraft tread tires 3. Manufacture of automobile parts for international-standard eco-cars shall receive the following rights and benefits:

	<p>3.1 Exemption of import duty on machinery for the period approved by the Board</p> <p>3.2 Exemption of corporate income tax for not more than 8 years, regardless of zone</p> <p>3.3 Reduction of import duty on raw materials and finished parts for not more than 90 percent depending on the suitability of each type and for the period approved by the Board.</p> <p>3.4 Other rights and benefits shall be according to the Board of Investment announcement No. 1/2543 dated August 1, 2000</p>
<p>4.11 Manufacture of motorcycles 4.11.1 Manufacture of 4-stroke motorcycles</p>	<p><u>Manufacture of 4-stroke motorcycles</u></p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must be motorcycles with four-stroke engines</li> <li>2. Production capacity must not be less than 50,000 units per year.</li> <li>3. Thai nationals must hold shares totaling not less than 60 per cent of the registered capital.</li> <li>4. Production processes must be complete from body frame welding and painting.</li> <li>5. Plan for parts production and sourcing of parts must be approved by the Board.</li> <li>6. Must have plan to develop Thai parts manufacturers</li> <li>7. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption on import duty on machinery, regardless of zone</li> <li>2. Exemption on corporate income tax as follows: <ol style="list-style-type: none"> <li>2.1 No exemption of corporate income tax, if located in Zone 1 or 2</li> <li>2.2 If located in Zone 3, project shall receive 3-year corporate income tax exemption. If located in Zone 3, project shall receive 5-year corporate income tax exemption in the following cases: <ol style="list-style-type: none"> <li>(1) Thai nationals must hold not less than 70 per cent of total shares.</li> <li>(2) Project must propose a plan for production and use of major parts, such as engines, transmission systems, fuel injection systems, vibration systems, and brake systems, and receive approval from the Board.</li> </ol> </li> </ol> </li> <li>3. Other rights and benefits shall be according to</li> </ol>

<p>4.11.2 Manufacture of large-sized motorcycles</p>	<p>the Board of Investment announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Manufacture of large-sized motorcycles</u> <u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must be 4-stroke engines with a minimum size of 500 cc.</li> <li>2. Production processes must be complete from body frame welding and painting.</li> <li>3. A plan for part production and sourcing must be proposed and approved by the BOI.</li> <li>4. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. No corporate income tax exemption shall be granted unless the project includes engine production process which must start from machining of main engine parts such as cylinder heads and crank cases. In such cases, corporate income tax exemption shall be granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> <li>3. Other rights and benefits shall be granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>4.12 Manufacture of automobile 4.12.1 Manufacture of automobile</p> <p>4.12.2 Manufacture of automobile (Package)</p>	<p><u>Manufacture of automobile</u> <u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. No exemption on corporate income tax shall be granted.</li> <li>2. Other rights and benefits are granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> </ol> <p><u>Manufacture of automobile(Package)</u> <u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. A “Package” proposal must include Activity 4.12.1 Manufacture of automobile, 4.10.1 Manufacture of vehicle parts and/or 4.10.3 Manufacture of automobile engines, all of which support the automotive manufacturing operation. The minimum investment must not be less than 10,000 million baht excluding the cost of land and working capital.</li> <li>2. Automotive manufacturing project must have a definite production and marketing plan.</li> </ol>

<p>4.12.3 Manufacture of passenger cars</p>	<p>3. Manufacture of vehicle parts and/or automobile engines will exclusively support the automobile manufacturing that is part of the Package.</p> <p><u>Rights and benefits</u></p> <p>1. <u>Manufacture of automobile:</u></p> <p>1.1 Exemption of import duty on machinery, regardless of zone</p> <p>1.2 No exemption or reduction of corporate income tax</p> <p>1.3 Other rights and benefits shall be granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</p> <p>2. <u>Manufacture of vehicle parts and/or automobile engine</u></p> <p>2.1 Exemption of import duty on machinery, regardless of zone</p> <p>2.2 Corporate income tax incentives and other rights and benefits shall be granted according to Activity 4.10.1 Manufacture of vehicle parts and/or 4.10.3 Manufacture of automobile engines.</p> <p><u>Manufacture of passenger cars</u></p> <p><u>Conditions</u></p> <p>1. The actual production must not be less than 100,000 units/year in any year during the first five years of the operation.</p> <p>2. All production must be based on the same platform approved by the Board.</p> <p>3. The total investment during the first 5 years of corporate income tax exemption must not be less than 15 billion baht, excluding cost of land and working capital.</p> <p>4. An investment plan for parts production and a plan for parts utilization must be submitted and approved by the Board.</p> <p>5. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</p> <p>6. If the projects fail to meet the minimum actual production required under condition No.1, the corporate income tax exemption shall be withdrawn according to the criteria set forth by the Board.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Five-year corporate income tax exemption, regardless of zone</p>
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4.12.4 Manufacture of new automobile models

3. Not entitled to reduction of corporate income tax under section 35 (1)
4. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000

Manufacture of new automobile models

Conditions

1. The actual production must not be less than 100,000 units/year in any year within the first five years of operation.
2. Project must contain investment in new assembly line
3. The minimum investment must not be less than 10,000 million baht excluding the cost of land and working capital.
4. Project must manufacture new model of automobile that has never been produced locally and has new technology such as Hybrid Drive, Brake Energy Regeneration or Electronic Stability Control as approved by the Board.
5. An investment plan for parts production and a plan for parts utilization must be submitted and approved by the Board.
6. No extension of project implementation period as specified in the investment promotion certificate is allowed.
7. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme
8. The application must be submitted within December 31, 2010.

Rights and benefits

1. Exemption of import duty on machinery, regardless of zone
2. Five-year corporate income tax exemption, regardless of zone for project with investment of not less than 10,000 baht excluding the cost of land and working capital.
3. Six-year corporate income tax exemption, regardless of zone for project with investment of not less than 15,000 baht excluding the cost of land and working capital.
4. One additional year of corporate income tax exemption shall be granted to project that submits the application within December 31, 2009.
5. Not entitled to reduction of corporate income tax under section 35 (1)
6. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated

	August 1, 2000
4.13 Manufacture of multi-purpose engines and equipment	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
4.14 Manufacture of Natural Gas Vehicles (NGV) and machinery and equipment that use natural gas 4.14.1 Manufacture of natural gas buses and trucks 4.14.2 Manufacture of Compressed Natural Gas (CNG) containers or Liquefied Natural Gas (LNG) containers 4.14.3 Manufacture of engines, parts and equipment for Natural Gas Vehicles (NGV) 4.14.4 Manufacture of machinery or equipment for NGV service station	<u>Conditions</u> The manufacture of CNG containers or LNG containers, engines, parts and equipment for NGV and machinery or equipment for NGV service station must receive standard certification from related agencies. <u>Rights and benefits</u> 1. Manufacture of natural gas buses and trucks shall be granted: 1.1 Exemption of import duty on machinery, regardless of zone 1.2 Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000. 2. The manufacture of the following shall be classified as a priority activity: 2.1 CNG containers or LNG containers 2.2 Engines, parts and equipment for NGV 2.3 Machinery or equipment for NGV service station
4.15 Manufacture of fuel cells	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country
4.16 Repair of vehicle parts, electrical or electronic equipment	<u>Conditions</u> Projects must be located in IEAT Free zone, Free Trade Zone, bonded warehouse or Customs Free zone. <u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
4.17 Repair of industrial machinery or equipment	<u>Conditions</u> Must be capable of repairing essential parts of machines <u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
4.18 Manufacture, repair or maintenance of containers	<u>Rights and benefits</u>

	<ol style="list-style-type: none"> <li>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</li> <li>2. Classified as a priority activity if located in Logistics Park</li> </ol>
4.19 Fabrication of metal structure products or platform repair	<p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Corporate income tax exemption for: <ol style="list-style-type: none"> <li>2.1 Five years if located in Zone 1</li> <li>2.2 Five years if located in Zone 2 or seven years if located in industrial estates Zone 2</li> <li>2.3 Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000.</li> </ol>
4.20 Manufacture of Completely Built Units(CBU) or Completely Knocked Down(CKD) of houses	<p><u>Rights and Benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Privileges under section 36(1) and 36(2)</li> <li>3. Non-tax incentives</li> </ol>