

Investment Promotion Direction

Electronics and Electrical Appliances Industry

By

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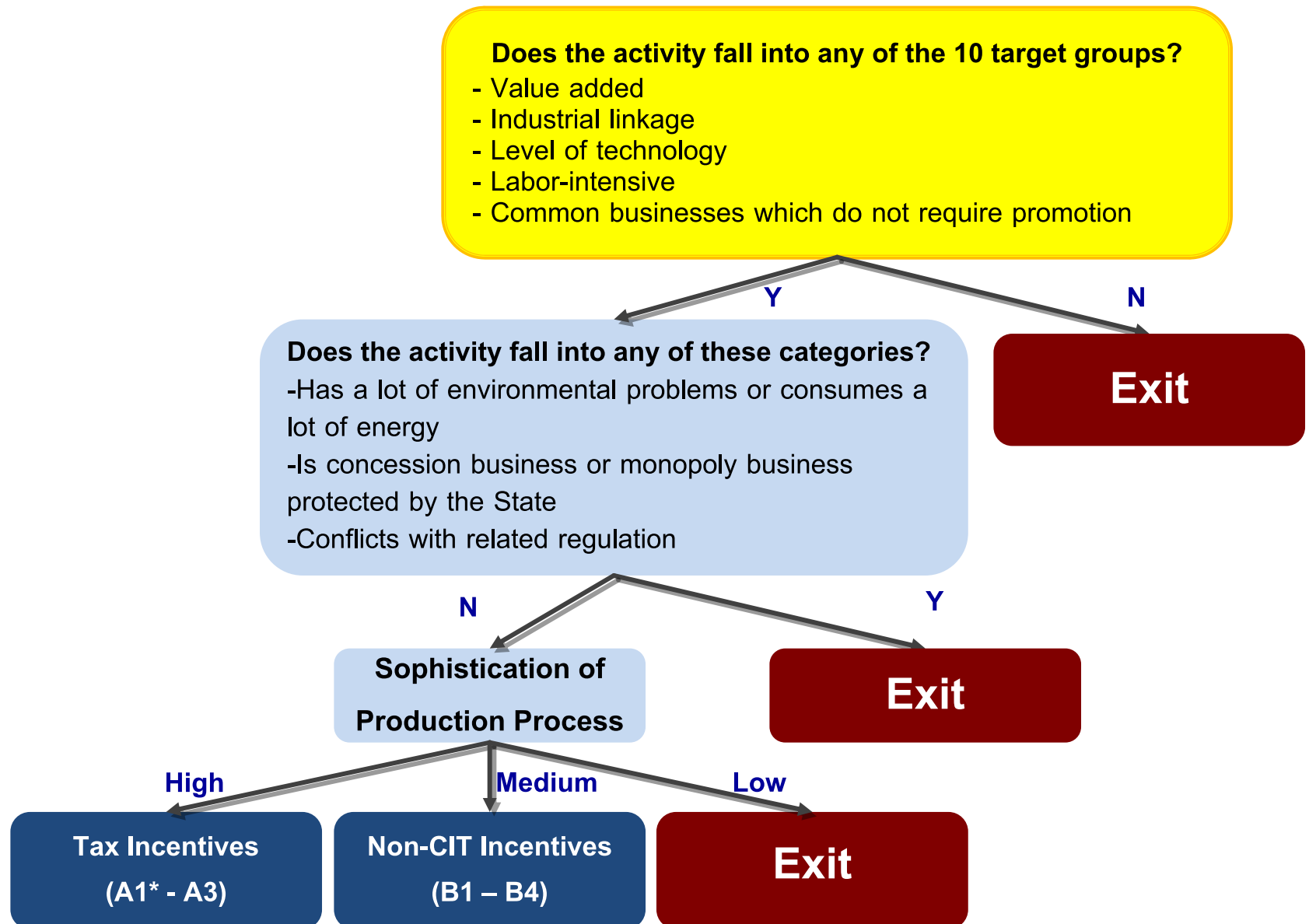
Promote investment to restructure Thai economy for sustainable development and to overcome “Middle Income Trap”

- **Promote competitiveness development and value creation of industrial sector**
- **Promote green industry to drive balanced and sustainable growth**
- **Promote new industrial clusters in the regions to create new investment concentration**
- **Promote Thai overseas investment in order to increase competitiveness of Thai businesses**

10 Target Industries

1. Basic infrastructure and logistics
2. Basic industry
3. Medical devices and scientific equipment
4. Alternative energy and environmental services
5. Services that support industrial sectors
6. Advanced core technology
7. Food and agricultural processing
8. Hospitality & Wellness
9. Automotive and transport equipment
10. Electronics and electrical appliances





Consideration guidelines

1. Sophistication of production process

- The more sophisticated and advanced technology, the better the incentives.

2. Comparison of tax incentives between Thailand and competitors (Malaysia, Indonesia, Vietnam)

- Are the new incentives attractive enough for investors ?
- The company data representing promoted activity and actual data from each country calculated by using Marginal Effective Tax Rates (METR), which is an investment attractiveness indicator of each country.
- METR covers the tax structure, tax incentives, accounting method and other factors, excluding non-tax incentives.

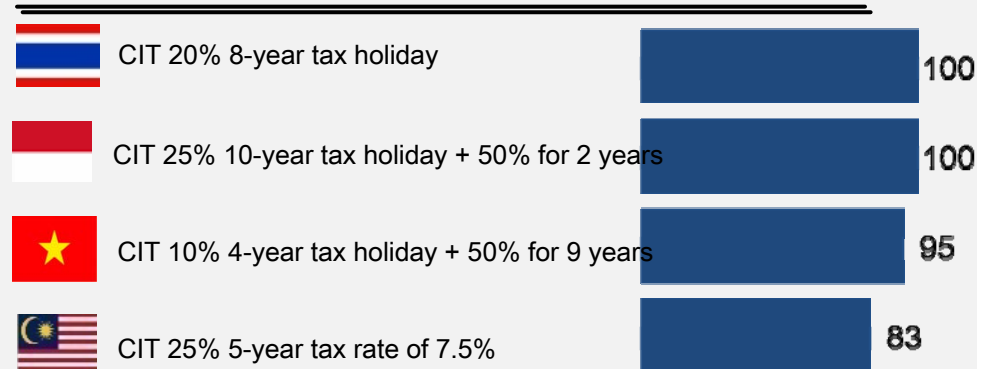
CIT Incentives

CIT incentives	A1* 8 Yrs. Without cap	A1 8 Yrs	A2 5 Yrs	A3 3 Yrs
Sophistication of production process	High ←————→ Low			

The appropriate incentives that can be competitive.

This is the sample result from Marginal Effective Tax Rate calculation.

METR in Food Supplement Manufacturing (data retrieved from sample company's financial statement)



(Higher scores are more attractive to investors. The most attractive country will have an index value equal to 100.)

Consideration Guidelines

1. Activities eligible for non-CIT incentives must be in 10 target sectors, but the production process is less sophisticated.
2. Incentives granted vary depending on the need to import machinery or raw materials, to bring in skilled workers or foreign experts, and to own land.

Non-CIT Incentives

	Incentives
B1	<ul style="list-style-type: none">• Import duty exemption on machinery• Import duty exemption on raw materials used in production for export.• Non-tax
B2	<ul style="list-style-type: none">• Import duty exemption on machinery• Non-tax
B3	<ul style="list-style-type: none">• Import duty exemption on raw materials used in production for export.• Non-tax
B4	<p>Non-tax e.g.</p> <ul style="list-style-type: none">• Permission to own land• Permission to bring in skilled workers and foreign experts to work in promoted projects

Activities under New Investment Promotion Policy

Electronics and Electrical Appliances Industry: Group A

A1* 8-Yr-CIT Exemption without cap	1. Electronic design : <ul style="list-style-type: none">- Micro Electronics Design- Embedded System Design 2. Manufacture of embedded software
A1 8-Yr-CIT exemption (with cap)	1. Manufacture of products, parts, or materials in Organics & Printed Electronics (OPE)
A2 5-Yr-CIT exemption without cap	1. Manufacture of enterprise software and/or digital content Digital Content : <ul style="list-style-type: none">- Animation, Cartoon & Characters- Computer Generated Imagery (CGI)- Web-Based Application and Cloud Computing- Interactive Application- Game: Windows-based, Mobile Platform, Console, PDA, Online Game, Massive Multi-Player Online Game (MMOG), etc.- Wireless Location Based Service Content- Visual Effects- Multimedia Video Conferencing Applications

A2

5-Yr-CIT exemption (with cap)

1. Manufacture of hard disk drives and/or hard disk drive parts (except top cover, base plate or peripheral for hard disk drives)
2. Manufacture of solid state drive and/or solid state drive parts
3. Manufacture of semiconductors
4. Manufacture of solar cells and/or raw materials for solar cells
5. Manufacture of parts and/or photonics equipment
6. Manufacture of products and/or parts for telecommunication
7. Manufacture of flexible printed circuits and/or multi-layer printed circuit boards
8. Manufacture of equipment for solar cell systems:
 - Solar Module
 - Charge Controller
 - Inverter
 - Battery (Storage)
9. Manufacture of electronic parts for vehicles and/or scientific equipment and/or medical equipment
10. Manufacture of material for microelectronics :
 - Wafer
 - Manufacture of materials using thin film technology

Electronics and Electrical Appliances Industry: Group A / B / Exit

A3

3-Yr-CIT exemption (with cap)

1. Manufacture of digital cameras
2. Manufacture of flat panel TV and/or flat panel displays
3. Manufacture of LED electric lamps
4. Manufacture of passive components
5. Manufacture of electro-magnetic products
6. Manufacture of compressor and/or motor for electrical appliances
7. Manufacture of printed circuit board assembly (PCBA), in general
8. Manufacture of top cover, base plate or peripheral for HDD
9. Manufacture of memory storage equipment, in general
10. Manufacture of air conditioners, refrigerators, freezers, washing machines, dryers
11. Manufacture of electronic products or parts for offices and/or industry and/or agriculture

B1

Import duty exemption on machinery and essential raw materials for use in production for export

1. Manufacture of electronic products, electrical appliances, or parts

Exit group

E-commerce business

New Form of Incentives (More Merit, More Incentives)

Basic Incentives

	New Project	Expansion Project
A1*	8 years without cap	8 years without cap
A1	8 years	8 years
A2	5 years	3 years
A3	3 years	1 year

Expansion project is a project that existing BOI-promoted companies apply for promotion to invest in existing product without using more advanced technology or production process.

Merit-based Incentives

(Only activities in Group A1, A2, and A3)

R&D (whether it is in-house, cooperation with educational or research institution, or donation to Technology and Human Resources Development Fund) The number of additional years of CIT exemption depends on the percentage of R&D expenditures to revenues:

- 1 % or not less than 150 million baht, one additional year of CIT exemption
- 2 % or not less than 300 million baht, two additional years of CIT exemption
- 3% or not less than 450 million baht, three additional years of CIT exemption and CIT exemption cap will also be removed.

Environment (Obtain ISO 14000 certificate, Carbon Footprint or other standards approved by the Board of Investment) one additional year of CIT exemption

Projects located within industrial estates / promoted industrial zones one additional year of CIT exemption

Incentives
to be granted

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Thailand Board of Investment
Ministry of Industry
