

Investment Promotion Direction
Chemicals, Paper, Plastics Industry
Services and Public Utilities

By

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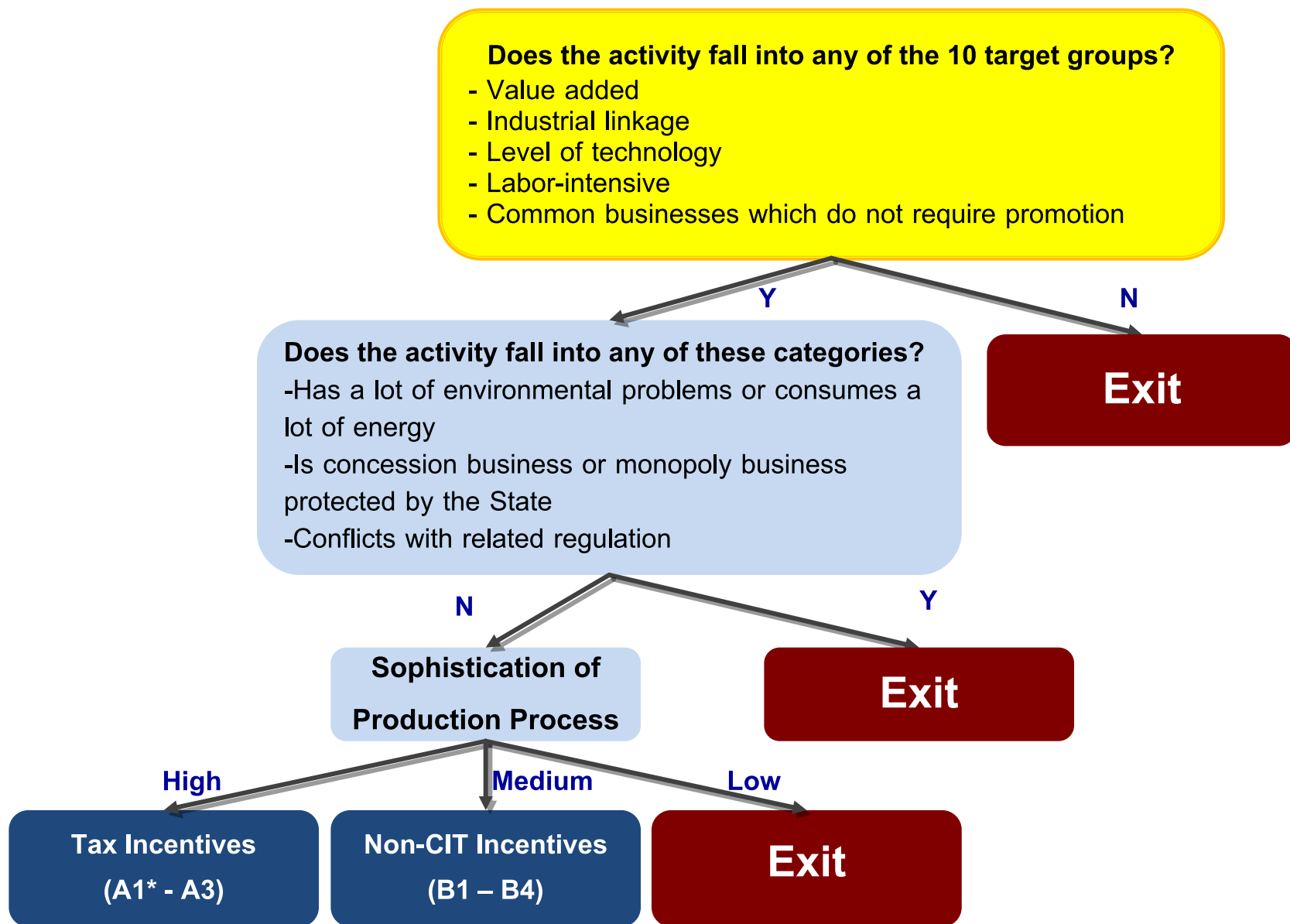
Promote investment to restructure Thai economy for sustainable development and to overcome “Middle Income Trap”

- **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 Activities that will Transform Thai Economy

BOI will specially grant the rights and benefits to any activities using core advanced technology and sophisticated production process

	Chemicals, Paper and Plastics	Services and Public Utilities
1. Basic infrastructure and logistics		✓
2. Basic industry	✓	
3. Medical devices and scientific equipment	✓	✓
4. Alternative energy and environmental services		✓
5. Services that support industrials 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.

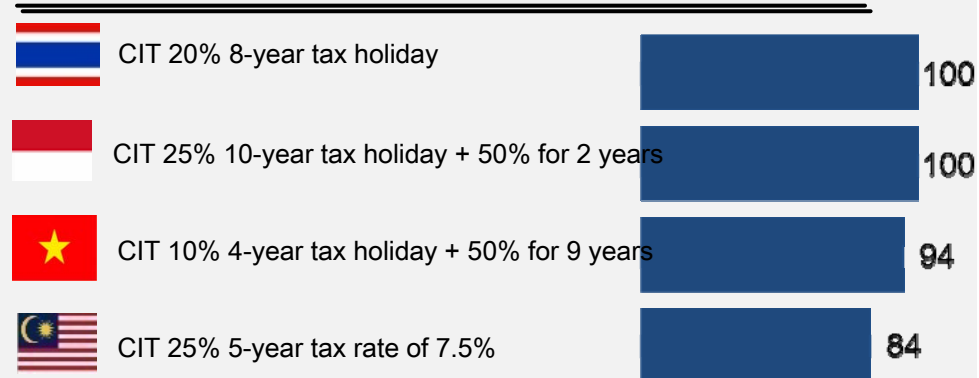
CIT Incentives

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.)

Non-CIT Incentives

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.

	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

Chemicals, Paper and Plastics: Group A & B

A1

8-Yr-CIT exemption

1. Manufacture of Eco-friendly Products
 - Manufacture of Eco-friendly Chemicals/Polymers
 - Manufacture of Products from Eco-friendly Polymers
2. Manufacture of Fundamental Chemical Fertilizers
3. Manufacture of Specialty Polymers
4. Manufacture of Active Pharmaceutical Ingredients

A2

5-Yr-CIT exemption

1. Manufacture of Pharmaceutical Products

A3

3-Yr-CIT-exemption

1. Manufacture of Products from Plastics or Synthetic Rubbers
 - Manufacture of Compounded Plastics or Master Batch
 - Manufacture of Plastic Films
 - Manufacture of Industrial Plastic Products/Parts or Industrial Synthetic Rubbers
2. Manufacture of Petrochemical Products
3. Manufacture of Industrial Chemicals
4. Manufacture of Pulp or Papers

B1

Import duty exemption on machinery and raw materials

1. Petroleum Refineries and Natural Gas Separation Plants
2. Manufacture of Printed Matters

Exit Group

- **Manufacture of Chemicals**
- **Manufacture of Pesticides and Herbicides Products**
- **Manufacture of Body Care Products**
- **Manufacture of Fiber or Paper Articles**
- **Manufacture of Bulk Blending Fertilizers**
- **Manufacture of Colorants (Paint)**
- **Manufacture of Plastics or Plastics Coated Products**
 - **Manufacture of Recycled Plastic Products, Recycled Plastic Resin and Recycled Plastic Sheets**
 - **Manufacture of Plastic Packaging**
 - **Manufacture of Plastics Coated Products**
 - **Manufacture of Consumer Plastic Products**

Service and Public Utilities: Group A

A1*

**8-Yr-CIT
exemption
without cap**

1. Biotechnology

- Research and Development (R&D) activity and/or manufacturing of seed industry, plants and animal improvement industry using biotechnology
- R&D activity and/or manufacturing of biopharmaceutical agents using biotechnology
- R&D activity and/or manufacturing of diagnostic kits for health, agriculture, food and environment
- R&D activity and manufacturing of biomolecule and bioactive compounds using microorganisms, plant cells and animal cells
- Manufacture of raw materials and/or essential materials used in molecular biological experiments or tests
- Biological substance analysis and/or synthesis services

2. Energy Service Company (ESCO)

3. Research and development

4. Scientific laboratories

5. Calibration services

6. Engineering Design

7. Technological industrial estate/zone/park such as science and technology park, software park, data center, etc.

8. Vocational training Centers

Service and Public Utilities: Group A

A1 8-Yr-CIT exemption	<ol style="list-style-type: none">1. Production of electricity or steam power from renewable energy such as solar, wind, water, biomass, biogas, waste, etc.2. Recycling and reuse of unwanted materials
A2 5-Yr-CIT exemption	<ol style="list-style-type: none">1. Marine related services<ul style="list-style-type: none">- Loading/unloading facilities for sea transport- Ocean marina services- Maritime transportation services- Ferry services and/or tour boat or yacht renting2. Tourism and sports recreation, meeting, convention and exhibition such as cultural centers, theaters, museums, convention halls, international exhibition centers, amusement parks, aquariums, open zoos, cable cars, racing tracks, etc.3. Production of electricity or steam power from natural gas4. Production of tap water or water supply for industry5. Commercial airports6. Wastewater treatment, disposal services or transport of industrial waste or toxic chemicals7. Thai motion picture production8. Motion picture supporting services, or multimedia services
A3 3-Yr-CIT exemption	<ol style="list-style-type: none">1. Industrial estates or industrial zones2. Agricultural products trade center

Service and Public Utilities: Group B

B1

Import duty exemption on machinery and raw materials

1. Logistics service center

B2

Import duty exemption on machinery

1. Regional Operating Headquarters (ROH)
2. Air transportation services
3. Container yards or inland container depots
4. Product Sterilization Services (PSS)

Non-Tax incentives only

1. Hotels
2. Retirement homes and care centers
3. Dedicated health centers
4. Trade and investment support offices

Service and Public Utilities: Exit Group

Exit Group

- Concession roads
- Satellite telecommunications
- Telephone services
- Natural Gas service stations
- Long-stay business
- Medium or low income housing
- Hospitals
- Factory Development for Industrial Plants and/or Warehouses
- Free Trade Zones and Free Zones
- Industrial zones for environmental preservation
 - Industrial Estates for integrated production of the textile industry
 - Industrial Estates for tanneries
 - Industrial Estates for surface treatment or anodize surface treatment
- Mass transit electric trains and commercial trains services
- Pipeline transportation
- Tug boat services
- International trading companies
- Product design
- Design centers
- Coating or thickening of pipes for petroleum

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
