

Investment Promotion Direction

**Metal Products, Machinery and Transport Equipment
Industry, Mining, Ceramics and Basic Metals Industry**

By

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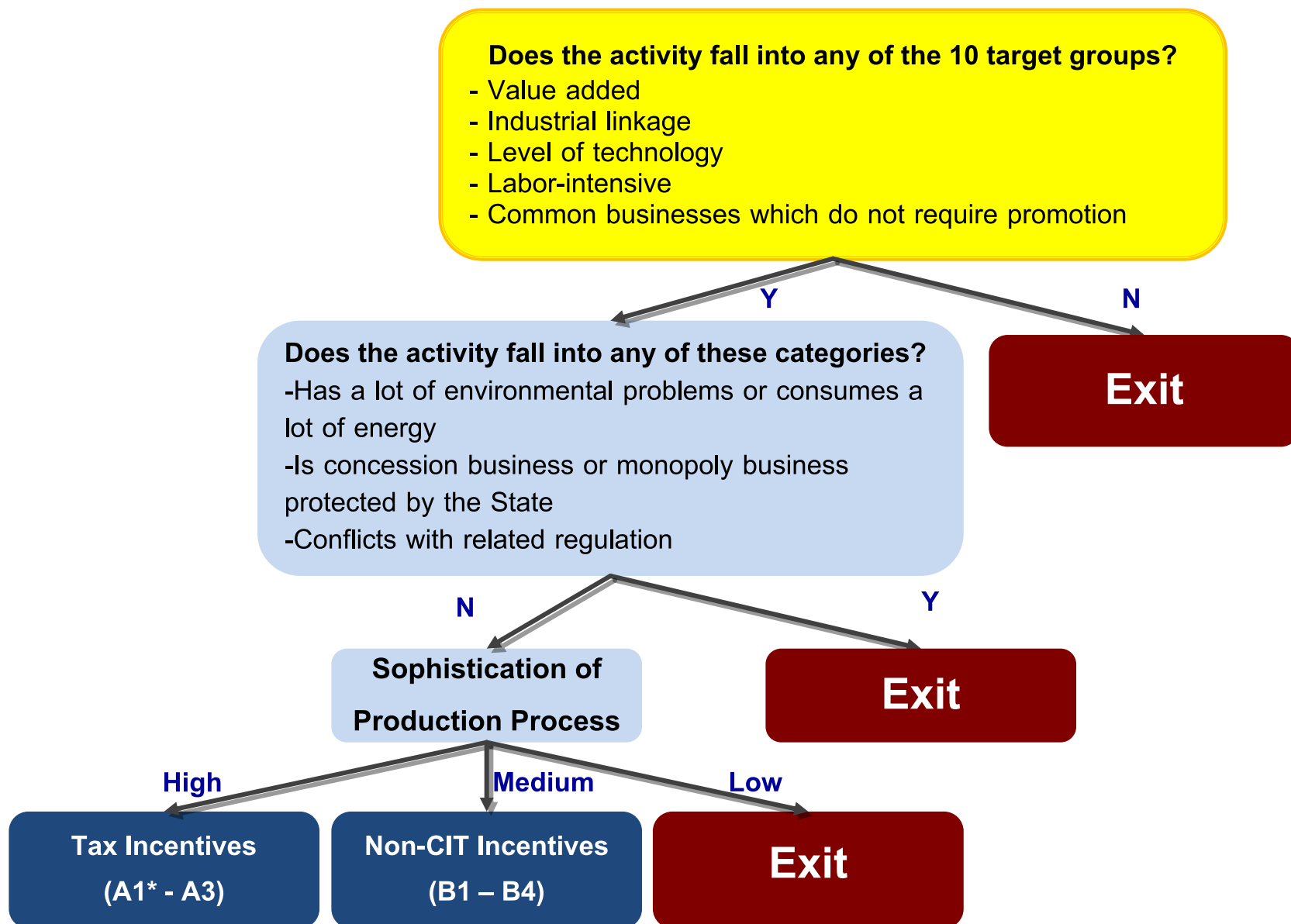
Promote investment to restructure Thai economy for sustainable development and to overcome “Middle Income Trap”

- **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 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

	Basis metals	Metal and machinery products	Automobile
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.

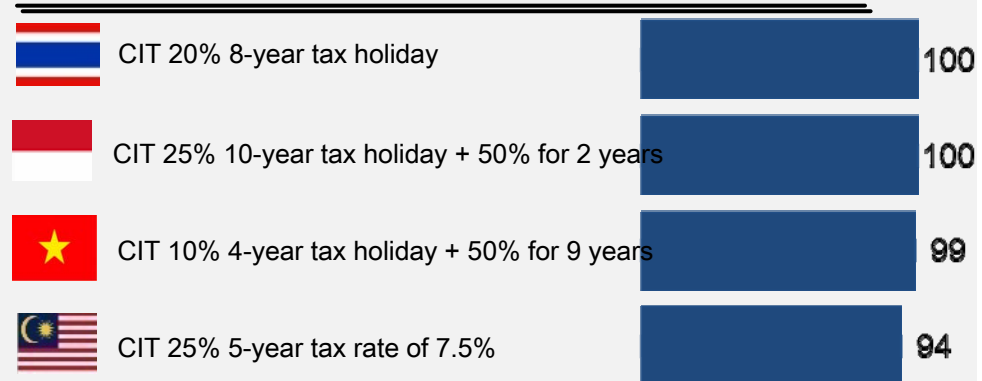
CIT Incentives

	A1*	A1	A2	A3
CIT incentives	8 Yrs. Without cap	8 Yrs	5 Yrs	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

A1

8-Yr-CIT
exemption
(with cap)

1. Manufacture of up-stream steel
2. Manufacture of intermediate steel - if it is continued process from the manufacture of upstream steel
3. Manufacture of Advanced/Nano materials or products if it is continued process from the manufacture of Advanced/Nano material

A2

5-Yr-CIT
exemption
(with cap)

1. Casting of iron or steel parts using Induction furnace
2. Manufacture of forged steel parts
3. Rolling, drawing, casting, or forging of titanium/magnesium alloy
4. Manufacture of powder metal
5. Manufacture of seamless steel pipe or seamless stainless steel pipe

A3

3-Yr-CIT
exemption
(with cap)

1. Manufacture of long or flat steel products (except those used in construction industry)
2. Manufacture of intermediate steel
3. Rolling, drawing, casting, or forging of non-ferrous metals
4. Manufacture of products made from Advanced / Nano materials

B1

**Import duty exemption
on machinery and raw
materials used in
production for export**

- 1. Manufacture of long or flat rolled steel products used in construction industry**

B2

**Import duty exemption
on machinery**

- 1. Mineral ore prospecting**
- 2. Manufacture of glass products (using melting and/or annealing process)**

B3

**Import duty exemption
on essential raw
materials used in
production for exports**

- 1. Coil center**

Exit Group

- Mining or ore dressing
- Marble or granite mining
- Smelting
- Manufacture of ceramic products
- Manufacture of ceramic roof tiles
- Manufacture of fire-resistant materials or heat insulation, lightweight brick, lightweight concrete block
- Manufacture of gypsum board or gypsum products
- Manufacture of pre-stressed concrete products for public utilities projects
- Manufacture of ferro-alloy

A1

8-Yr-CIT

Exemption

(with cap)

1. Manufacture of Fuel cells
2. Manufacture of trains or electric trains or equipment or parts (only with rail system)
3. Manufacture of aircraft tyres
4. Manufacture, repair or conversion of aircraft, including aircraft parts and equipment (except onboard equipment and onboard equipment parts)
5. Manufacture of vehicle parts using advanced technology are as follows:
 - ABS, Substrate for Catalytic Converter, Electronic Fuel Injection System, Automobile Transmission, Battery for Hybrid, Plug in Hybrid and Electric-powered vehicles, Traction Motor for automobiles such as Hybrid or Fuel Cell cars, Electronic Stability Control (ESC), Regenerative Braking System, Electric air conditioning system for automobiles, Equipment for Idling Stop System
6. Manufacture of engines for automobiles and motorcycles or for multi-purpose engines. (Only eligible for project containing forming process of least 4 key parts namely Cylinder Head, Cylinder Block, Crankshaft, Crankcase, Camshaft, and Connecting Rod)
7. Building or repair of ships (for building or repair of ships of less than 500 tons gross, only promote steel or fiberglass ships with the engine and equipment installation)

A2

5-Yr-CIT

Exemption

(with cap)

1. Manufacture of machinery, equipment and parts which have part manufacturing process or engineering design
2. Manufacture of tyres for vehicle
3. Manufacture of formed metal powder parts using sintering process (Sintered Product)
4. Manufacture of steel/titanium/magnesium alloy products or steel/titanium/magnesium alloy parts which also contains continuing process from manufacturing of casting steel part (using Induction furnace) or forged steel part/titanium/magnesium alloy

A3

3-Yr-CIT

Exemption

(with cap)

1. Surface treatment or anodized surface treatment such as Etching and Engraving (except for decorating purpose) and Heat Treatment
2. Manufacture of motorcycles that have piston displacement at least 248 cc
- Project must contain manufacturing process of at least 4 out of 6 key engine parts for motorcycle with engine size less than 500 cc and 2 out of 6 key engine part for motorcycle with engine having a minimum size of 500 cc.
3. Manufacture of engines for automobile or motorcycle or for multi-purpose engines (having only assembly process)
4. Manufacture of other vehicle parts
5. Manufacture of metal products including parts which have forming process
6. Manufacture of machinery equipment and parts (assembly process only)

B1

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

1. Manufacture of automobiles

B3

Import duty exemption on essential raw materials used in production for export

1. Manufacture of metal structure products for construction or fabrication industry or platform repair

Exit Group

- **Manufacture of hand tools and measuring tools**
- **Manufacture of electric-powered vehicles**
- **Manufacture of 4-stroke motorcycles.**
- **Manufacture of Natural Gas Vehicles (NGV) and machinery and equipment that use natural gas.**
- **Repair of vehicle parts, electrical or electronic equipment**
- **Repair of industrial machinery or equipment**
- **Manufacture, repair, or maintenance of containers**
- **Manufacture of Completely Built Units (CBU) or Completely Knocked Down (CKD) houses**
- **Manufacture of metal products that do not have forming process**
- **Manufacture of onboard equipment and onboard equipment parts of aircraft**
- **Manufacture of other parts for vehicles using simple technology such as wire harness/ASSY**

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
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