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THAILAND
BOARD OF
INVESTMENT

BOI Flood Relief Measures to Restore Investment after the Flood

Dr. Atchaka Sibunruang
Thailand Board of Investment

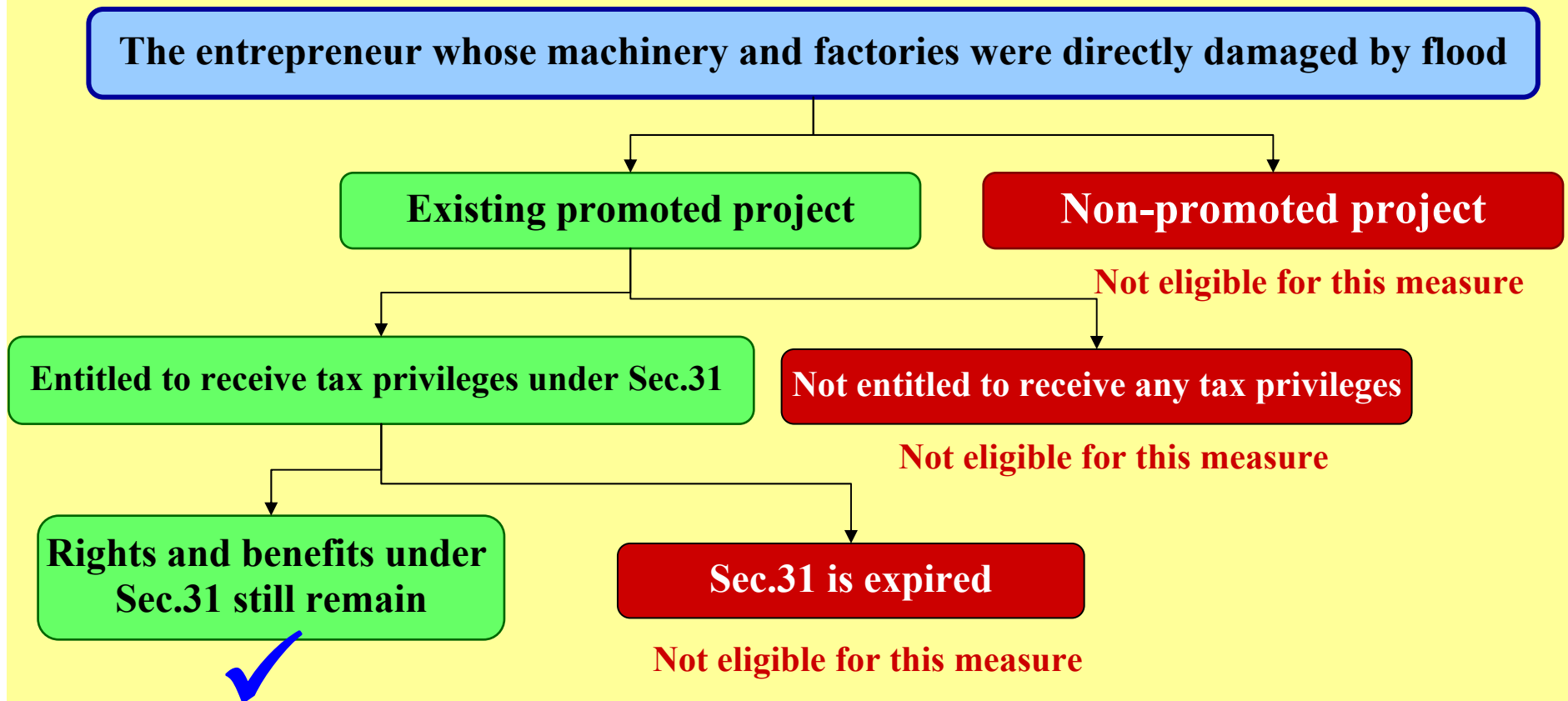
BOI Relief Measures to Restore Investment after the Flood

1. Measure for **Entrepreneurs** who were directly affected by the flood.
2. Measure for **Industrial Estates or Zones** where the operators intend to expand their infrastructure investments for flood prevention systems.
3. Measure for **New Investment/ Newly Promoted Project** in flooded areas.

The application for above incentives must be submitted within December 2012

1. Measure for Entrepreneurs who are Directly Affected by Flood

The existing promoted companies with remaining unused corporate tax exemption, and their machinery or factories damaged by flood, are eligible for this measure.



1. Measure for Entrepreneurs who are Directly Affected by Flood

Definition of Capital Investment Excluding the Cost of Land and Working Capital under this measure means:

1.

Capital investment in fixed asset, for example the construction cost of factory building, machinery, and equipment under the normal BOI criteria.

+

2.

Repair cost of factory building, machinery, and equipment which were directly affected by flood.

+

3.

Cost of new machinery and equipment for replacement of that damaged by flood.

1. Measure for Entrepreneurs who are Directly Affected by Flood

Tax Privileges

1. Projects subject to a corporate income tax exemption cap

Remaining at original province	8-year corporate income tax exemption (subject to 150% cap on new investment + remaining unused cap)
Relocation to another province	8-year corporate income tax exemption (subject to 100% cap on new investment + remaining unused cap)

2. Projects not subject to a corporate income tax exemption cap

Companies can use option 1 above or the following scheme.

Remaining Corporate Income Tax Exemption Period	Additional Years of Corporate Income Tax Exemption to be Granted
≤ 5 years	+ 3 more years
> 5-6 years	+ 2 more years & 2-year 50% tax reduction
> 6-7 years	+ 1 more year & 4-year 50% tax reduction
> 7-8 years	+ 5-year 50% tax reduction

1. Measure for Entrepreneurs who are Directly Affected by Flood

Rights and Benefits on Machinery

- **Import duty exemption on both new and used machinery, regardless of zone, where the used machinery's life should have no more than 10 years counting from the production year to the importation year.**
- **Existing promoted projects shall be permitted to use existing machinery that still functions in the project under this measure, including replacement of machinery previously imported under Board of Investment announcement No. 4/2554, dated 17 January 2011 and to increase production capacity according to actual capacity of additional machinery.**

2. Measure for Industrial Estates or Zones Investing in their Infrastructure Development for Flood Prevention System in the Future.

Conditions

The operators must invest to develop infrastructure to prevent future flooding, and service charge must be fair to investors.

Rights and benefits

Projects shall receive an 8-year corporate income tax exemption with a cap of 200% of investment, excluding cost of land and working capital.

3. Measure for New Investment/Project in Flooded Areas

Reasons to announce the additional relief measures are as follows:

1. The recent flood has affected investors' confidence and investment, especially those located in Industrial Estates in Pathum Thani and Ayutthaya. BOI therefore announces the additional special measure to stimulate investment, for which the application must be submitted by the end of 2012.
2. Pathum Thani and Ayutthaya are the main production base areas for electronics and automotive industries, most parts makers have to locate their factories near the manufacturers for the most effective logistics management.
3. The special measure is expected to promote new investment or projects to avoid unemployment inside the flooded areas. At the same time, both government and private sector have decided to significantly invest on infrastructure development for future flood prevention.

3. Measure for New Investment/Project in Flooded Areas

Eligibility:

1. This measure shall apply to new investment projects of newly promoted companies or expansion projects of existing promoted companies that are located in the industrial estates or promoted industrial zones in Ayutthaya and Pathum Thani provinces.
2. The project activity must be eligible for corporate income tax exemption under current BOI criteria.

3. Measure for New Investment/Project in Flooded Areas

Rights and benefits

Investment areas	Previous rights and benefits	Current rights and benefits
Industrial estate or zone in Pathum Thani	3-year corporate income tax exemption (subject to 100% cap)	8-year corporate income tax exemption (subject to 150% cap)
Industrial estate or zone in Ayutthaya	7-year corporate income tax exemption (subject to 100% cap)	8-year corporate income tax exemption (subject to 150% cap) + 3-year 50% tax reductions

- **Import duty exemption on both new and used machinery regardless of zones, where the used machinery's life should have no more than 10 years counting from the production year to the importation year. .**

Other BOI Flood Relief Measures

- 1. The measure for import duty exemption on machinery for replacement and increasing production capacity according to actual capacity of additional machinery shall be applied for within 30 June 2012.**
- 2. BOI allows an account adjustment for raw and essential materials imported duty-free under Section 36(1) that were destroyed or lost by flood.**

Other BOI Flood Relief Measures

- 3. BOI allows machinery and raw materials to be moved from the factory to another location as a temporary shelter for 6 months effective from the application submission date. (period extension can be made on case-by-case basis)**
- 4. BOI-promoted companies affected by flooding are allowed to outsource some part of their manufacturing process on a temporary basis to avoid business interruptions.**
- 5. BOI, Ministry of Labor and Immigration Bureau expedite urgent permission to bring in foreign skilled workers and experts to repair the machinery damaged by flood.**


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