

Short-term Investment Promotion Measures 2016-2017

In 2016, the government announced multifaceted policies in order to drive the country's economy. The Board of Investment has announced new policies and measures to promote investment in Thailand. These short-term policies and measures aim at accelerating investment within 2017, with varying termination dates depending on each measure's condition, i.e. by June 2016, December 2016 and December 2017, respectively (please see details in the table).

Incentives under The Investment Promotion Act

(Investment Promotion Act B.E. 2520 amended B.E. 2534 and 2544)

In order to obtain investment promotion, the BOI applicant must follow the conditions prescribed by the Board of Investment as specified in the BOI promotion certificate in which the following incentives will be granted:

Tax Incentives

- Exemption/reduction of import duties on machinery (Section 28/29)
- Reduction of import duties for raw or essential materials (Section 30)
- Exemption of corporate income tax on the net profit and dividends derived from the promoted activity (Section 31 and 34)
- A 50 percent reduction of the corporate income tax (Section 35(1))
- Exemption of import duty on raw or essential materials imported for use in production for export (Section 36)

Non-Tax Incentives

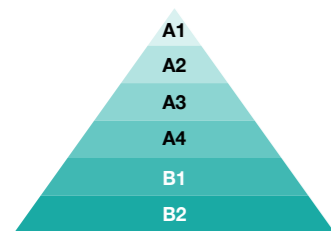
- Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities. (Section 24)
- Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities (Section 25 and 26)
- Permit to own land (Section 27)

Criteria for Granting Investment Incentives under Seven-Year Investment Promotion Strategy

(Announcement of the Board of Investment No.2/2557, December 3, 2014)

Activity-based Incentives

Classified incentives based on importance of activities



Additional Incentives

- Merit-based Incentives** e.g. R&D, technology and human resource development, advanced technology training, development of local suppliers, product & packaging design, etc.
- Merit on Decentralization**
 - 20 provinces with lowest per capita income
 - Industrial Area Development (Excluding Group B)
 - Science and Technology Zone

	Exemption of corporate income tax	Exemption of import duties on machinery	Exemption of import duties on raw materials for use in production for export	Non-tax incentives
A1	8-year (without cap) + Merit	✓	✓	✓
A2	8-year + Merit	✓	✓	✓
A3	5-year + Merit	✓	✓	✓
A4	3-year + Merit	✓	✓	✓
B1	No exemption Get Merit (for some activities)	✓	✓	✓
B2	-	-	-	✓

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Short-term Investment Promotion Measures 2016-2017



Short-term Investment Promotion Measures

	Investment Acceleration Special Measures (BOI Announcement No.11/2558, dated December 15, 2015): Expiration date, June 30, 2016	Incentives	Conditions
1	1.1 Invest in building construction or purchase of machinery no less than 70% of the total investment value between November 16, 2015–June 30, 2016	<u>Additional</u> 4-year corporate income tax exemption + 50% CIT reduction for 5 years	<ul style="list-style-type: none"> Projects must apply for investment promotion between January 1, 2014–June 30, 2016 and must not generate revenue before November 16, 2015 <i>*investment values such as building construction, purchase of machinery (excluding cost of land and working capital) and salaries of specialty personnel (for knowledge-based activities) that occur between November 16, 2015 until the date as specified must follow the minimum requirement</i> Total corporate income tax exemption must not exceed 8 years
	1.2 Invest in building construction or purchase of machinery no less than 50% of the total investment value between November 16, 2015–June 30, 2016	<u>Additional</u> 3-year corporate income tax exemption + 50% CIT reduction for 5 years	
	1.3 Invest in building construction or purchase of machinery no less than 50% of the total investment value between November 16, 2015–December 31, 2016	<u>Additional</u> 2-year corporate income tax exemption + 50% CIT reduction for 5 years	
	1.4 Invest in building construction or purchase of machinery less than 50% of the total investment value between November 16, 2015–December 31, 2016 but commence production/service and generate revenue within December 31, 2017 (must not generate revenue before November 16, 2015)	<u>Additional</u> 1-year corporate income tax exemption/ Additional 2 years of corporate income tax exemption in the Special Economic Development Zones	
2	Cluster Investment Promotion (BOI Announcement No.10/2558, dated October 27, 2015*): Expiration date, December 31, 2016	<p>Tax Incentive: exemption of corporate income tax, exemption of import duties on machinery, exemption of import duty on raw or essential materials imported for use in producing products for export</p> <p>Ministry of Finance :</p> <ul style="list-style-type: none"> For future industries of significant importance, granting 10–15 years of corporate income tax exemption Personal income tax exemption for international specialists to work in the specified area, for both Thais and foreigners 	<ul style="list-style-type: none"> Applications must be submitted within 2016 and must have first revenue within 2017 Must have cooperation with academic institutions, research institutes or Center of Excellence in the Clusters to develop human resources and technology (such as cooperation under Talent Mobility, Work-Integrated Learning, Cooperative or Dual Systems programs, or other human resource or technological development cooperation programs as approved by the Board of Investment
	2.1 Super Cluster: Automotive and Parts Cluster, Electrical Appliances, Electronics and Telecommunication Equipment Cluster, Eco-friendly Petrochemicals and Chemicals Cluster, Digital Cluster, Food Innovation, Automation and Robotics Cluster, Aerospace Cluster and Medical Hub	An 8-year corporate income tax exemption and a 50% CIT reduction for 5 years	Projects must be located in Ayutthaya, Pathum Thani, Chon Buri, Rayong, Cha Cheong Sao, Prachin Buri, Nakhon Ratchasima, Chiang Mai, and Phuket
	2.2 Target Clusters: Agro-processing Product Cluster, Textile and Garment cluster	A 3–8 year corporate income tax exemption (according to each activity) and an additional 50% CIT reduction for 5 years	Projects must be located in Chiang Mai, Chiang Rai, Lamphang, Lamphun, Khon Kaen, Nakhon Ratchasima, Chaiyaphum, Buriram, Kancharaburi, Ratchaburi, Petchaburi, Prachuab Khiri Khan, Rayong, Chanthaburi, Trat, Chumphon, Surat Thani, Krabi and Songkhla
	2.3 Activities Supporting Cluster Development: Public utilities and basic services, Mass transit systems and large-scale transportation, Logistics service centers, Research and development, Biotechnology, Engineering design, Scientific laboratories, Calibration services, Vocational training centers	A 3–8 year corporate income tax exemption (according to each activity) and an additional 50% CIT reduction for 5 years	Projects must be located in the Cluster-designated areas (28 provinces)
3	Investment Promotion in Special Economic Development Zones (BOI Announcement No.4/2557, dated December 18, 2014*): Expiration date, December 31, 2017 (except the activities as listed in 3.3, the expiration date is June 30, 2016)	<p>Tax Incentive: exemption of corporate income tax, exemption of import duties on machinery, exemption of import duty on raw or essential materials imported for use in producing products for export</p> <ul style="list-style-type: none"> Double deductions from the costs of transportation, electricity and water supply for 10 years Additional 25% deduction of the cost of installation or construction of facilities <p>Additional Non-Tax Incentive: Permission to employ foreign unskilled workers in the promoted project, according to conditions prescribed by the Board</p> <p>Other supporting measures:</p> <ul style="list-style-type: none"> Reduction of corporate income tax rate from 20% to 10% for a period of 10 years Permission for foreign labor to enter for work temporarily, not exceeding 7 days 	<ul style="list-style-type: none"> Applications must be submitted by December 31, 2017 Projects must be located in Tak, Sa Kaew, Trat, Mukdahan, Songkhla, Narathiwat, Nong Khai, Chiang Rai, Nakhon Panom and Kancharaburi <p>Thai SMEs projects are eligible to supporting conditions as follows:</p> <ul style="list-style-type: none"> Projects must have a minimum investment of 500,000 baht (excluding cost of land and working capital) Projects are allowed to use domestic used machinery with a value not exceeding 10 million baht
	3.1 Targeted Activities (13 Industrial Sectors) (Please see ‘A Guide to the Board of Investment’ for more details)	Exemption of corporate income tax for a period of 8 years (subject to a cap of 100% of investment, excluding cost of land and working capital) and an additional 50% CIT reduction for 5 years	Applications must be submitted by June 30, 2016
	3.2 The Eligible List of General Activities for Investment Promotion (Please see ‘A Guide to the Board of Investment’ for more details)	Additional corporate income tax exemption of 3 years but not exceeding 8 years. If the activities are in categories A1 or A2, projects are eligible for an additional 50% CIT reduction for 5 years	
	3.3 6 Additional Activities (BOI Announcement No. Sor. 2/2558, dated December 15, 2015) <ul style="list-style-type: none"> Manufacture of animal feed or mixes for animal feed Manufacture of construction processed materials and pre-stressed concrete products for public utilities projects (excluding manufacturing of ceramic roof tiles, wall and floor files) Manufacture of body care products ;such as soap, shampoo and toothpaste (excluding cosmetics) Manufacture of plastic products for consumer goods such as plastic packages Manufacture of fibre or paper article ;such as paper boxes Factory Development for Industrial Plants and/or Warehouses 	Exemption of corporate income tax for a period of 8 years (subject to a cap of 100% of investment, excluding cost of land and working capital)	
4	Investment Promotion for Industrial Development in the Southern Border Provinces (BOI Announcement No.3/2557, dated December 18, 2014*): Expiration date, December 31, 2017	<ul style="list-style-type: none"> An 8-year corporate income tax exemption (without cap) and a 50% CIT reduction for 5 years Permission to employ foreign unskilled workers in the promoted projects 	<ul style="list-style-type: none"> Applications must be submitted by December 31, 2017. Projects must be located in Narathiwat, Pattani, Yala, Satun and in 4 districts in Songkhla, i.e. Jana District, Natawee District, Saba Yoi District and Taypa District
	4 The Southern Border Provinces+4 Districts in Songkhla		
5	SMEs (BOI Announcement No.5/2557, dated December 18, 2014): Expiration date, December 31, 2017	<ul style="list-style-type: none"> <u>Additional</u> 2-year corporate income tax exemptions The minimum capital investment requirement is 500,000 Baht (excluding cost of land and working capital) Projects are allowed to use domestic used machinery with a value not exceeding 10 million baht and investment in new machinery must account for at least 50% of the value of machinery in the project 	<ul style="list-style-type: none"> Applications must be submitted by December 31, 2017 Thai nationals must hold total shares of at least 51% of the registered capital The total fixed assets or capital investment (excluding cost of land and working capital) of all the applicant’s BOI and non-BOI promoted projects combined must not exceed 200 million baht
	38 Activities		
6	Measure to Promote Improvement of Production Efficiency (BOI Announcement No.1/2557, dated September 16, 2014): Expiration date, December 31, 2017	<ul style="list-style-type: none"> A 3-year corporate income tax exemption on the revenue of an existing project, accounting for 50 percent of the investment under this measure, excluding cost of land and working capital Corporate income tax exemption period shall start from the date of revenue derivation after the promotion certificate is issued. Exemption of import duty for machinery 	<ul style="list-style-type: none"> Application must be submitted by December 31, 2017 This measure is eligible for BOI-promoted projects whose corporate income tax exemption or reduction period has expired and non-BOI promoted projects The activity must be eligible for investment promotion by the Board of Investment and eligible for corporate income tax exemption incentive The minimum capital investment requirement of each project must be at least 1 million baht (excluding cost of land and working capital). This requirement does not apply to Small and Medium Enterprises (SMEs) projects. The minimum capital investment requirement of each SME project must be at least 500,000 baht (excluding cost of land and working capital). The project must complete the implementation within three years from the date the promotion certificate is issued.
	6.1 Measure to promote energy conservation, alternative energy utilization or reduction of environmental impact		
	6.2 Measure to promote improvement in production efficiency by upgrading technology and machinery for manufacturing		
	6.3 Measure to promote the investment on research and development and advanced engineering designs for efficiency improvement		

Note: * Please refer to this announcement as the primary announcement