

# **BOI Update**

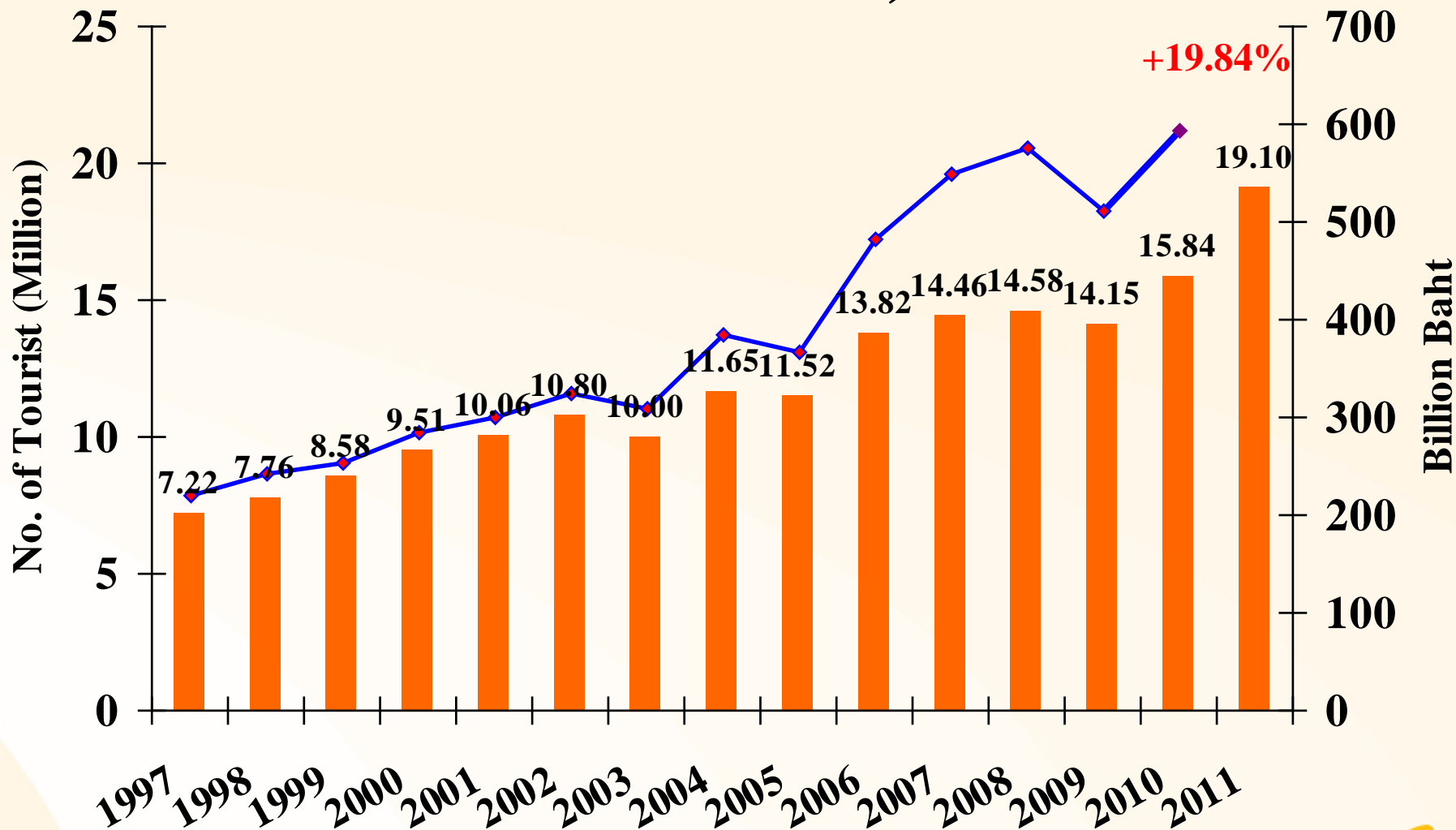
## **Travel & Tourism and Business Economics**



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# Tourism in Thailand, 1997-2011



Source: The Tourism Council of Thailand as of January 13, 2012

## Global Top 20 Destination Cities by International Visitors (2011)

Rank	City	Visitor (Million)	Rank	City	Visitor (Million)
1	London	20.1	11	Seoul	7.9
2	Paris	18.1	12	New York	7.6
3	<b>Bangkok</b>	<b>11.5</b>	13	Amsterdam	7.4
4	Singapore	11.4	14	Kuala Lumpur	6.9
5	Hong Kong	10.9	15	Milan	6.7
6	Madrid	10.1	16	Barcelona	6.7
7	Istanbul	9.4	17	Vienna	6.2
8	Frankfurt	8.4	18	Shanghai	5.5
9	Dubai	7.9	19	Taipei	5.4
10	Rome	7.9	20	Tokyo	5.0

Source: MasterCard Worldwide Insights Report 2011, as of June 2, 2011

## Top 10 Destination Cities in Asia/pacific by International Visitors (2011)

Rank	City	Visitor (Million)	Rank	City	Visitor (Million)
<b>1</b>	<b>Bangkok</b>	<b>11.5</b>	<b>6</b>	<b>Shanghai</b>	<b>5.5</b>
<b>2</b>	<b>Singapore</b>	<b>11.4</b>	<b>7</b>	<b>Taipei</b>	<b>5.4</b>
<b>3</b>	<b>Hong Kong</b>	<b>10.9</b>	<b>8</b>	<b>Tokyo</b>	<b>5.0</b>
<b>4</b>	<b>Seoul</b>	<b>7.9</b>	<b>9</b>	<b>Beijing</b>	<b>4.6</b>
<b>5</b>	<b>Kuala Lumpur</b>	<b>6.9</b>	<b>10</b>	<b>Manila</b>	<b>3.0</b>

Source: Master Card Worldwide Insights Report 2011, as of June 2, 2011

## Global Top 20 Destination Cities by International Visitors Spending (2011)

Rank	City	Spending (bn)	Rank	City	Spending (bn)
1	London	25.6	11	Seoul	10.2
2	New york	20.3	12	Istanbul	10.2
3	Paris	14.6	13	Amsterdam	9.9
<b>4</b>	<b>Bangkok</b>	<b>14.4</b>	14	Rome	8.9
5	Frankfurt	14.0	15	Tokyo	8.7
6	Sydney	13.8	16	Miami	8.7
7	Los Angeles	12.5	17	Taipei	8.5
8	Madrid	11.8	18	Dubai	7.8
9	Singapore	10.8	19	Melbourne	7.5
10	Hong Kong	10.4	20	Barcelona	7.5

# **BOI Measures Update**

# Basic BOI privileges and Measures

## Tax Incentives

- ❑ Corporate income tax holidays up to 8 yrs
  - Additional 50% reductions of corporate income tax for 5 yrs may apply in zone 3
- ❑ Import duty reductions or exemptions on machinery and raw materials
- ❑ Double deduction of public utility costs
- ❑ Deductions for infrastructure construction/installation costs

[www.boi.go.th](http://www.boi.go.th)

## Non-Tax Incentives

- ❑ Land ownership rights for foreign investors
- ❑ Permission to bring in foreign experts and technicians
- ❑ Work permit/visa facilitation

### **One-Stop-Shop**

**Visas & Work Permits are issued in 3 hours**



# BOI Incentives to Promote Tourism Industry

## 7.3 Tourism promotion services

- Ocean marina services
- Amusement parks
- Cultural centers
- Aquariums
- Racing tracks
- Open zoos
- Cable cars

## 7.4 Activities to support tourism

- Convention halls
- International exhibition centers

## Rights and Benefits

- Exemption of import duty on machinery, regardless of zone
- Exemption of corporate income tax for:
  - 5 years if located in zone 1
  - 7 years if located in zone 2
  - 8 years if located in zone 3
- Other rights and benefits shall be according to BOI Announcement No. 1/2543 dated August 1, 2000.



# BOI Incentives: Tour Boat/Yacht Renting

## 7.3.2 Tour Boat/Yacht Renting

### Rights and Benefits:

- Exemption of import duty on machinery, regardless of zone
- Five-year corporate income tax exemption, regardless of zone



# BOI Incentives: Hotel Business

- Hotels
  - Tax holiday will be granted only to the project located in 22 provinces in zone 3
  - **Condition : Must not less than 100 rooms or investment not less than 500 millions baht**
- Long stay supporting office : accommodation, health care, recreation
  - Only non-tax privileges shall be granted

# Incentives for Health Services

- Hospitals: minimum 50 beds (Temporary suspended)
- Retirement homes & care centers
  - Tax Incentives: only duty free machinery eligibility according to zone
- Dedicated health centers
  - Achieve standards set by relevant government agencies
  - Tax Incentives: only duty free machinery eligibility according to zone

# Yacht-building Industry

- BOI has relaxed the condition for Activity 4.6 - shipbuilding and repair, to be able to locate in any zone with 8 years tax holiday (Zone 1 must obtain ISO 14000 within 2 years from start-up date).

# Revision of STI Incentives Condition

# STI Incentives (Optional)

## Investment and Expenditures on:

- Research and development or design
- Advanced technology training
- Funding of educational and research institutes

<b>% of First Three Years' Sales</b>	<b>Add. Income Tax Holiday, No cap</b>
1% or 150 million baht, <i>whichever is lower</i>	1 year
2% or 300 million baht, <i>whichever is lower</i>	2 years
3% or 450 million baht, <i>whichever is lower</i>	3 years

## **New Policy to Promote Matching Funds in Technology and Human Resources Development**

- BOI approved establishment of matching fund for technology and HRD to enhance competitiveness (e.g. HRD, R&D)
- Responsible agency: NSTDA
- Donations to this fund qualified as STI expenses

# **Additional Incentives for Technology Upgrade**



# Additional Incentives For Investment in a Technology Upgrade to Manufacture a New Product (1/2)

## Criteria

- The project must invest in new high-tech machinery to improve an existing production line and make it possible to manufacture a “new” product.
- The **new product** must be among the List of Activities Eligible for Promotion and be eligible for corporate income tax exemption.
- Product must be an upgrade from an existing project (promoted or otherwise).
- The application must be submitted together with the technology improvement investment plan by the end of 2012.

## **Additional Incentives For Investment in a Technology Upgrade to Manufacture a New Product (2/2)**

### **Rights and benefits:**

- **Exemption from import duties on machinery, regardless of zone.**
- **Exemption from corporate income tax for 3 years, regardless of zone. The benefit from this exemption may not exceed 100% of the project's investment value.**

# Incentives for Efficiency Improvement

**Eligible Activities** : All BOI categories that invest in machinery that will:

- (1) Reduce energy consumption
- (2) Use alternative energy
- (3) Reduces the impact on the environment

## **Incentives**

- Exemption of import duty on machinery
- Exemption of corporate income tax for 3 years, totaling 70% of investment amount

## **Criteria**

- Must submit application by the end of 2012

# **Restructuring of Promotion Package for Regional Operating Headquarters (ROHs)**

# Regional Operating HQ

- ROH investments in Thailand may qualify for a 15 year corporate income tax exemption:
  - Eligible services and transactions include R&D, business management and administration, marketing and sales promotion, advisory services and HR training.
- Reduced personal income tax rate for expatriates

# You could qualify if you provide these services to companies outside of Thailand

- **Business management, admin**
- **Sourcing raw materials, parts, finished products**
- **Research and development**
- **Technical assistance**
- **Marketing and sales promotion**
- **Human resources training**
- **Business advisory services**
- **Investment feasibility studies**
- **Credit management**
- **Other services approved by the Revenue Department on a case-by-case basis**

**TOPLINE OF BENEFITS & CONDITIONS FOR REGIONAL OPERATING HEADQUARTERS**

**Benefit**

**For portion of income from  
OVERSEAS OPERATIONS**

**0% CORPORATE  
INCOME TAX  
for 15 years**

**Benefit**

**For portion of income from  
LOCAL OPERATIONS**

**10% CORPORATE  
INCOME TAX  
for 15 years**

**Benefit**

**For income of  
EXPATRIATE EMPLOYEES**

**15% PERSONAL  
INCOME TAX  
for 8 years**

**Key Conditions**

- In 1<sup>st</sup> fiscal year, have one operating company in another country; a second within 3<sup>rd</sup> year; a third within 5<sup>th</sup> year
- Have annual expenses in Thailand of Baht 15 million, or have invested at least Baht 30 million in Thailand
- By end of 3<sup>rd</sup> year, 75% of ROH personnel to be qualified staff, have 5 specialised professionals, and 5 top executives earning at least Baht 2.5 million in annual salary and benefits each
- Must have registered capital over 10 million baht

**Key Conditions**

*In addition to conditions for income from overseas and local operations:*

- Corporate Income generated from services to overseas companies must be at least 50% of total revenues
- Personal income paid from overseas office is exempt

# BOI Privileges for ROH

## Non-Tax Incentives

- ❑ Land ownership rights for foreign company
- ❑ Permission to bring in foreign experts and technicians
- ❑ Work permit/visa facilitation

### **One-Stop-Shop**

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# Treasury Centers

- The Bank of Thailand has restructured its regulation on treasure centers:
  - Canceled the following conditions
    - Treasury center must be operated by the new company
    - Money transferred or borrowed between treasury center & its group of companies in Thailand must be in baht
    - Foreign exchange position of treasury center must be at least 20% of capital or US\$10 million
    - Ceiling to lend related companies abroad and to deposit of foreign exchange originated from abroad with commercial banks in Thailand
  - Granted permission for foreign currency deposits from money borrowed from domestic commercial banks, foreign deposits, investment abroad, without the need to obtain permission from the Bank of Thailand (up to US\$500 million)

**Think Asia, Invest Thailand**  
*GEARED FOR THE FUTURE*

*Thank You!*

An aerial night view of a city skyline, likely Bangkok, Thailand, featuring numerous illuminated skyscrapers and buildings. The city lights create a vibrant, glowing effect against the dark night sky. The text 'Thank You!' is overlaid in a large, white, italicized font across the center of the image.

# **BOI INCENTIVES TO PROMOTE THE SERVICES INDUSTRY**

- **Trade and Investment Support Offices (TISO)**
- **International business process outsourcing (IBPO)**
- **International Procurement Offices (IPO)**

## **Rights & Benefits**

### **Non-Tax Incentives Only**



# Investment Promotion Policy

- **BOI's investment promotion policy is to promote "Sustainable development" to enhance the country's competitiveness in science and technology and encourage the improvement of manufacturing quality as well as reduce environmental impact**

**Eco-friendly  
Industry**

**Renewable  
energy**

**High-tech  
Industry**

## **Measure to promote investment in target industries with maximum incentive regardless of zone if submitted application be Dec. 2012**

- Activities related to manufacture of eco-friendly material and product, e.g. bioplastic
- Activities related to energy saving and alternative energy
- Activities that involve high technology, e.g. automotive, electronics, biotech, nano-tech, textile

# Target energy savings & alternative energy businesses

- Manufacture of alcohol or fuel from agricultural products, garbage, and/or waste
- Manufacture of energy-conserving machinery or equipment, or manufacture of machinery or equipment which uses alternative energy
- Manufacture of fuel cells
- **Manufacture of solar cells**
- Power generation from alternative energy (wind/solar/biomass/ agriculture materials/gas)

# Example of Target High-tech & Eco-friendly businesses

- Functional fiber
- Medical food
- Medical supplies or medical equipment
- Biotechnology
- Nano materials and products from nano materials
- Advanced Ceramics
- Eco-friendly chemicals and Eco-friendly products
- Scientific equipment
- Scientific laboratories
- Research and development
- Calibration services

# Target Activities under Auto Sector

- Manufacture of ABS brake system, electronic fuel injection, transmission, battery for EV, traction motors for vehicles (hybrids or fuel cell cars), electronics stability control
- Manufacture of trains, electric trains or parts (only with rail systems)
- Manufacture of machinery/equipment and parts, mold & die
- Manufacture of machinery/ equipment with engineering design, farm machinery, food processing machinery
- Ship building and repair



# Target Activities under Electronics Sector

- Industrial Automation Equipment
- Media/Platter for HDD
- Flexible Printed Circuit / Multi Layer Printed Circuit Board
- Electronics design
- Flat panel displays
- Telecommunication Products & Parts
- Agritronic Parts
- Automotives Electronics
- Medical Electronics
- Wafer and Thin Film Technology