

New Investment Promotion Measures

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Secretary General, Thailand Board of Investment

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- 1. Incentives for Investment in Industrial Cluster**
- 2. Incentives for Investment in Special Economic Zones**
- 3. Investment Acceleration Measure**
- 4. Summary of Investment Promotion Measures**

Investment Incentives for Industrial Cluster

Incentives	Super Cluster	Other Clusters
Tax	<ul style="list-style-type: none"> ✓ 8-year corporate income tax exemption and additional 5-year reduction of 50% ✓ For Future industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption ✓ Import duty exemption on machinery ✓ Personal income tax exemption for renowned specialists to work in the specified area, both Thai and foreign 	<ul style="list-style-type: none"> ✓ 3 – 8 year corporate income tax exemption and an additional 5-year reduction of 50% ✓ Import duty exemption on machinery
Non-Tax	<ul style="list-style-type: none"> ✓ Consideration of granting Permanent Residence to the leading specialist ✓ Permission for foreigners to own land to implement the promoted activities 	

Incentives for Important Basic Infrastructure to Improve Industrial Cluster

Knowledge-Based Industries

- **Research and Development (R&D)**
- **Biotechnology**
- **Engineering Design**
- **Scientific Laboratories**
- **Calibration Services**
- **Vocational Training Centers**

Incentives

Corporate income tax exemption for 8 years (no cap) and additional 50% corporate tax reduction for 5 years

Logistic Industries

- **Air Transportation Services**
- **Rail Transport**
- **Loading/Unloading Facilities for Cargo Ship**
- **Inland Container Depot (ICD)**
- **International Distribution Center (IDC)**

Incentives

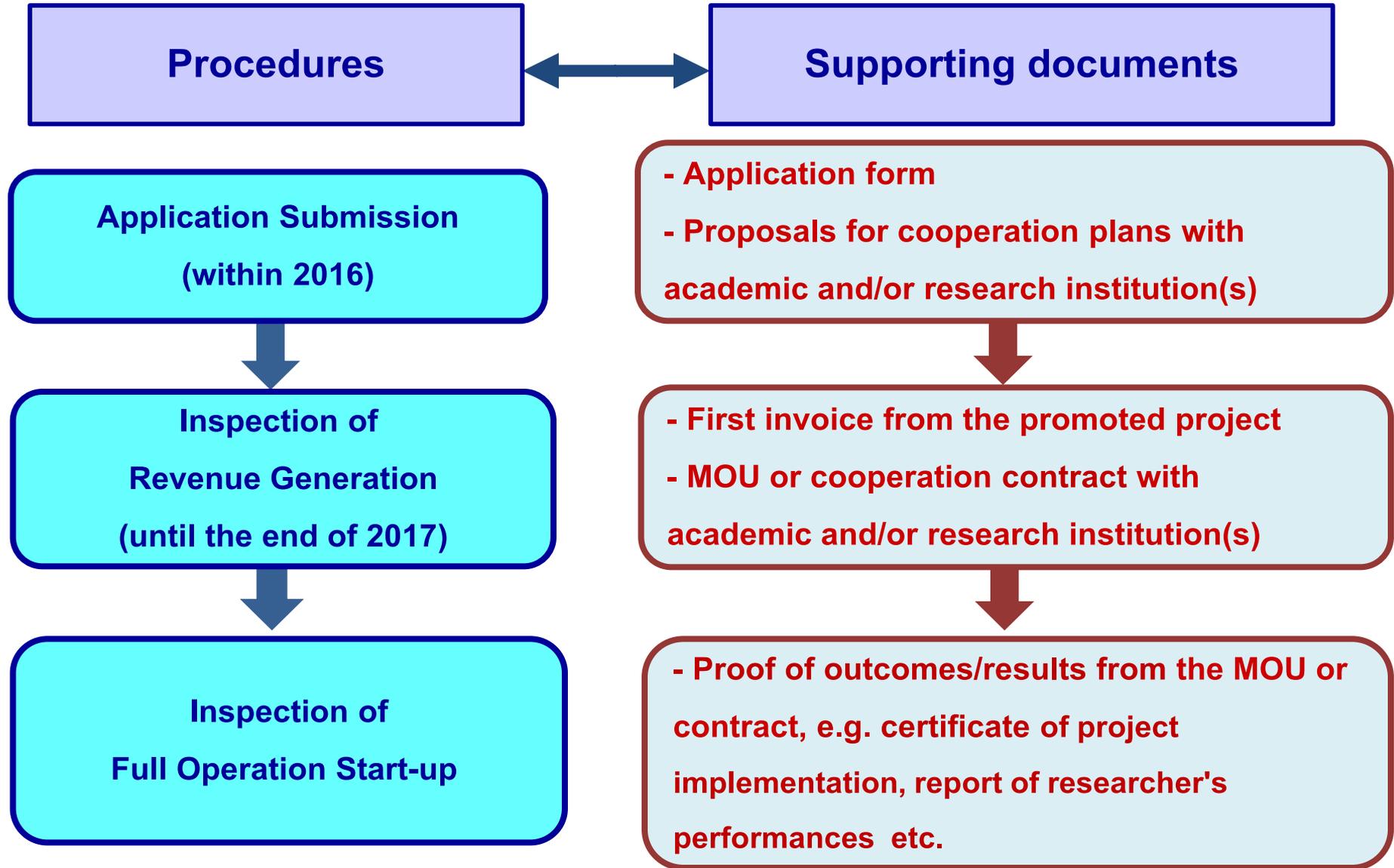
Corporate income tax exemption for 5 – 8 years and additional 50% corporate tax reduction for 5 years

Obligatory Conditions to Receive Cluster Incentives

- **Must have cooperation with academic institution / research institution / Center of Excellence in the cluster to develop human resource and improve the level of technology e.g.**
 - **Cooperation in the Talent Mobility / Work-integrated Learning / Co-operative Education / Dual systems**
 - **Cooperation in development of human resource or technology as approved by the Board of Investment**

- **Must apply for investment promotion within 2016 and must start operation within 2017 to accelerate investment, unless under necessity i.e. large-scale project, the BOI will consider relaxation as deemed appropriate.**

Procedures to Apply for BOI Promotion



Cluster Development Guidelines

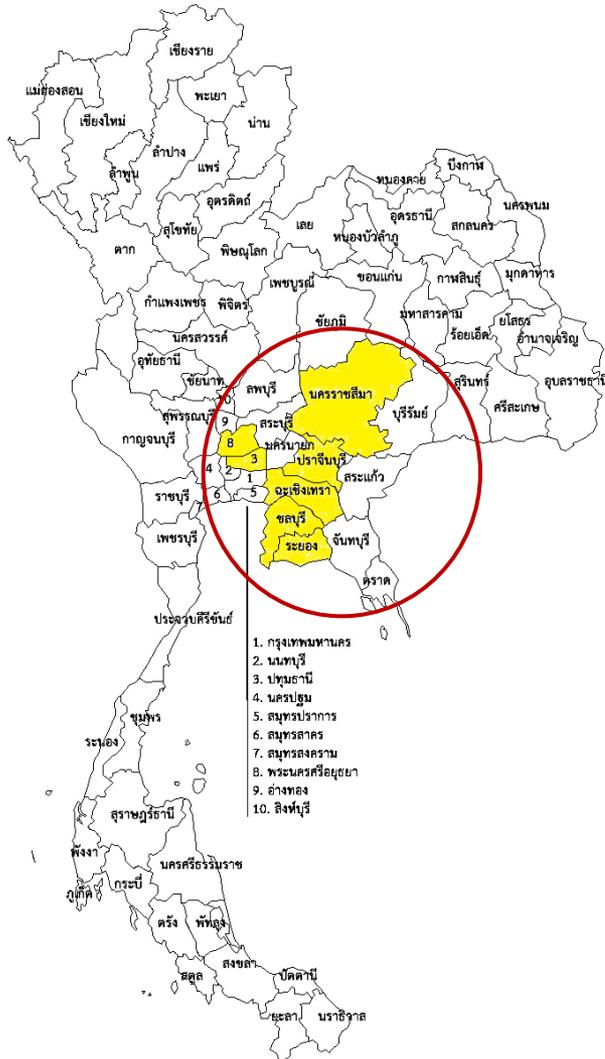
Super Cluster e.g.

- **Automotive and Parts Cluster**
- **Electrical Appliances, Electronic and Telecommunication Cluster**
- **Eco-Friendly Petrochemical and Chemical Products**
- **Digital Industry Cluster**

Other Targeted Clusters e.g.

- **Agro-Processing Industrial Cluster**
- **Textile and Garment Cluster**

Automotive and Parts Cluster



7 Provinces : Ayuddhaya, Patumthani, Chon Buri, Rayong, Chacheongsao, Prachinburi, Nakorn Ratchasima

Target Activities

Manufacture of Motorcycle with engine size \geq 248 CC. (only for projects with forming of engine parts)

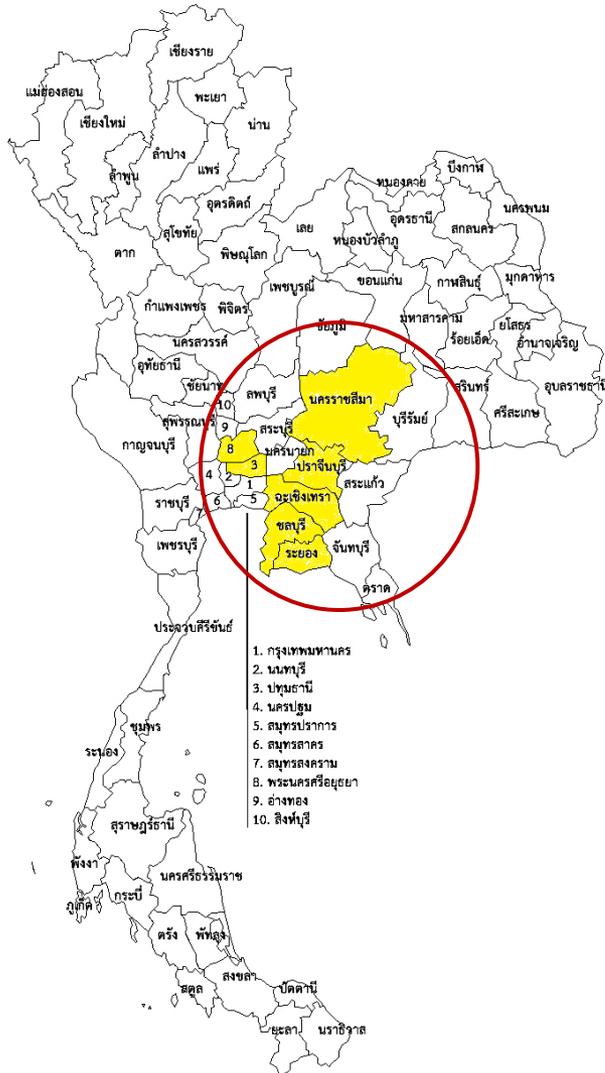
Manufacture of Automobile Engines

Manufacture of Important Parts that are not locally produced or are few i.e.

- Parts using advance technology
- Safety and Energy Efficient System
- Equipment for Hybrid, EV, PHEV cars
- Fuel injection parts/ Transmission/ Engine System

Manufacture of Automobile Tires

Electrical Appliances, Electronic and Telecommunication Cluster



7 Provinces : Ayudhdhaya, Patumthani, Chon Buri, Rayong, Chachoengsao, Prachinburi, Nakorn Ratchasrima

Target Activities

Electronic Design

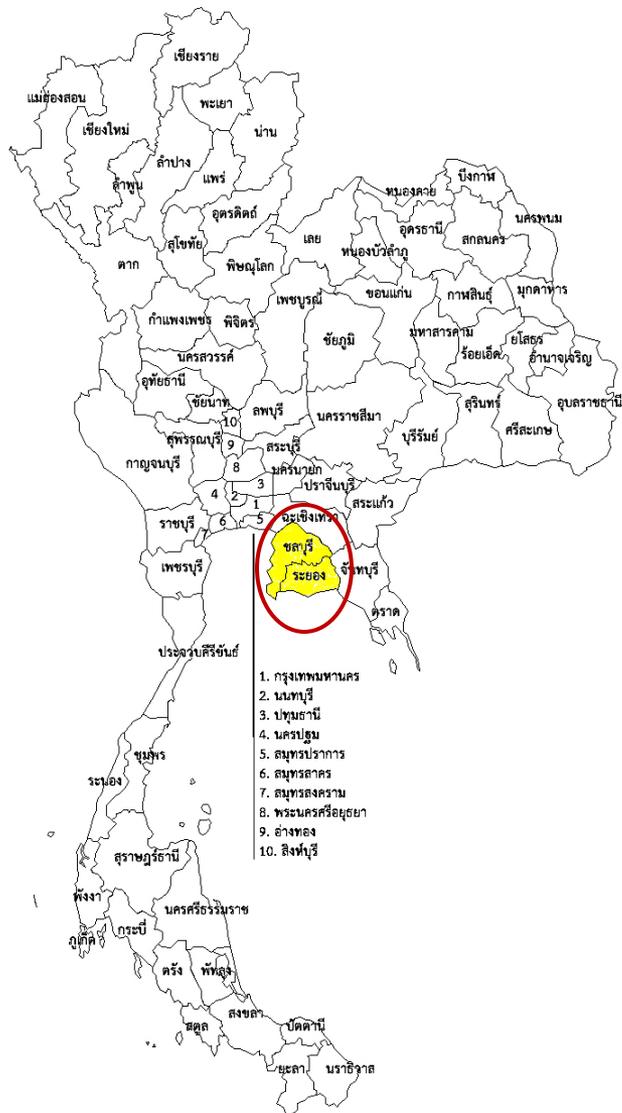
e.g. Microelectronics Design และ Embedded System Design

Electronic products and parts using advance technology

e.g. telecommunication equipment, electronic parts for medical devices / automotive / industrial works, Hard Disk Drive, Solid State Drive

Advanced Technology Electrical Appliances e.g. Internet of Things

Eco-friendly Petrochemical and Chemical Products Cluster



2 provinces : Chon Buri and Rayong

Target Activities

Petrochemical or Specialty Chemical Products

Plastic or Bio-chemical products

Bio-plastic products

Manufacture of paper container coated with bio-plastic

Digital Industry Cluster



2 provinces : Chiang Mai and Phuket

Target Activities

Software (Embedded Software, Enterprise Software, Digital Content)

Cloud Service

Data Center

Software Park

Movie Town

Thai Motion Picture Production and Motion Picture Supporting Services

Agro-Processing Industrial Cluster

Northern Region (Chiang Mai, Chiang Rai, Lam Pang and Lam Phun)

- **Processed vegetables, fruits, and herbs**

Northeastern Region (Khon Kaen, Nakhon Ratchasima, Chaiyaphum, Buriram)

- **Livestock, tapioca, sugar cane, maize**

Lower Central Region (Kanchanaburi, Ratchaburi, Petchaburi, Prachuab Khiri Khan)

- **Sugar cane, pineapple, rubber**

Eastern Region (Rayong, Chanthaburi, Trad)

- **Processed fruits, rubber**

Southern Region (Chumphon, Surat Thani, Krabi, Songkhla)

- **Palm, processed seafood, rubber**



○ Location of Rubber City

Target Activities

Plant and animal propagation

extracts/ product from extracts

Active Ingredient

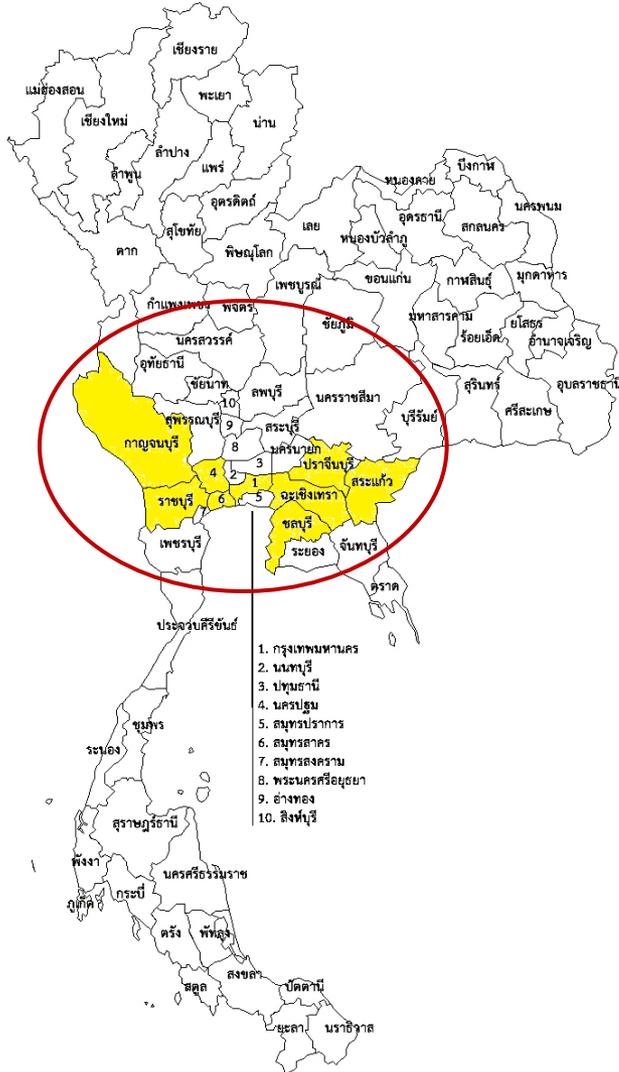
Medical Food or Food Supplement

Grading, packaging and storage of plants, vegetables, fruits or flowers using high technology

Trading centers for agricultural goods

Products manufactured from natural rubber

Textile and Garment Cluster



9 Provinces : Bangkok, Kanchanaburi, Nakhon Prathom, Ratchaburi, Samut Sakhon, Chon Buri, Cha Choeng Sao, Prachinburi, Sakaeo

Target Activities

Natural or Synthetic Fibers

(only fibers with specialty qualifications and recycle fibers)

Yarn or Fabric (only yarn/fabric with specialty qualifications and designed yarn/fabric or R&D)

Bleaching, dyeing and finishing

Garments, clothing accessories, and household textiles

(only those with designs or R&D)

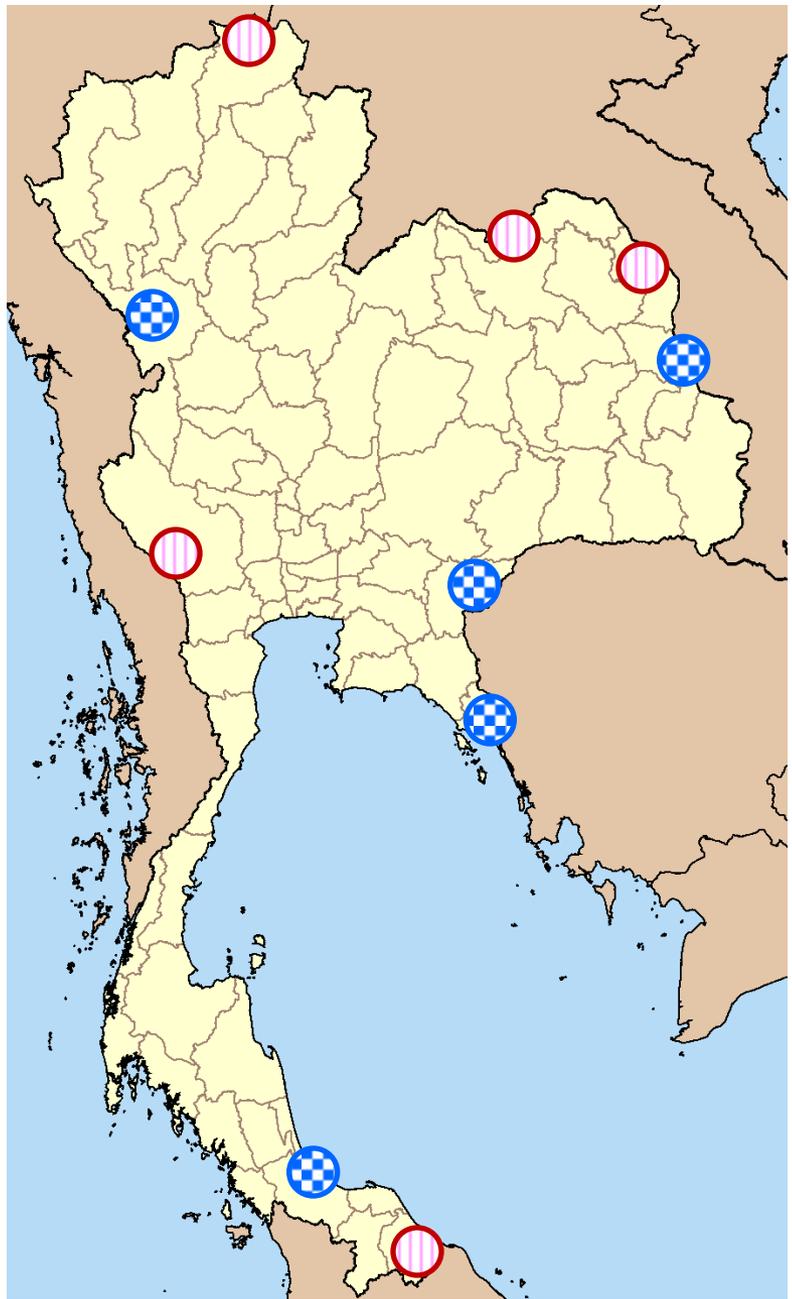
Creative Product Design & Development Center

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Special Economic Zones 10 Provinces

(23 districts; 90 sub-districts)

Phase 1 	Phase 2
Tak	Nong Khai
Sa Kaew	Chiang Rai
Trat	Kanchanaburi
Mukdahan	Nakhon Phanom
Songkhla	Narathiwat



Investment Promotion Policy for Investment in Special Economic Zones

(As in the Announcement of the Board of Investment No. 4/2557)

Targeted Activities

- 8-year corporate income tax exemption
- 5-year 50% reduction of corporate income tax
- 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
- Exemption of import duty on machinery
- Exemption of import duty on raw materials used for export production
- Other non-tax incentives
- Permission to use foreign unskilled workers

General Activities under the BOI's List of Eligible Activities

- 3 additional years of corporate income tax exemption
- In cases where projects are already granted an 8-year CIT exemption, an additional 5-year 50% CIT reduction shall be granted instead

Same as Targeted Activities

**** Applications must be submitted by December 31, 2017****

Targeted Activities for Special Economic Zones Phase 1

Industrial Sectors	Tak	Sa Kaeo	Trat	Mukdahan	Songkhla
1. Agricultural and food processing	✓	✓	✓	✓	✓
2. Ceramic products	✓				
3. Textile, garment, and leather industries	✓	✓			✓
4. Manufacture of furniture	✓	✓			✓
5. Gems and jewelry	✓	✓			
6. Medical equipment	✓	✓			
7. Automotive, machinery, and parts	✓	✓			
8. Electrical appliances and electronics	✓	✓		✓	
9. Plastics	✓	✓			
10. Medicine	✓	✓			
11. Logistics	✓	✓	✓	✓	✓
12. Industrial estates/zones	✓	✓	✓	✓	✓
13. Tourism related industry	✓	✓	✓	✓	✓

Targeted Activities for Special Economic Zones Phase 2

Industrial Sectors	Nong Khai	Chiang Rai	Kanchanaburi	Nakhon Phanom	Narathiwat
1. Agricultural and food processing	✓	✓	✓	✓	Promoted under the investment promotion policy for industrial development in border provinces in Southern Thailand
2. Ceramic products			✓	✓	
3. Textile, garment, and leather industries	✓	✓	✓	✓	
4. Manufacture of furniture		✓	✓	✓	
5. Gems and jewelry		✓	✓	✓	
6. Medical equipment		✓	✓	✓	
7. Automotive, machinery, and parts			✓	✓	
8. Electrical appliances and electronics			✓	✓	
9. Plastics		✓	✓	✓	
10. Medicine		✓	✓	✓	
11. Logistics	✓	✓	✓	✓	
12. Industrial estates/zones	✓	✓	✓	✓	
13. Tourism related industry	✓	✓	✓	✓	

Section 1 Agriculture and Agricultural Products

- **Livestock and aquatic animal propagation**
- **Livestock husbandry or aquaculture (except for shrimp)**
- **Slaughtering**
- **Grading, packaging and storage of plants, vegetables, fruits or flowers**
- **Manufacture of modified starch or starch made from plants that have special properties**
- **Manufacture of oil or fat from plants or animals (except for soybean oil)**
- **Manufacture of natural extracts or products from natural extracts (except for medicine, soap, shampoo, toothpaste and cosmetics)**
- **Manufacture of primary processed rubber**
- **Manufacture or preservation of food, beverages, food additives or food ingredients using modern technology (except for alcoholic beverages)**
- **Cold storage, or cold storage and cold storage transportation**
- **Trading centers for agricultural goods**

Section 2 Ceramics

- **Manufacture of Ceramic Products (except earthenware and ceramic tiles)**

Section 3 Light Industry

- **Manufacture of natural or synthetic fibers**
- **Manufacture of yarn or fabric**
- **Manufacture of garments, clothing accessories, and household textiles**
- **Manufacture of non-woven fabric or hygienic products made of non-woven fabric**
- **Manufacture of bags or shoes or products made of leather or artificial leather**
- **Manufacture of sports equipment or parts**

Section 4 Furniture

- **Manufacture of furniture or parts**

Section 5 Gems and Jewelleries

- **Manufacture of gems and jewelry or parts including raw materials and prototype**

Section 6 Medical Equipment

- **Manufacture of medical devices or parts**

Section 7 Automotive, Machinery and Parts

- **Manufacture of multi-purpose engines and equipment**
- **Machinery, equipment and parts and/or repair of mould and die**
- **Assembling of machinery and machinery equipment**
- **Manufacture of other vehicle parts**
- **Manufacture of motorcycles (except less than 248 cc engine displacement)**

Section 8 Electronics and Electrical Appliances

- **Manufacture of electrical products**
- **Manufacture of LED lamps**
- **Manufacture of compressors and/or motors for electrical appliances**
- **Manufacture of wire harnesses**
- **Manufacture of parts and/or equipment for other electrical products**
- **Manufacture of audio visual products**
- **Manufacture of office electronics**
- **Manufacture of other electronic products**

Section 8 Electronics and Electrical Appliances (Continued)

- **Manufacture of hard disk drives and/or parts**
- **Manufacture of top covers, base plates or peripherals for hard disk drives**
- **Manufacture of flexible printed circuits and/or multi-layer printed circuit boards and/or parts**
- **Manufacture of other memory storage equipment**
- **Manufacture of printed circuit board assembly (PCBA)**
- **Manufacture of parts for audio visual products**
- **Manufacture of parts for office electronics**
- **Manufacture of parts for other electronic products**

Section 9 Chemical and plastic, manufacture of plastic

- **Manufacture of plastic products for industrial goods**
- **Manufacture of multilayer plastics packaging**
- **Manufacture of aseptic plastics packaging**
- **Manufacture of antistatic plastics packaging**
- **Manufacture of plastic products from recycled plastic**

Section 10 Medicine

- **Manufacture of medicine**

กลุ่มที่ 11 Logistic businesses

- **Container yards or inland container depots (ICD)**
- **Distribution Center (DC)**
- **International Distribution Center (IDC)**

Section 12 Industrial zones or industrial estates

- Industrial zones or industrial estates
- Gem and jewelry industrial zones
- Logistics Park

Section 13 Businesses that support tourism

- Ferry services or tour boat services or tour boat renting
- Tour boat port services
- Amusement parks
- Cultural centers or arts and crafts centers
- Open zoos
- Aquariums
- International exhibition centers
- Health rehabilitation centers

Additional Targeted Activities in the Special Economic Zone

	Activities	Incentives
<p>Currently eligible activities</p>	<ul style="list-style-type: none"> • Crop drying and silo facilities • Manufacture of fuel from agricultural scrap or garbage or waste • Fabrication industry • Production of printed matter 	<p>8-year CIT exemption and additional 5-year 50% corporate tax reduction</p>
<p>Formerly promoted activities</p> <p><u>(The application must be submitted by June 2016)</u></p>	<ul style="list-style-type: none"> • Manufacture of animal feed or mixes for animal feed • Manufacture of construction materials and pre-stressed concrete products for public utilities projects (except ceramic roof tiles, wall tiles, and floor tiles) • Manufacture of body care products such as soaps, shampoos, tooth pastes (except cosmetics) • Manufacture of plastic for consumer products such as plastic packaging • Manufacture of fiber or paper articles such as carton box • Real estate development for industrial plant and/or warehouse 	<p>8-year CIT exemption</p>

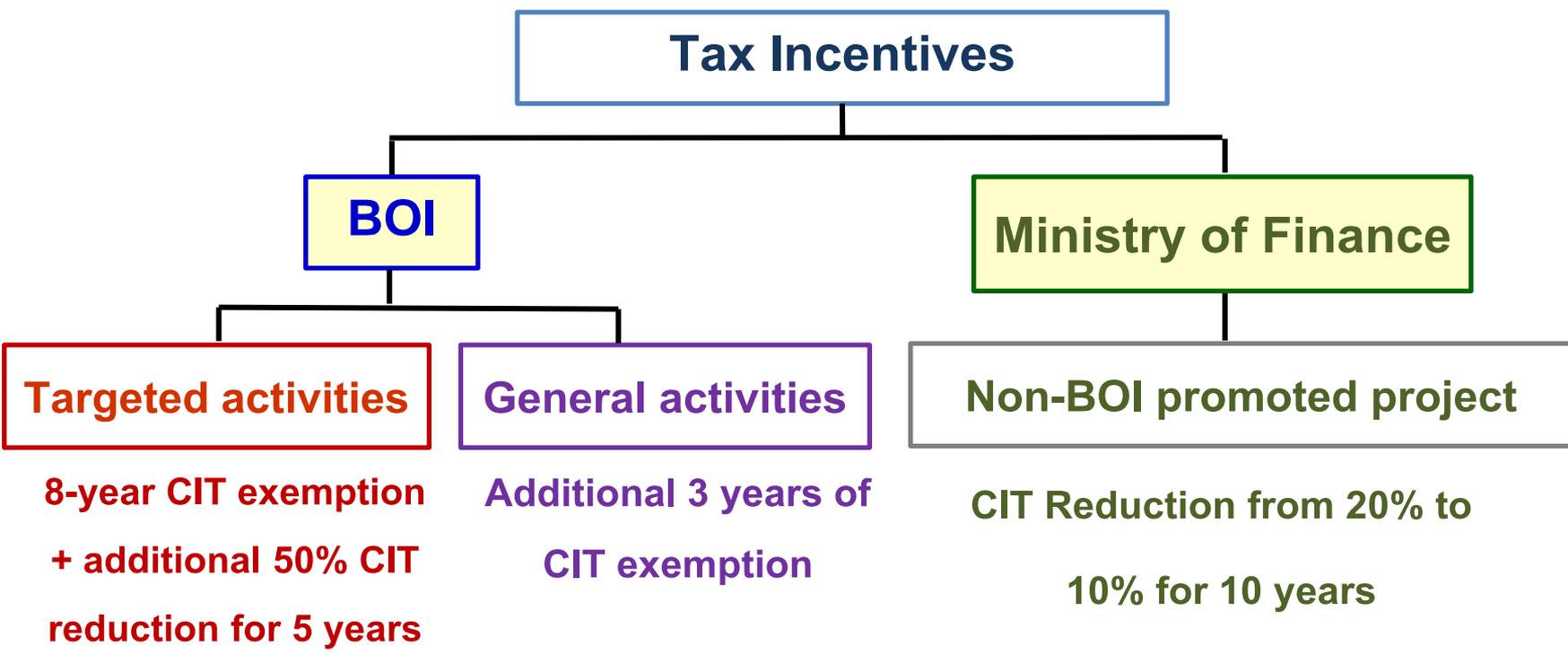
[in accordance with the BOI Announcement No. 8/2558, effective from 10 July 2015]

Relaxation on criteria for Thai SMEs

1. The minimum investment capital requirement (excluding cost of land and working capital) is reduced from 1 million baht to the minimum of 500,000 baht.
2. The utilization of domestic used machinery is allowed in the BOI promoted project. The value of the domestic used machinery must not exceed 10 million baht (according to book value). Investment in new machinery is required with a value of at least 50 percent of the total value of machinery in the promoted project.

Condition for SMEs

- The total share of Thai shareholders shall not be less than 51 percent.
- The total fixed asset or investment (excluding cost of land and working capital) of a company, including both BOI promoted and Non-BOI promoted projects, must not exceed 200 million baht.



Other privileges

- Land leasing for private sector with special loan rates provided by the Treasury Department
- Development of infrastructure such as roads, cross border bridges, public utilities (electricity and water supply), etc.

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Investment Acceleration Measure

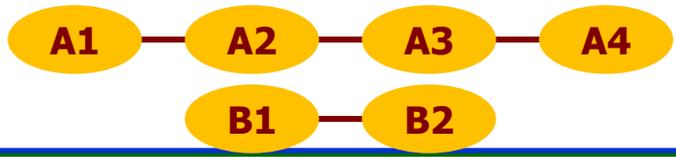
- This measure applies to projects submitted during January 1, 2014 - June 30, 2016. The project operation must be started and the revenue of the project must be generated within 2017
- This measure is applicable to BOI activities entitled to CIT exemption

Condition	Additional CIT Exemption
1. Actual investment (e.g. building construction/machinery) counting from the announcement date of the measure until June 2016 of at least 70% of total investment capital (excluding cost of land and working capital)	4 years + Reduction 50% 5 years
2. Actual investment of at least 50% within June 2016	3 years + Reduction 50% 5 years
3. Actual investment of at least 50% within December 2016	2 years + Reduction 50% 5 years
4. Actual investment less than 50% within 2016 but operation can be started and revenue can be generated within December 2016 . The project's revenue shall not be generated before the announcement date of the measure	1 year (for general area) 2 years (for SEZ)

Remark: *The total CIT exemption period shall not exceed 8 years

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Summary of investment promotion measures



1 Activity-based Incentives

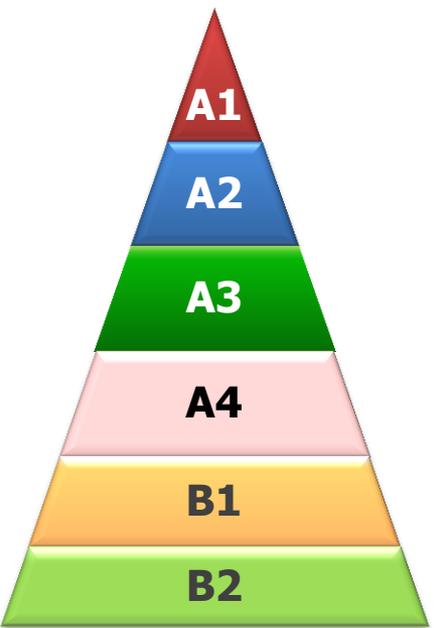
2 Additional Incentives

1	Merit-based	6 Activities including R&D, Fund Donation, IP Licensing Fee, Advanced Technology Training, Local Suppliers Development, Product and Packaging Design.
2	Area-based	<ol style="list-style-type: none"> 1. Promoted Industrial Estates/Zones 2. Science and Technology Parks 3. 20 Provinces with lowest per capita income 4. 10 Special Economic Development Zones 5. Clusters (Super cluster and other targeted clusters) 6. 4 Southern border provinces + 4 districts in Songkhla
3	SMEs	Relaxation of criteria / additional incentives for 38 activities, in which Thai SMEs have high potential.

**Investment
Acceleration
Measure**

3 Measures to Promote Productivity

- Investment in machinery replacement for energy conservation, use of renewable energy, reduction of environmental impacts
- Investment in machinery replacement for improvement of production efficiency i.e. automation
- Investment in R&D activities or Engineering Designs.



- A1:** Knowledge-based activities, focusing on R&D and design to enhance the country's competitiveness
- A2:** Activities in infrastructure for the country's development, activities using advanced technology to create value added, with none or very few existing investments in Thailand
- A3:** High technology activities which are important to the country's development, with a few investments already existing in Thailand
- A4:** Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain
- B1-B2:** Supporting industries that do not use high technology but are still important to value chain

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
A1	8 years (No Cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit (for some activities)	✓	✓	✓
B2	-	-	-	✓

2 Merit-based Incentive

Types of Eligible Investments/Expenditures	Additional Cap (% of Eligible Investments or Expenditures)
1. Research, Technology Development and Innovation: In-house, outsourced in Thailand or joint R&D with overseas institutes	200%
2. Donations to technology and human resource development funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in the S&T field in Thailand	100%
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	100%
4. Advanced technology training	100%
5. Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance	100%
6. Product & packaging design: In-house or outsourced in Thailand	100%

Additional CIT incentives will be granted depending on investment/expenditure ratio (%)

Percentage of qualified Investment or Expenditures to combined revenue of the first 3 years	Additional CIT Exemption (with additional cap)
1% or not less than 200 million baht	1 year
2% or not less than 400 million baht	2 years
3% or not less than 600 million baht	3 years

3 Area-based Incentives

Area	Corporate Tax Exemption Incentives
1. Promoted industrial zones or estates	Additional CIT exemption for 1 year
2. Science and Technology Park	additional 5-year 50% corporate tax reduction (for 7 activities)
3. 20 provinces with lowest per capita income	<ul style="list-style-type: none"> • 3 additional years of CIT exemption • In case of A1-A2 (8-year CIT exemption) additional 5-year 50% corporate tax reduction will be granted
4. Special Economic Development Zone <ul style="list-style-type: none"> • General Activities • Targeted Activities 	<ul style="list-style-type: none"> • 3 additional years of CIT exemption • In case of A1-A2 (8-year CIT exemption) additional 5-year 50% corporate tax reduction will be granted <p>8-year CIT exemption and 5-year 50% corporate tax reduction</p>
5. Cluster <ul style="list-style-type: none"> • Super Cluster • Other Clusters 	<p>8-year CIT exemption and 5-year 50% corporate tax reduction</p> <p>additional 5-year 50% corporate tax reduction</p>
6. Border Provinces in Southern Thailand	8-year CIT exemption (no cap) and 5-year 50% corporate tax reduction

38 Eligible Activities

- **Agriculture and Agricultural Products 8 Activities** such as Animal propagation or animal husbandry; Grading, packaging and storage of plants, vegetables, fruits or flowers; Natural rubber products
- **Mineral, Ceramics and Basic Metals 5 Activities** such as Glass or ceramic products; Cast iron/steel parts; Forged iron/steel parts
- **Light Industry 7 Activities** such as Textile products; Bags or Shoes; Sports Equipment; Musical Instruments; Furniture; Gems and Jewelry
- **Metal Products, Machinery and Transport Equipment 5 Activities** such as Metal Products; Machinery and equipment; Vehicle parts; Building or repair of ships
- **Electronics and Electrical Appliances Industry 5 Activities** such as Electrical products; Electronic products; Software
- **Chemicals, Paper and Plastics 4 Activities** such as Plastic products for industrial goods; Plastic products from recycled plastic; Medicine; Printed matter
- **Service and Public Utilities 4 Activities** such as Logistics service centers; Thai motion picture production; Motion picture supporting services: Hotels

Condition for Thai SMEs

- 1) The total share of Thai shareholders shall not be less than 51 percent.
- 2) The total fixed asset or investment (excluding cost of land and working capital) of a company, including both BOI promoted and Non-BOI promoted projects, must not exceed 200 million baht.

Relaxation on criteria for Thai SMEs

- 1) The investment capital must not exceed 500,000 baht, excluding the cost of land and working capital (reduced from 1 million baht).
- 2) The utilization of domestic used machinery older than 10 years is allowed. Investment in new machinery is required with a value of at least 50 percent of the total value of machinery in the promoted project.

Incentives

- 2 years additional CIT exemption
- If SMEs apply for the merit-based incentives for competitiveness enhancement, only half of the expenditures/investment specified in the competitiveness enhancement measure is required for SMEs in order to fulfil the conditions.

**** The application must be submitted within 2017 ****

Consists of 3 sub - measures ;

- 1) Machinery upgrade to promote energy conservation, alternative energy utilization or reduction of environmental impact.**
- 2) Machinery upgrade to improve production efficiency e.g. utilizing machinery automation in existing production lines.**
- 3) Investment in R&D and advanced engineering design for efficiency improvement (Investment must not be less than 1 percent of the total revenue for the first 3 years or 0.5 percent for SMEs)**

**** The application must be submitted within 2017 ****

Conditions

- Existing projects, whether BOI or non-BOI promoted. In the case of non-BOI promoted projects the activity must be eligible for investment promotion by the Board of Investment.
- BOI promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires, or in case the respective project(s) does not receive a corporate income tax exemption.
- The minimum capital investment must not be less than 1 million Baht (excluding cost of land and working capital) except SMEs; the minimum capital investment must not be less than 5 million Baht (excluding cost of land and working capital).
- Project must complete implementation within three years from the date the promotion certificate is issued.

Incentives

- Exemption of import duty for machinery
- 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 promotion certificate is issued.



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