

Establishing a Presence in Thailand



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Thailand Board of Investment (BOI)
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Melbourne, Australia

BOI's Assistance to Investors

BOI's Liberal Investment Regime

**100% foreign ownership in
manufacturing sectors and most
services**

No local content requirements

No export requirements

No restriction on foreign currency

BOI offers attractive tax investment incentives

Import duty exemptions/ reductions

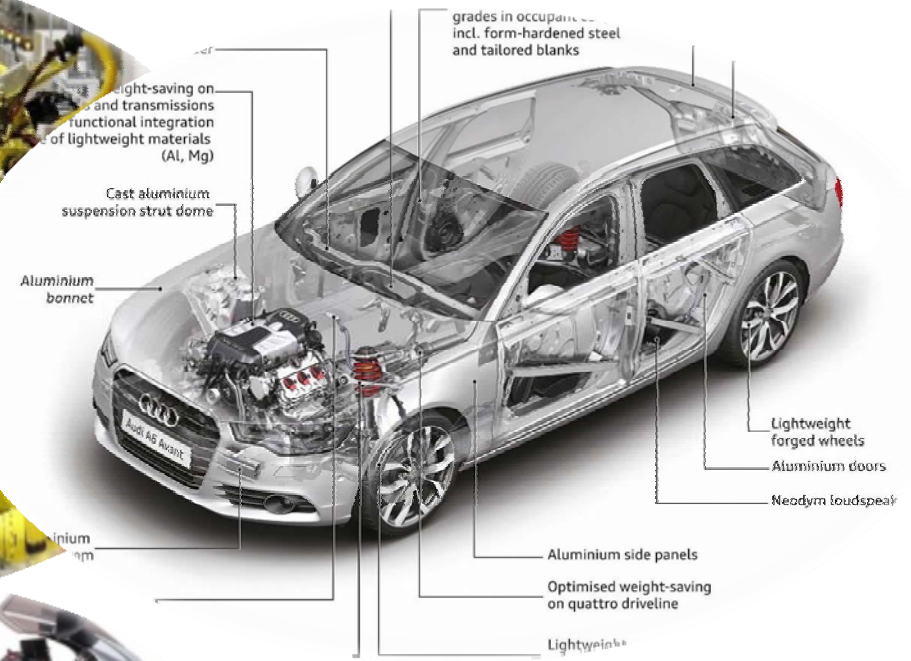
Corporate Income Tax Exemption for up to 8 years

50% reduction of corporate income tax for up to 5 years

Double deduction on utility costs

Deductions for qualifying infrastructure costs

Incentives for the Automotive Industry



Manufacture of Automobiles

General automobiles
e.g. pick-up trucks



Exemption of import
duties on machinery

New types of
automobiles e.g. EV



Customized tax
incentive package

Manufacture of Automobile Engines

Manufacture of automobile engines with in-house production of 4 out of these 5 parts:

- Cylinder Head
- Cylinder Block
- Crankshaft
- Camshaft
- Connecting Rod

- 5-year tax holidays
- Exemption of import duties on exemption

Assembly of automobile engines

- 3-year tax holidays
- Exemption of import duties on machinery

Manufacture of vehicle parts

High technology vehicle parts

- Substrate for catalytic Converter
- Electronic Fuel Injection System
- Automotive Transmission
- Electronic Control Unit (ECU)

Safety & Energy Saving Parts

- ABS/EBD
- Electronic Stability Control (ESC)
- Regenerative Braking System
- Idling Stop System
- Autonomous Emergency Braking System

Hybrid, EV & PHEV parts

- Battery, Traction Motor, Air-conditioning Sys.

Rubber tires for vehicles

Other auto parts

- 8-year tax holidays
- Exemption of import duties on machinery

- Exemption of import duties on machinery

Manufacture of Motorcycles

(except less than 248cc engine displacement)

Goal: Big bike production hub

Incentives: 5-year tax holidays

Exemption of import duties on machinery

Conditions

1. Forming parts: Cylinder Head, Cylinder Block, Crankshaft, Crankcase, Camshaft and Connecting Rod;

= > 4 out of 6 parts for \geq **248-500** cc

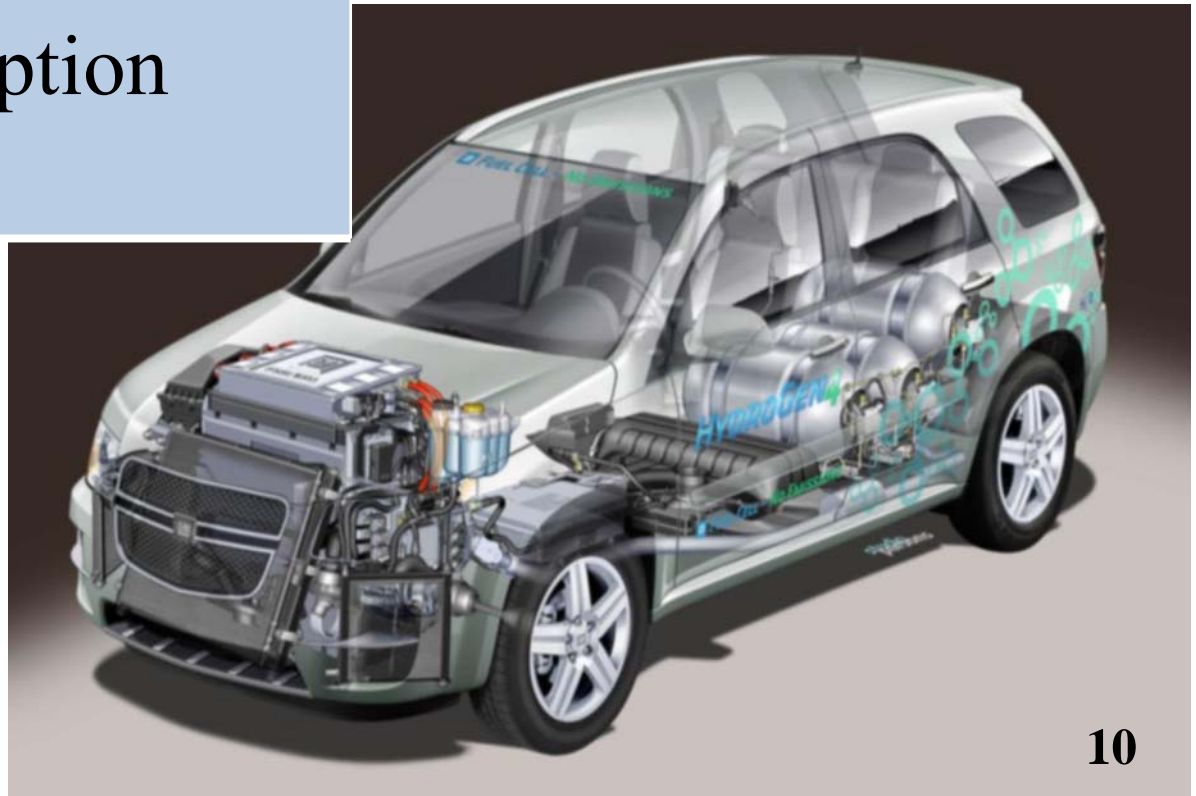
=> 2 out of 6 parts for > **500** cc

2. Structural welding and spray painting process

3. Investment plan of manufacturing and utilization of parts approved by the BOI

Manufacture of Fuel Cells

- Exemption of import duty on machinery
- 8 Years of Corporate income tax exemption



Additional Incentives

Competitiveness Enhancement

Additional CIT exemption will be granted in case of investment/expenditure in

- 1. R&D: in-house, outsourced in Thailand or joint R&D with overseas institutions**
- 2. Donations to Technology and Human Resources Development Fund, and support to educational institutes, specialized training centers, R&D institutes or governmental agencies in S&T field**
- 3. IP acquisition/licensing fees for commercializing technology developed in Thailand**
- 4. Advanced technology training**
- 5. Development of local suppliers with at least 51% Thai shareholding (advanced technology training or/and technical assistance)**
- 6. Product & packaging Design: in-house or outsourced in Thailand, as approved by the Board**

Additional Incentives (2/3)

- **Projects located in industrial estates or promoted industrial zones are granted 1 additional year of corporate income tax exemption.**
- There are over 60 industrial estates/parks in Thailand.

Map of basic infrastructure sites and industrial parks in and around Bangkok



-  **304 Industrial Park**
-  **Amata Industrial Estate**
-  **Asia Industrial Estate**
-  **Gateway City Industrial Estate**
-  **Hemaraj Land and Development PLC**
-  **Laem Chabang Industrial Estate**
-  **Map Ta Phut Industrial Estate**
-  **Padaeng Industrial Estate**
-  **Ping Thong Industrial Estate**
-  **Rojana Industrial Park**
-  **Wellgrow Industrial Estate**
-  **International School & University**
-  **Golf Course**
-  **Hospital**

Additional Incentives (3/3)

Decentralization

3 more years of tax holidays will be granted to projects located in the 20 designated provinces

(Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen)

Measures to Promote Productivity (effective since September 19, 2014) (1/2)

1. Investment in machinery replacement for
 - Energy conservation
 - Use of renewable energy
 - Reduction of environmental impacts
 - Improvement of production efficiency i.e. automation
 - R&D activities or engineering designs
2. Benefits:
 - Exemption of import duty on machinery
 - Corporate income tax exemption for 3 years on 50 percent of the investment

Measures to Promote Productivity (effective since September 19, 2014) (2/2)

3. Eligibility

- Existing companies, BOI (with no corporate income tax exemption left or never granted) and non-BOI
In a BOI-eligible activity
- Minimum investment of 1 million baht (0.5 million baht in case of SMEs)
- Investment to be completed within 3 years after the BOI certificate issuance

Applications to be submitted by December 31, 2017

BOI's Non-Tax Incentives

Land ownership rights

Work permit & visa facilitation

Thailand

Your International Trading Center



- A juristic company incorporated in Thailand providing the following services to IHQ's foreign branches or associated enterprises



- Must supervise associated enterprises in foreign countries or its foreign branches in at least one country
- Paid-up registered capital must not be less than 10 mil. Baht
- Have total business spending of at least 15 mil. Baht/yr in Thailand

International Headquarters (IHQ)

Revenue Department incentives:

Corporate Income Tax (*NP = Net profits, AE = associated enterprises*)

- exemption for income from services provided to foreign branches or AE;
- 10% for income derived from its branches or AE in Thailand
- exemption of NP from revenue from purchase and sale of goods to its foreign branches or AE and such goods are not imported to TH (OUT-OUT)

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in IHQ.

Specific Business Tax exemption on loan taken out by IHQ to relend to its branches or AE in TH and abroad.

Withholding Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI

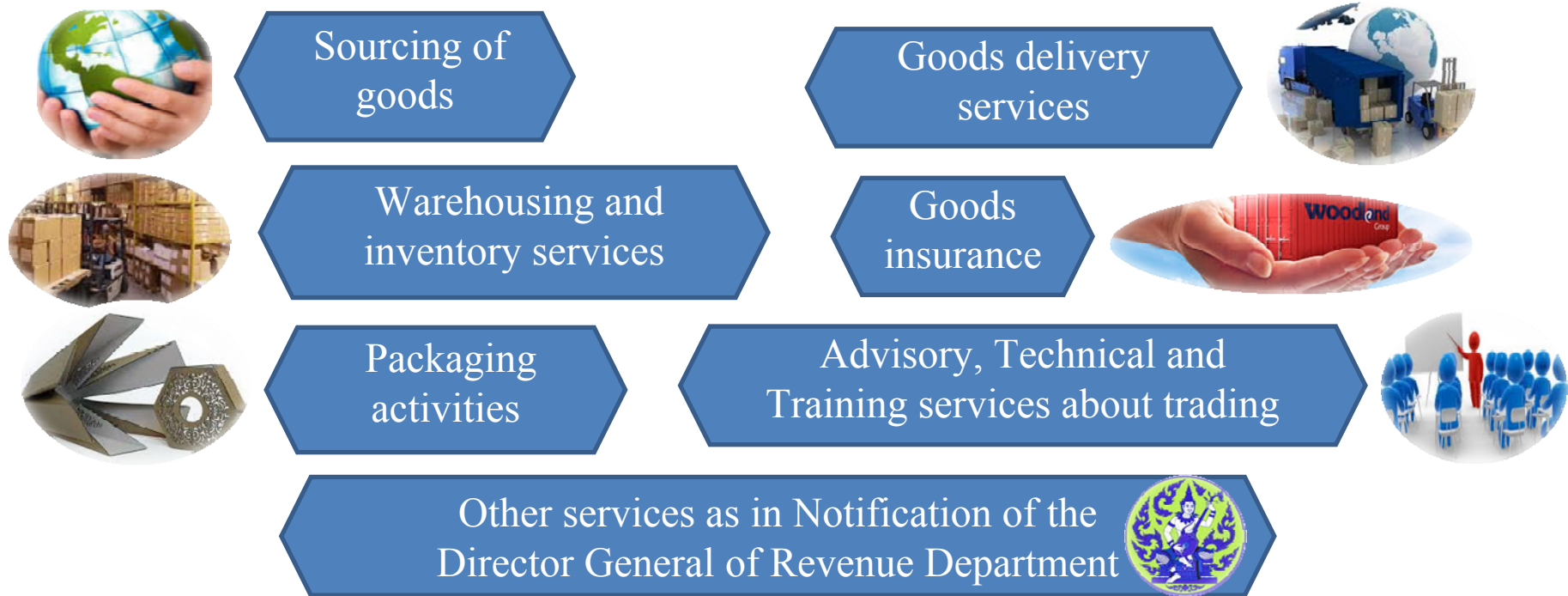
International Headquarters (IHQ)

BOI incentives:

- Majority or total foreign ownership
- Permission to bring skilled workers and experts to work in promoted activities
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery (Only machinery for R&D and training activities)

International Trading Centers (ITC)

- A juristic company incorporated in Thailand providing purchase and sale services as well as other related services to juristic companies incorporated in oversea.



- The paid-up registered capital must not be less than 10 million baht.
- Have total ITC business spending of at least 15 million baht per year in Thailand

International Trading Centers (ITC)

Revenue Department incentives:

Corporate Income Tax

- CIT exemption of net profits from revenue from purchase and sale of goods to its foreign branches or associated enterprises and such goods are not imported to Thailand (OUT-OUT), including revenue from marketing and logistics abroad.

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in ITC.

International Trading Centers (ITC)

BOI incentives:

- Majority or total foreign ownership
- Permission to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery

Thailand as the ASEAN Hub

Thailand: the Crossroads of ASEAN

10 Countries, One Single Market
in 2015



GDP	US\$ 2.3 trillion
Population	616 million
Foreign Direct Investment	US\$ 111 billion
GDP Growth	5.7% (2011) 6.4% (2012) 5.2% (2013) 4.9% (2014)

ASEAN's GDP to double to US\$4.7 trillion in 2020

Expanding Regional Integration

AEC

(ASEAN Economic Community)

616 million population

(9% of world population)

GDP: US\$ 2.5 trillion
(2% of world's GDP)

FLAGSHIP OF ASEAN

- Emerging regional architecture
- A new generation FTA
- A high ambition agreement

RCEP

(Regional Comprehensive Economic Partnership)

(ASEAN + China, Japan, Korea, India, Australia & NZ)

3.3 billion population

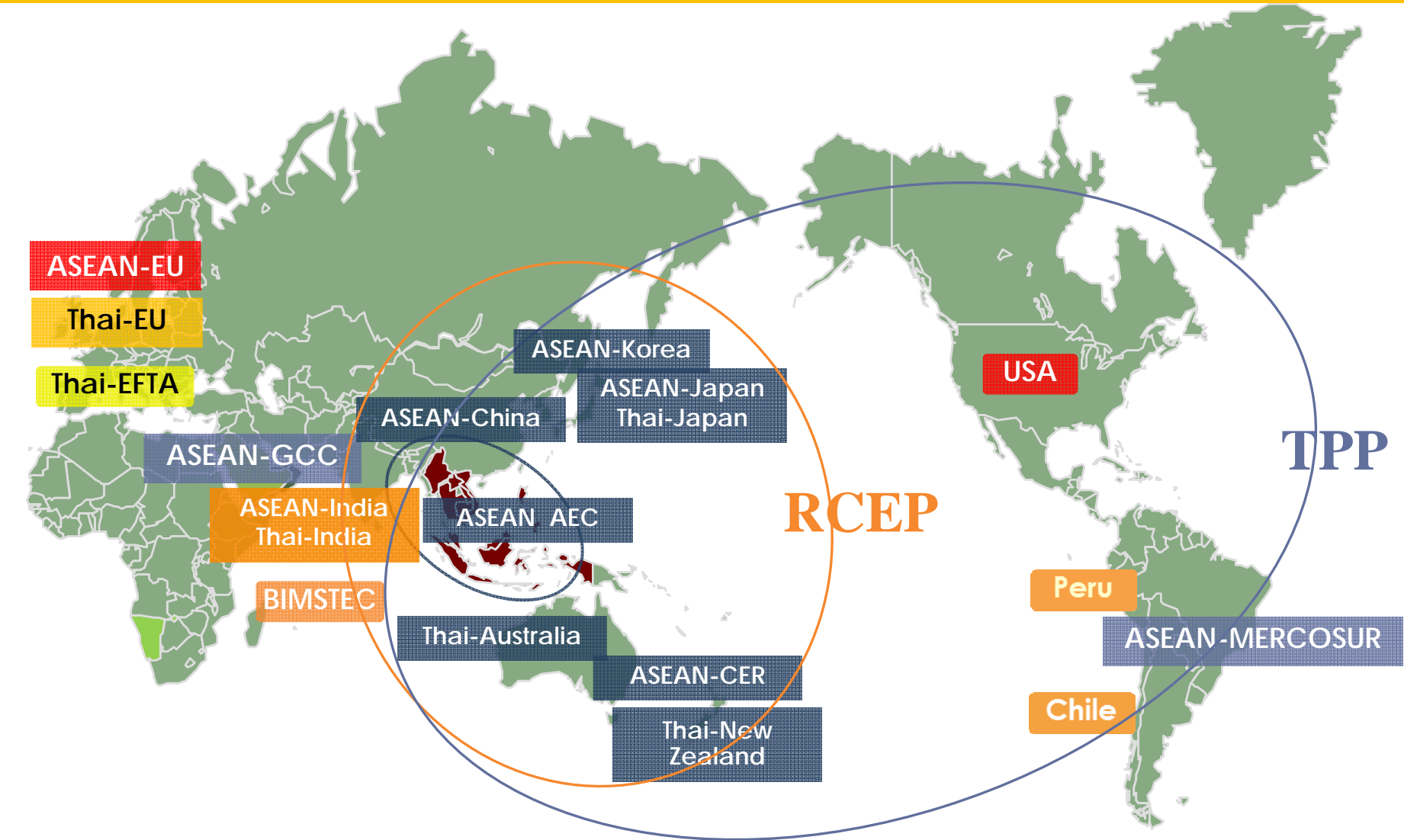
(50% of world population)

GDP: US\$17.1 trillion
(27% of world's GDP)

THE BIGGEST FTA

- Market size (16 countries)
- Regional supply chain
- FDI (intra-extra region)

Thailand's FTAs



Under Study

Ongoing Negotiation

FTAs in Force

*Map is not drawn to actual size

Thailand's Cost Advantages



Office Space

- Grade A CBD A\$29.01 per square metre per month
- Grade B non-CBD rent of A\$19.24 per square metre per month



Construction Costs

- Standard Low Rise Factory A\$520-\$658.4
- Office, High Quality: A\$970 - \$1,143



Corporate tax rate 20%

Sources: CBRE, Tractus-Asia Exchange rate: US\$1=Bt32.48 and A\$1=Bt29.30 in 2014

BOI SERVICES

BOI SUPPORT SERVICES



Investment Matchmaking Program

**1-Stop for visas & work permits:
work permits in 3 hours**

**Industrial Subcontracting Services
Vendors meet customers program
(BUILD Unit)**

ASEAN Supporting Industry Database

**Interaction with other govt. agencies
on behalf of investors**

Country desks

Overseas offices

ASEAN Supporting Industry Database (ASID)



- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
- Contact: **BOI Unit for Industrial Linkage Development (BUILD)**

Email: build@boi.go.th

Tel: + 66 553 8111 ext. 7

BUILD Activities



One Start One Stop Investment Center



**More Convenience,
less time,
more efficiency!**



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Thank you