

BOI Roles for Driving Digital Economy

Narucha Ruchuphan
Thailand Board of Investment

Agenda

- 01** Why Thailand?
- 02** Digital Industry Ecosystem
- 03** Introducing BOI
- 04** Investment Facility



Why Thailand?

Thailand: The Crossroads Of ASEAN

Strategic Location Gateway to ASEAN

“We are surrounded by the world’s economic powerhouses”



ASEAN Economic Community

650 million population
(8.32% of world population)



Regional Comprehensive Economic Partnership *(RCEP)

ASEAN+6



3.63 billion population
(46.47% of world population)

Think Resilience

THINK THAILAND

Thailand-at-a Glance

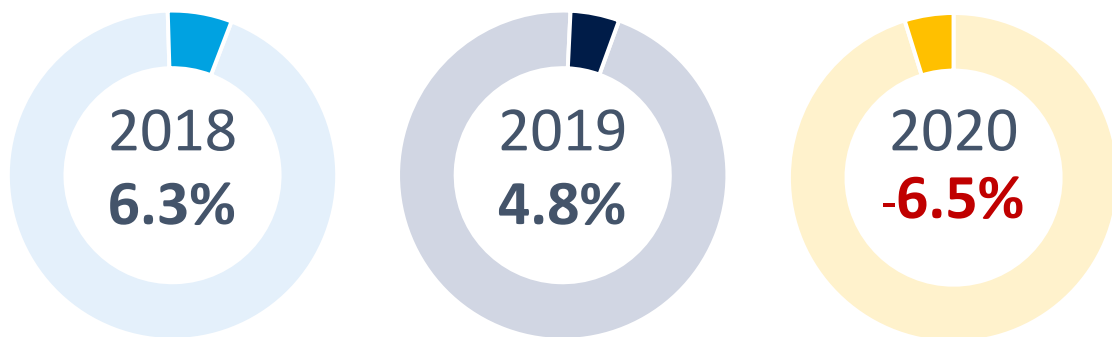
Key Economic Figures (2020)



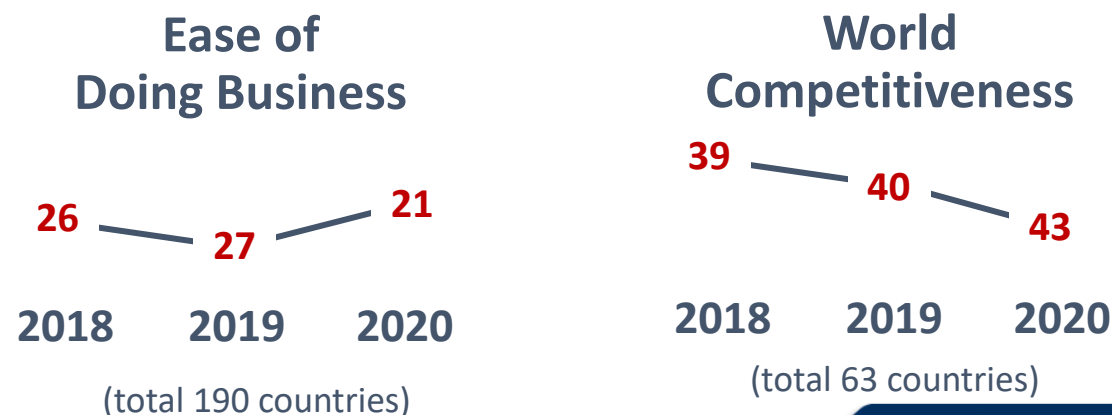
Market Profile (2020)



Export Growth

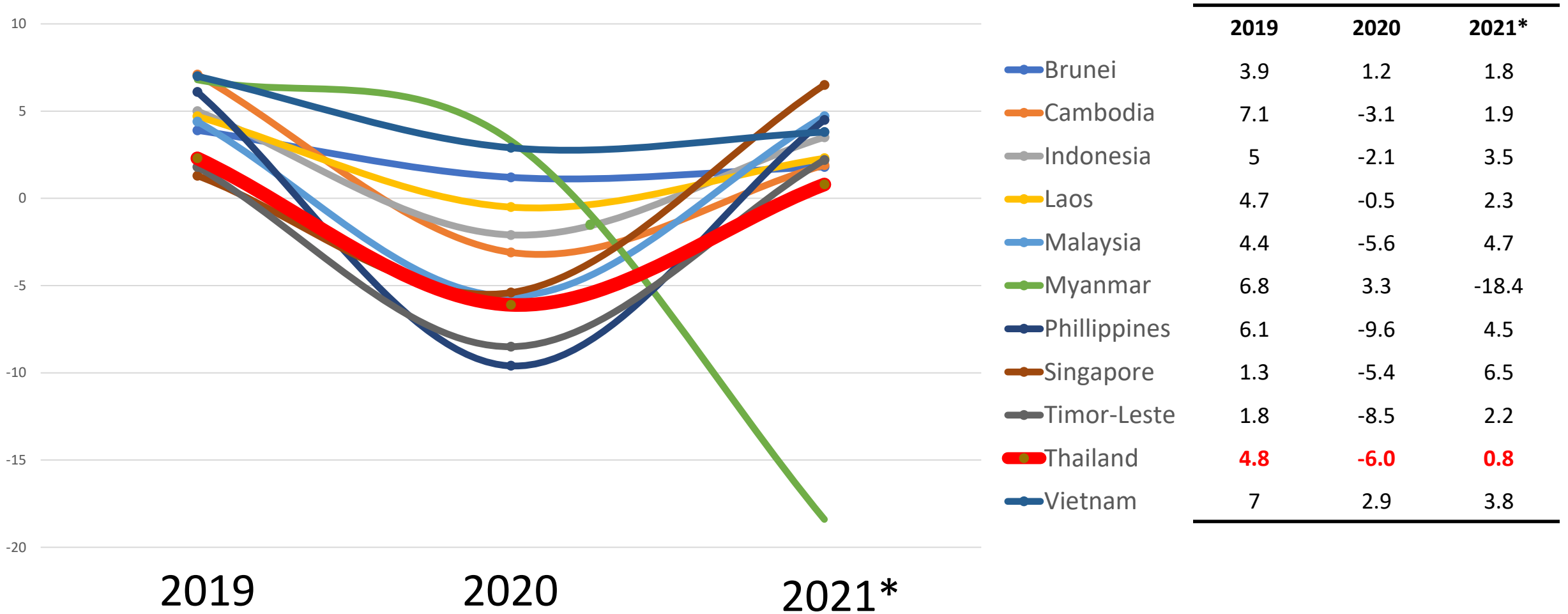


International Ranking

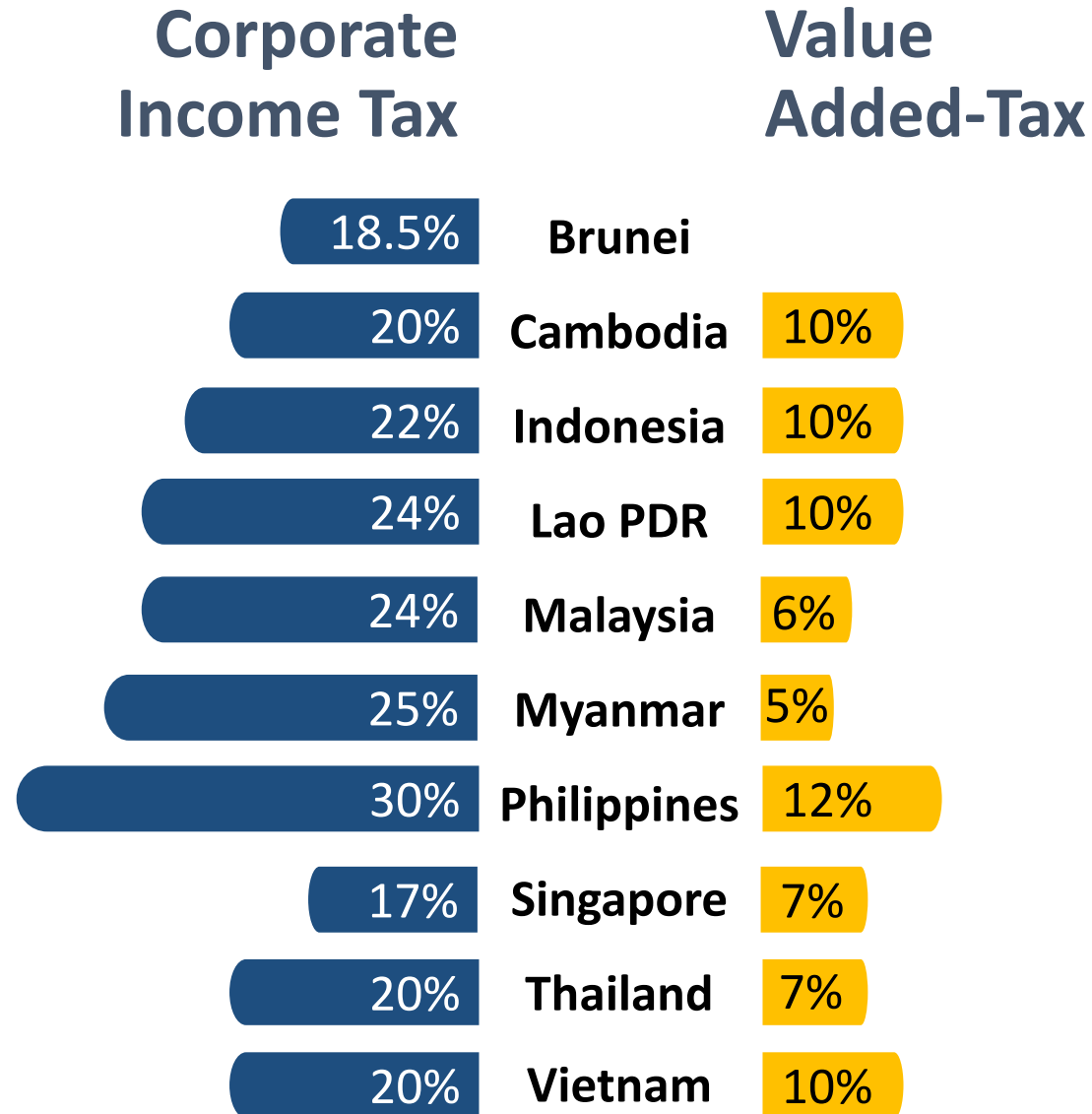




GDP of the ASEAN countries from 2019 to 2021



Thailand has a Friendly-Tax Environment For CIT and VAT Rates

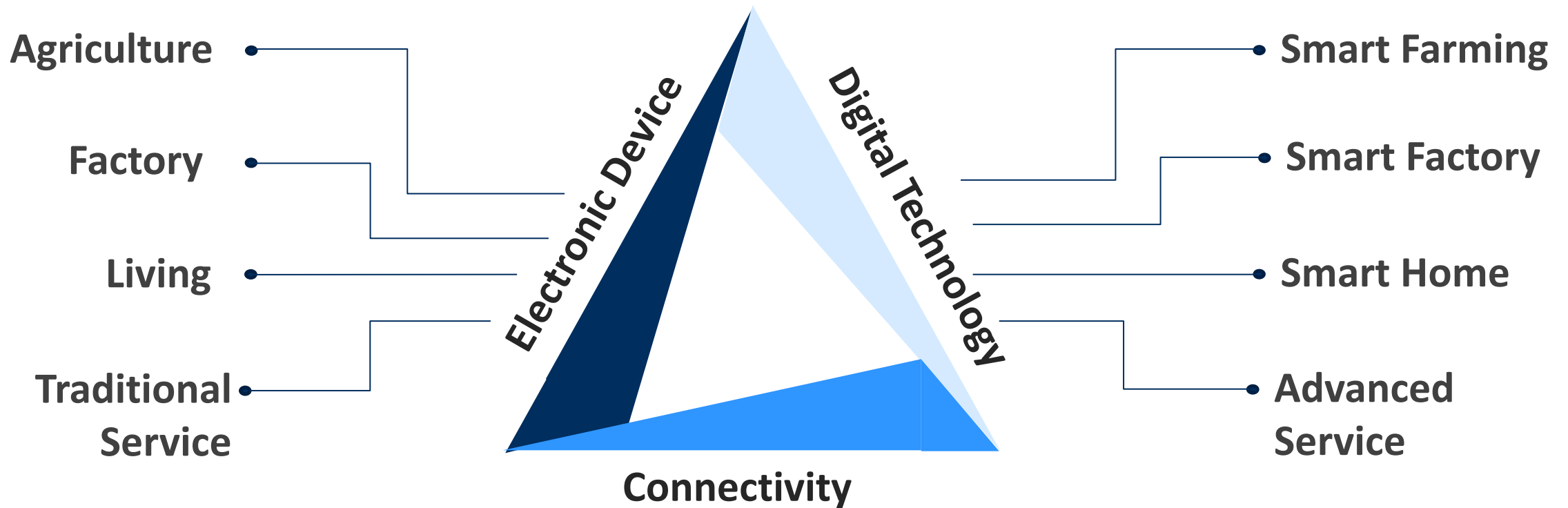




Digital Industry Ecosystem

Move Forward to Thailand 4.0

Thailand is Manufacturing-Based for Decades but it's Time to Move Forward to Future Industry by Using Digital Technology to Enhance Efficiency in Production Process, Increase Competitiveness.






Thailand's Digital Industry Outlook

25%

The Digital Economy is expected to contribute 25% of Thailand's GDP by 2027.

Development plan

1. Increasing Thailand domestic network bandwidth
2. Upgrading existing international submarine cable systems
3. Constructing a new submarine cable system
4. Establishing Digital Park Thailand, a new economic cluster

Domestic Bandwidth 8,666.005 Gbps International Bandwidth 12,317.648 Gbps			
	lines Submarine Cables	lines Landing Station	A complete digital startup ecosystem



Population: 69.79 Mn
Urbanization: 51%
In 2020



90.66 Mn
phone number
subscription in 2020



Internet Users: **48 Mn**, **69.5%** of
population in 2020



Ranked **3rd** in fixed
broadband speed
test global index
in Feb 2021



Social media users:
55 Mn, **78%** of
Population



Total ICT
professionals:
434K in 2019



Number of ICT
students
69K in 2020

Future Information and Communication Technology



Broadband



Data Center



Big Data



IoT



Cloud



AI

Think Resilience

THINK THAILAND

Source: Ministry of Interior, Statista, Office of National Broadcasting and Telecommunications Commission, Marketeers, Office of the Higher Education, National Statistical Office of Thailand, and Speed Test Global Index

Covid-19 Accelerate Digital Transformation Across Thailand



Online Communication

Internet Stat of 2020:

- No. of SNS Media User: 55 Million ↑
- Time Spent using the internet: 8H 44M



e-Meeting/e-Learning

- Google Meet's user increase of 3000% (100 million users/day)
- WebEx (Cisco)'s users increase 766%
- Time spent on Video Con. platform: 3,000 million minutes



Automation

- High Wage makes enterprise invested in Automation system. machinery cost will be decreased by 5% a year in the contrary, production efficiency will be increase of 22% by 2025
- No. of SMEs register machine to DIW increase by 25% (2018)
- Value of imported Industrial Robot (2020): 102 Million Baht. (+14.7%) ↑



Security

- Data Protection Law
- Cyber attack increase by 18%
- Enterprise invested in security technology. Included Cyber Security, IoT Solution



e-Payment/Marketplace

- No. of e-payment transaction proceed in 2020: 13 million ↑
- Value of Consumer Goods via Internet: 224.16 Billion THB ↑
(No. of e-payment transaction increase due to government e-service)



Digital Infrastructure

- 10 International Submarine Cables
- Rank 3rd in Fix Broadband Global Speed
- 5G
- 18 Co-Location

Improving in Thailand Digital Infrastructure



Hard Infrastructure

#NetPracharat

No. of Connected Point of Free-Wifi provided by Gov. under #NetPracharat Policy is growing. Will be covered 50,000 villages within 2021.

#Moving from 4G to 5G

2019



2020



Soft Infrastructure

#Digital Law

- PDPA :
Data Protection Law (effective at June 1st, 2021)
- E-Service :
Digital Service Tax earn from foreign company who provide digital service in Thailand. (effective at September 1st, 2021)

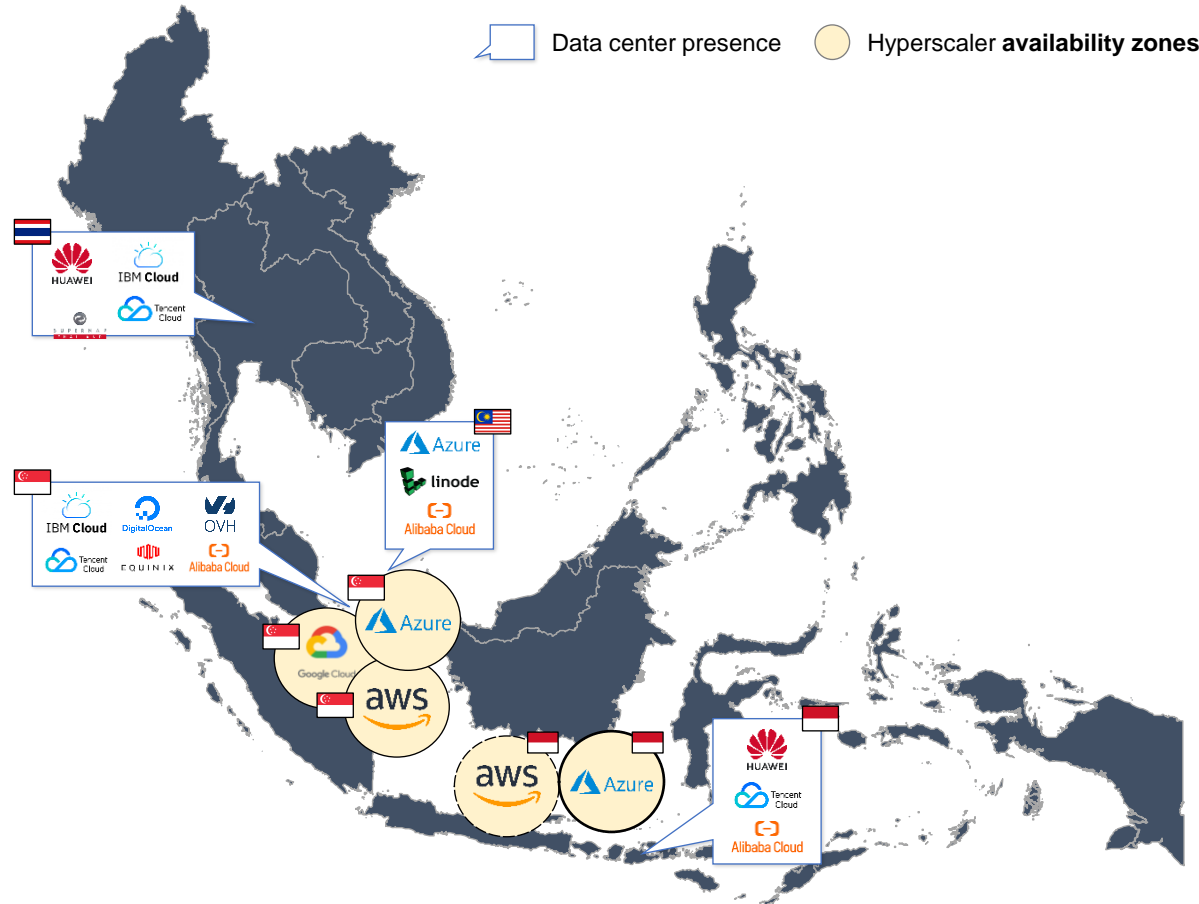
#Government e-service



Thailand is located in the most strategic location with high standard infrastructure for data centers (1/2)



Strategic location



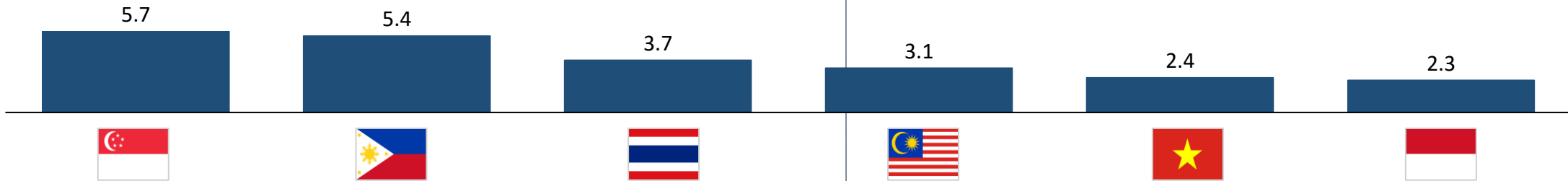
- Hyperscaler Availability Zones (AZs) are now concentrated in the Southern part of SEA only – Singapore is currently serving most of SEA with limited growth opportunity
- Thailand is at the **center of Indochina**

Thailand is located in the most strategic location with high standard infrastructure for data centers (2/2)

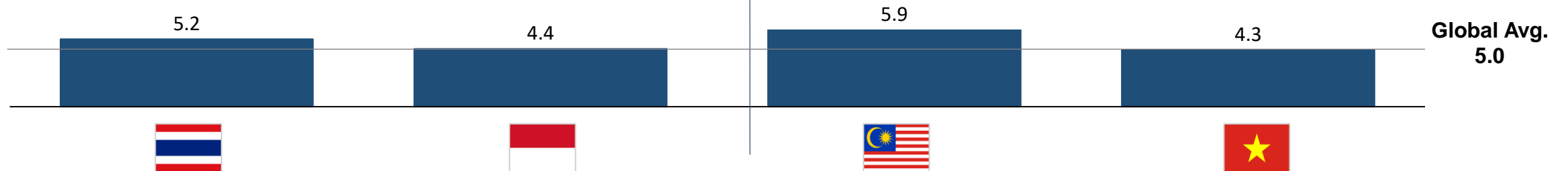


Stable electricity power at competitive cost

Cost of electricity 2019 (THB per Kwh)



Power Stability 2017 (The World Bank Quality Of Electricity Supply Index)





Introducing BOI

Introduction To Thailand Board Of Investment

BOI overseas office



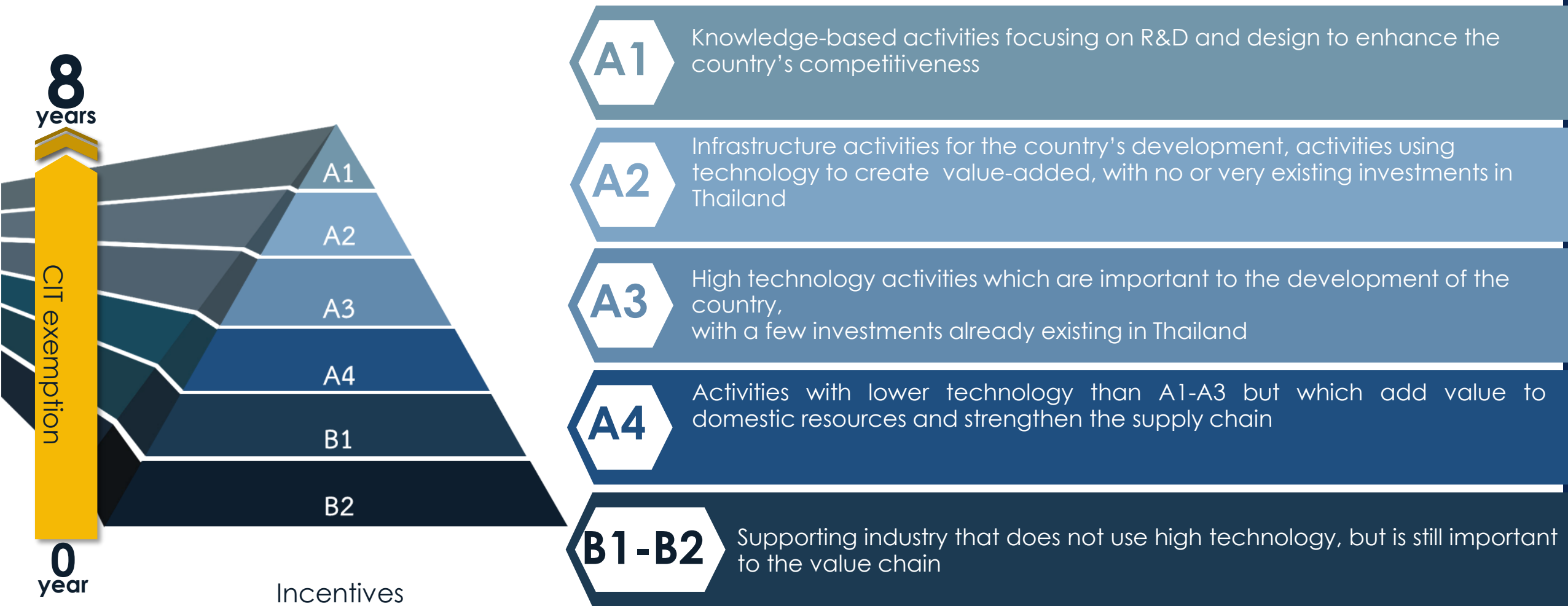
- Provide comprehensive **information and advice** on establishing operations in Thailand
- **Coordinate** between the foreign business community and other public agencies
- Grant “**Tax-based incentives**” and “**Non-Tax incentives**”
- Provide **Business Support Services for Investors**: Sourcing Services and SMEs Competitiveness Development

BOI investment promotion measures

Policy	Tax Incentives	Non-tax Incentives
100% foreign ownership	Exemption of import duties on machinery	Land ownership
No local content requirements	Exemption of import duties on raw or essential materials imported for export	Work permit & visa facilitation
No export requirements	Exemption of import duties on goods imported for R&D	
No restriction on foreign currency	Corporate income tax exemption up to 13 years	
	50% CIT reduction 5 years	

Activity-based Incentives

Incentives are largely based on several key factors i.e. level of technology, role in supply chain



BOI's Basic Incentive Packages

8
years



0
year

CIT exemption

		Exemption CIT	Exemption Import duties on machinery	Exemption Import duties on raw materials	Non-tax incentives
A1	Knowledge-based activities focusing on R&D and design to enhance the country's competitiveness	8 years + Merit no cap	✓	✓	✓
A2	Infrastructure activities for the country's development, activities using technology to create value-added, with no or very existing investments in Thailand	8 years + Merit	✓	✓	✓
A3	High technology activities which are important to the development of the country, with a few investments already existing in Thailand	5 years + Merit	✓	✓	✓
A4	Activities with lower technology than A1-A3 but which add value to domestic resources and strengthen the supply chain	3 years + Merit	✓	✓	✓
B1	Supporting industry that does not use high technology, but is still important to the value chain	- years + Merit	✓	✓	✓
B2	Supporting industry that does not use high technology, but is still important to the value chain	- years	-	✓	✓

Incentives are based on several key factors including level of technology, role in supply chain, and location.

Digital Industry Promotion Categories

Digital Activities



Software Development, Platform Services & Digital Content

Digital Infrastructure



Submarine Cable



Digital Park



Data Center



Cloud Services

Digital Ecosystem Supported Business



Innovation Incubation Center



Maker Space / Fabrication Laboratory



Co-Working Space



Digital Industry Promotion Categories

Digital Activities

Digital Infrastructure

Digital Ecosystem Supported Business

A1

- Digital Park
- Data center
- Cloud Service

- Innovation Incubation Center

A2

- Software Development, Platform Services and Digital Content

- Submarine Cable System

A3

- Maker Space or Fabrication Laboratory

B1

- Co-working Space

Digital Industry Promotion Categories

Software Development Platform Services & Digital Content

Aims to build more Thai Digital Talent



Major Criteria

- Must have Additional Thai IT salary expense at least 1.5 million Baht per Year
- Must have significant Development in Thailand



Major Incentive:

- 8 Years Corporate Income Tax Exemption
 - Expense of Additional Thai IT Salary
 - Expense of Obtaining CMMI/ ISO 29110
 - Expense of Training Thai



Effective Since September 16th, 2021

Efficiency Enhancement using “Digital Technology” Measure

Scope of Promoted Activity

Only Activity listed in “**Group A**”

Except: Activity Related with Digital Technology Activity e.g. Software Development, Digital Services, Data Center & Cloud Service



Incentive

3-year CIT exemption on the revenue of an existing project with the total tax exemption amount capped at 50% of investment in productivity enhancement

Criteria of Software to be used in this measure

- Integrate Software at least 3 different functions, for internal work process.
- Adopt AI/ML/Big Data for doing Data Analytics.
- Connect Data between internal system and external system e.g. National e-payment



Investment Facilitation

One Start One Stop Investment Center (OSOS)



Consolidating staff from numerous investment-related agencies



Easing & speeding procedures for new investors



Provides comprehensive information and advice on establishing operation in Thailand



Provides useful contacts with key public and private organizations



1-Stop for visas & work permits In 3 hours



Assist investors with various applications

*More Convenience
Less Time
More Efficiency!*



18th Floor, Chamchuri Square Building, 319 Phayathai Road, Pathumwan Bangkok 10330, Thailand

Tel: 66(0)2 209 1100
Fax: 66(0)2 209 1199
Email: osos@boi.go.th



SMART VISA

Taking Thailand to New Heights with Foreign Talent and Technology



Privileges for SMART Visa



Maximum 4 years Visa
*Except Smart S



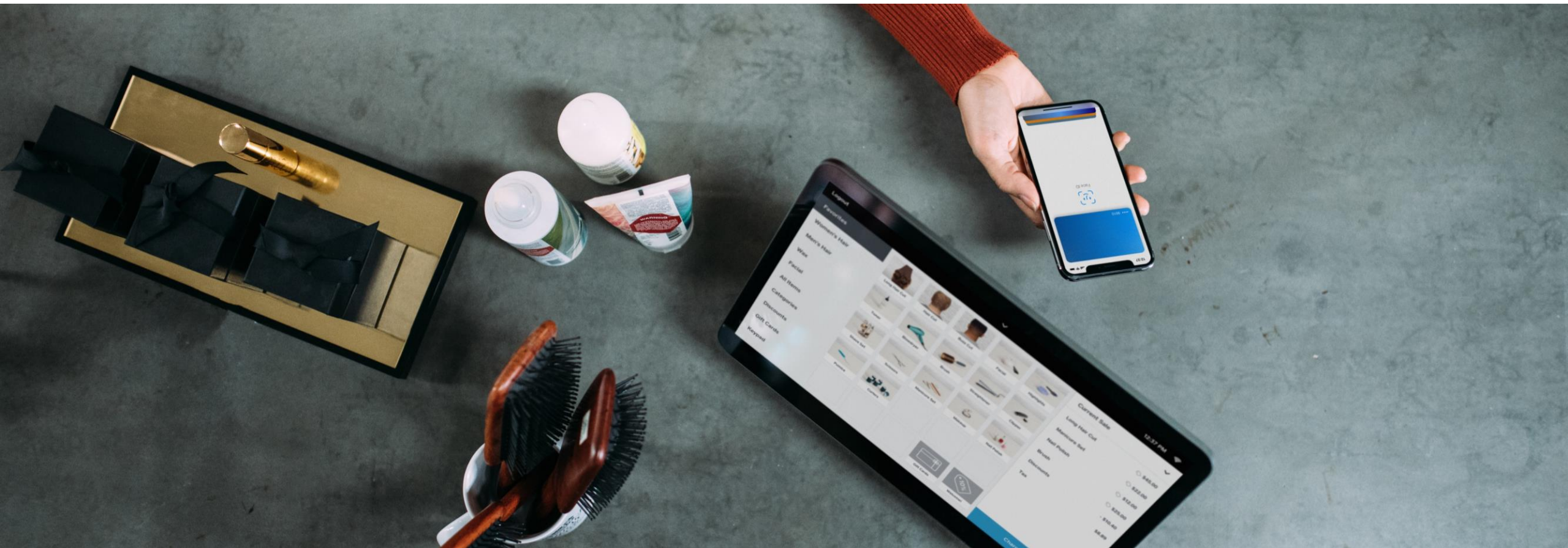
Permission to work with no work permits required



No re-entry required



Fast Track Service at International Airports



www.boi.go.th

- Thank you -