

BOI Incentive on Importing Machinery & Raw Materials

by

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Investment Promotion Act



INVESTMENT PROMOTION ACT 1977

Amended by
INVESTMENT PROMOTION ACT (NO. 2) 1991
Amended by
INVESTMENT PROMOTION ACT (NO. 3) 2001
Amended by
INVESTMENT PROMOTION ACT (NO. 4) 2017



Thailand Board of Investment
www.boi.go.th

Section 4. In this Act,

“**Applicant**” means one who applies for investment promotion under this Act;

“**Promoted person**” means one who is granted a promotion certificate under this Act;

“**Machinery**” means the machinery which is essential for the promoted activity and those which are essential for the construction of a factory, and includes component parts, equipment, tools, implements, and pre-fabricated factory structures to be assembled as a factory;

“**Board**” means the Board of Investment;

“**Member**” means a member of the Board of Investment, and includes the Chairman and the Vice Chairman of the Board of Investment;

“**Advisor**” means an advisor to the Board of Investment;

“**Secretary General**” means the Secretary General of the Board of Investment;

“**Office**” means the Office of the Board of Investment;

“**Competent Office**” means one who has been appointed by the Prime Minister for the execution of this Act.

Section 5. The Prime Minister shall have charge and control of the execution of this Act and shall have the power to appoint competent officials for the execution of this Act.

General of the Land Department shall have the power to dispose of it under the Land Code.

Section 28.^[10] The promoted person shall be granted exemption from payment of import duties on machinery as be approved by the Board, providing that such machinery comparable in quality is not being produced or assembled within the Kingdom in sufficient quantity to be acquired for use in such activity.

Section 29.^[11] When the Board is of the opinion that in granting promotion to any activity or applicant, it would be in appropriate to grant benefits under section 28, the Board may grant a reduction of only onehalf of the rate of import duties or not granting the exemption of import duties and/or business taxes on the machinery to such activity or applicant and the ones that follow.

Section 30.^[12] In the case where there are suitable grounds, the Board may grant a promoted person a reduction of import duties not exceeding ninety percent of the normal rates imposed on raw or essential materials which are imported into the Kingdom for the purpose of producing, mixing, or assembling in the promoted activity, each time for a period not more than one year from the date prescribed by the Board, provided that such raw or essential materials comparable in quality are not being produced or originated within the Kingdom in sufficient quantity to be acquired for use in such activity.

The foregoing shall be in accordance with such kinds, quantities, periods of time, conditions and procedure as shall be prescribed by the Board.

Section 30/1.^[13] In the interest of promoting research and development, the Board may grant a promoted person an exemption from import taxes on the goods imported for use in research and development and all relevant testing as prescribed and notified by the Board.

Section 31.^[14] A promoted person shall be granted exemption of juristic person income tax on the net profit derived from the promoted activity as prescribed

[10] Amended by Amendment Act (No. 2) B.E. 2534 (A.D. 1991)

[11] Amended by Amendment Act (No. 2) B.E. 2534 (A.D. 1991)

[12] Amended by Amendment Act (No. 2) B.E. 2534 (A.D. 1991)

[13] Added by Amendment Act (No. 4) B.E. 2560 (A.D. 2017)

[14] Amended by Amendment Act (No. 3) B.E. 2544 (A.D. 2001)

Utilization of machinery in BOI investment promoted projects

General Case

1	Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption	Conditions
	New machinery	✓	✓	✓	—
	Used machinery not exceeding 5 years. (from manufacturing year to import year)	✓	✓	—	The machinery performance certificate must be submitted on the same date in which the master list of machinery is submitted
	Used machinery exceeding 5 years but not exceeding 10 years	✓	—	—	

Factory Relocation Case

2	Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption	Conditions
	New machinery	✓	✓	✓	—
	Used machinery not exceeding 5 years	✓	✓	—	The machinery performance certificate must be submitted on the same date in which the BOI application and master list of machinery are submitted
	Used machinery exceeding 5 years but not exceeding 10 years	✓	(Investment cap shall be based on 50% of the machinery value from the list of machinery)	—	
	Used machinery exceeding 10 years	✓	—	—	

Other Cases

3	Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption	Conditions
	Sea and Air Transport Services* Mold and Dies	✓	✓	✓	—

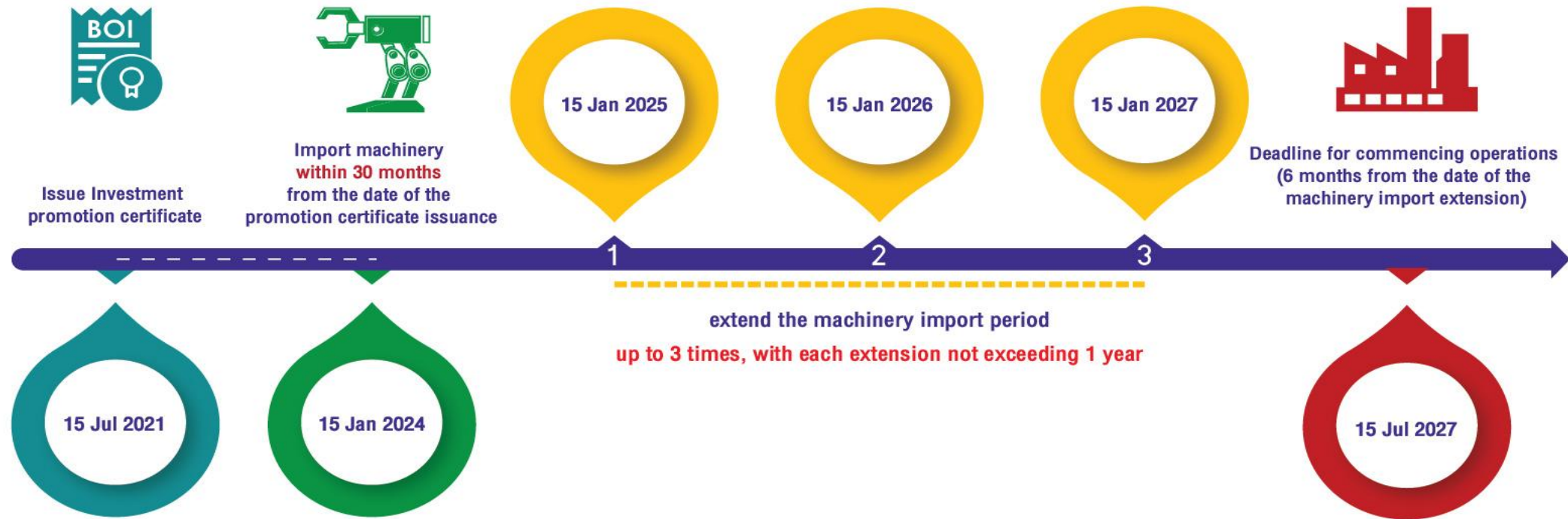
The machinery used in projects applying for investment promotion must be new, which includes new domestic machinery, new imported machinery, and used imported machinery only. The use of used domestic machinery is not permitted. The BOI has established the following conditions for the use of imported used machinery:

Remarks

- Relocation of factory refers to the relocation of the production line either partially or in its entirety from a foreign country where the machinery to be used in the project belongs to affiliates or related companies.
- Machinery Performance Certificate refers to a certificate issued by a trusted institute that grants a machinery performance certificate, which includes a certified report on reconditioned machinery together with detailed documentation of the reconditioning. The inspection of certified machinery and equipment shall include a full test run of the machinery to evaluate its capacity and functionality, as prescribed by requirements of the testing procedure. An environmental impact report, a safety standards check and an energy consumption report must be compiled in accordance with the acceptable criteria. A certified report must identify 6 significant details, as follows:
 - 1) Details on reconditioning and an analysis of the remaining lifecycle of the machinery;
 - 2) Year of manufacture;
 - 3) Test-run results;
 - 4) An environmental impact report, safety standards check and an energy consumption report;
 - 5) Appropriate price estimation (the price estimation certificate can be submitted separately);
 - 6) Inspection report with date and place of inspection.

Note: * Planes in the Air Transportation Services project must be no more than 14 years old. (Please see condition under activity)

Machinery Import Period



Machinery which is exempted or reduced from import duty must be imported within 30 months from the date the promotion certificate is issued. An extension for exercising the right to import machinery can be requested. This also includes extensions for both retroactive and general machinery imports. The details for requesting such extensions are as follows:

1. A request for an extension of the general machinery import period pertains to extending the timeframe for importing machinery under the project's rights. This extension can be requested up to three times, with each extension lasting one year.
2. A request for an extension of the retroactive machinery import period is a request for extension of the timeframe for importing machinery back to the date of the promotion application. This allows for the release of machinery imported before the project was approved (after the promotion application date). The right to request a retroactive extension can be exercised only once per project.

Machinery imports before receiving approval for privileges utilization

Process for Approval Request

Obtain investment promotion certificate

Request for the username and password
from the Investor Club Association

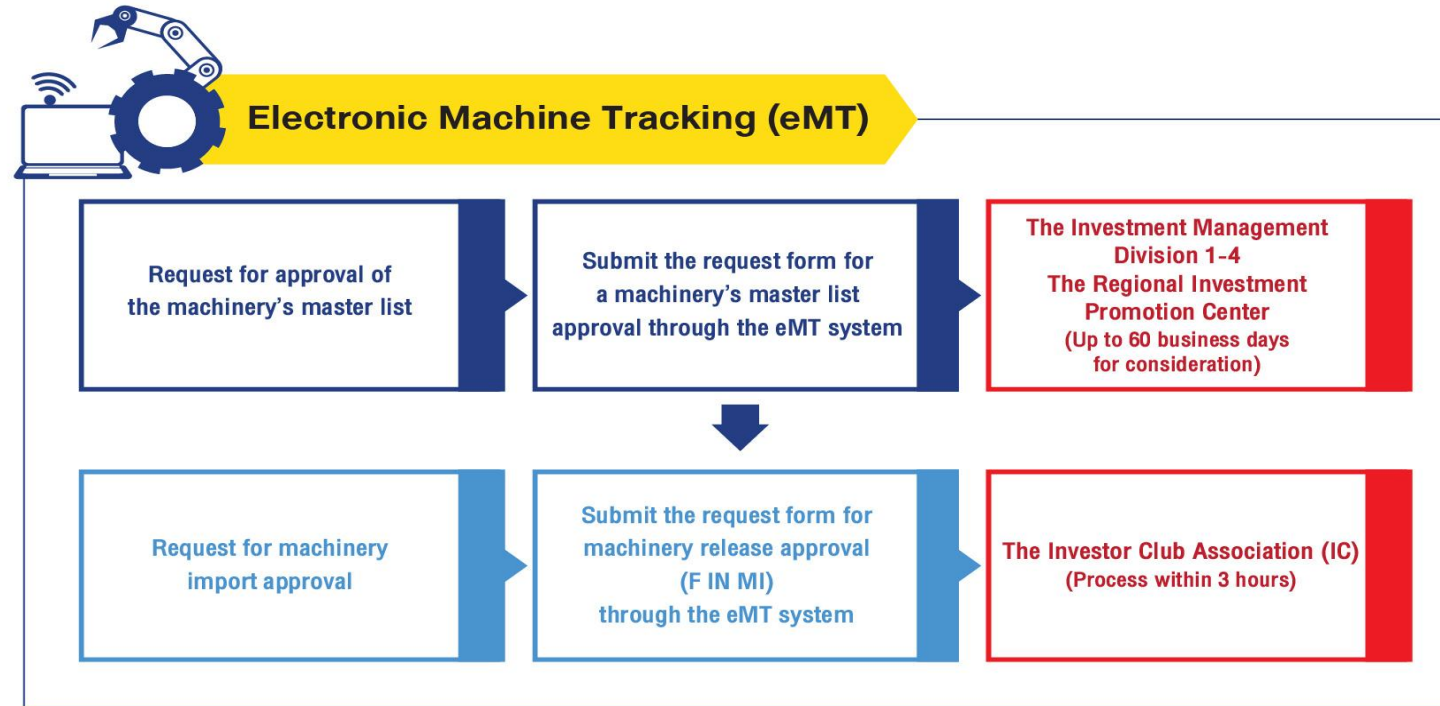
Request for approval of the
machinery's master list

Release machinery categorized for a duty refund from
the IC to allow the BOI to issue a letter to
the Customs Department
requesting a duty refund

Applicants for investment promotion must first pay import duties on machinery and notify the Customs Department to reserve the machinery rights while awaiting promotion approval from the BOI. Once promotion approval is granted and the right to duty exemption on machinery is authorized, applicants can then apply for a refund of the import duties paid from the Customs Department.

Additionally, once the project receives investment promotion approval, a request must be made to extend the retroactive import period through the **Electronic Machine Tracking system (eMT)**. This extension allows for the importation of machinery retroactively to the date of the promotion application, enabling the release of machinery imported before the project was approved, but not beyond the date of the promotion application.

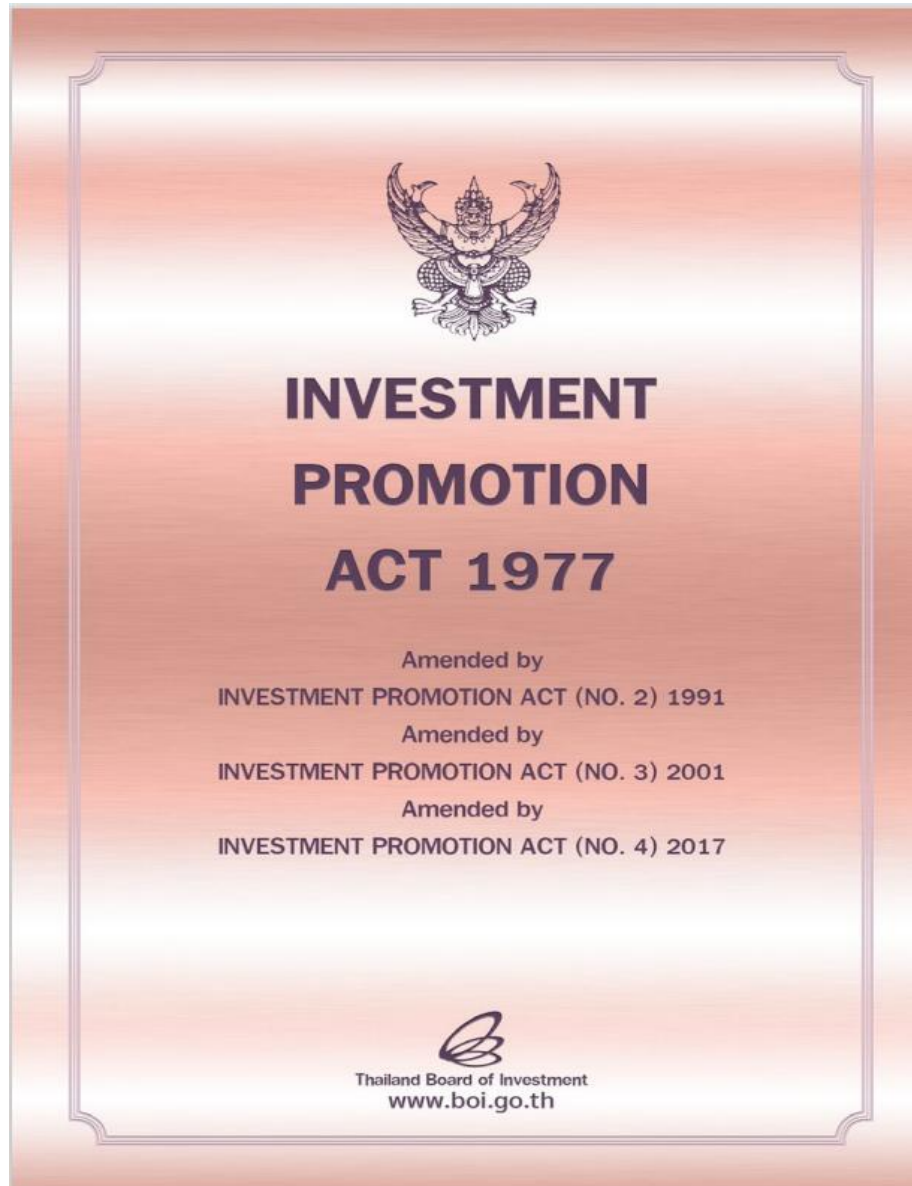
Procedure for Request Right



1. Request for approval of machinery's master list: to obtain approval for the list of machinery (including all machinery to be used under the duty exemption for the project, or machinery/tools/equipment necessary for achieving the production capacity and processes as specified in the promotion application), you must submit a machinery's master list through the eMT system. This list should include the names and quantities of each type of machinery/equipment. The approval will be granted by the Investment Management Division 1-4 or the Regional Investment Promotion Center. Please note that the review of new lists typically takes up to 60 business days.

2. Request for machinery import approval: to request approval for importing machinery (within 30 months from the date of the promotion certificate issuance), this step occurs when the machinery has been transported to Thailand. The promoted company must apply for a release order for the machinery to obtain an approval letter from the BOI for the machinery being imported in that shipment, which will be exempt from duty. The request form for machinery release approval (F IN MI) can be submitted through the eMT system and will be reviewed by the Investor Club Association (IC) within three hours. For further assistance, please contact [Investor Club Association \(IC\)](#)

Investment Promotion Act



incurred by the promoted person in the operation of the promoted activity, subject to such conditions, procedures and periods of time as shall be prescribed by the Board;

(3) Permission to deduct from the net profit an amount not exceeding twenty-five per cent of the cost of installation or construction of facilities used in the promoted activity according to the rules prescribed by the Board, under which the promoted person may, in addition to normal depreciation, choose to make such deductions from the net profit of any one year or several years within ten years from the date income is first derived from the promoted activity.

Section 36.^[21] For the purpose of promoting exports, the Board may grant the promoted person one or more of the special rights and benefits (incentives) as follows:

(1) exemption of import duties on the raw and essential materials imported for use specifically in producing, mixing, or assembling products or commodities for export;

(2) exemption of import duties on items which the promoted person imports for re-export;

(3) exemption of export duties on products or commodities which the promoted person produces or assembles.

The foregoing shall be in accordance with such conditions, procedures, and periods of time as shall be prescribed by the Board. The law governing customs tariffs shall not be enforced against promoted persons who have been granted permission under this Section, unless as otherwise determined by the Board. In such a case, the law governing customs tariffs shall apply to the extent that the same is not in conflict with or in violation hereof.

Section 37. A promoted person, or an investor in the promoted activity whose domicile is outside the Kingdom, shall be granted permission to take out or remit abroad money in foreign currency if it represents

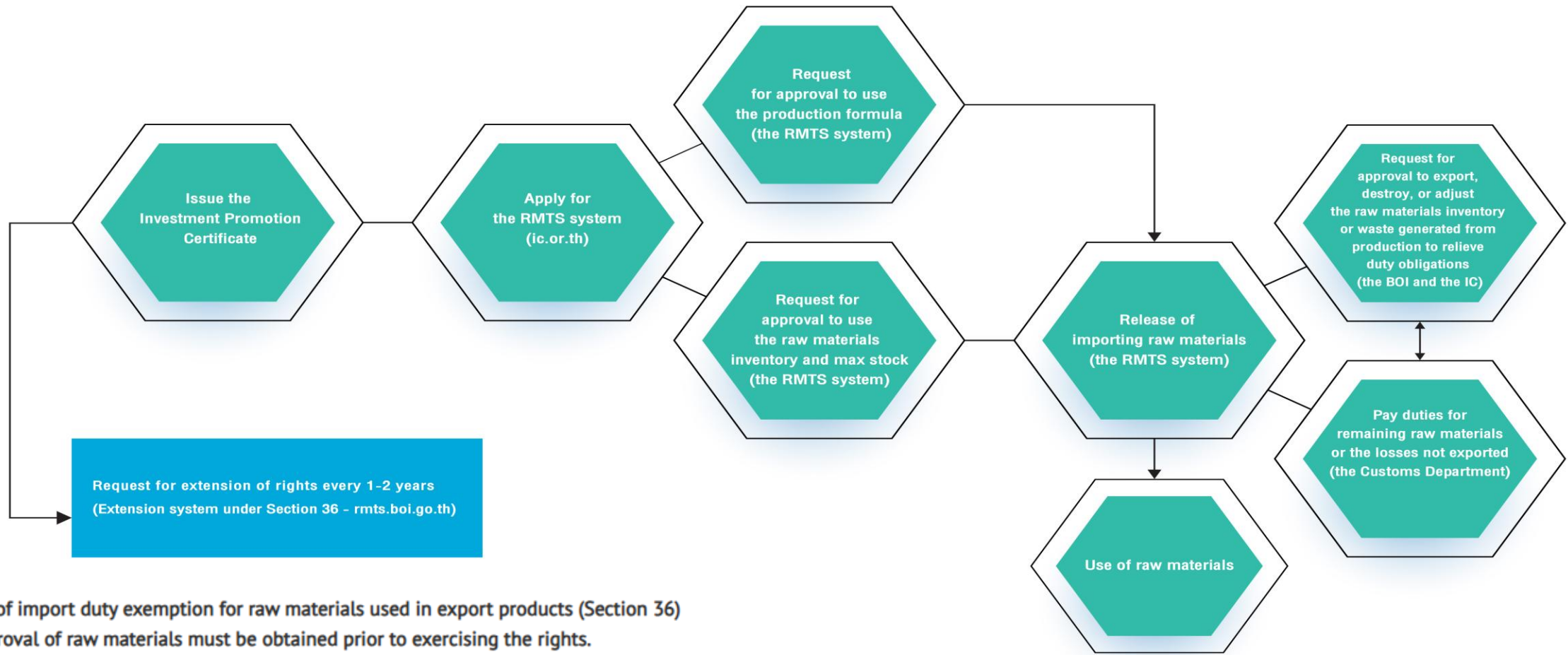
(1) an investment capital which the promoted person brought into the Kingdom and dividends or other returns on such capital;

(2) a foreign loan under a contract approved by the Board which the promoted person brought in to invest in the promoted activity, including the interest thereon;

(3) a payment for a foreign obligation of the promoted person under

^[21] Amended by Amendment Act (No. 4) B.E. 2560 (A.D. 2017)

Utilization of Raw and Essential materials in BOI Investment Promoted Projects

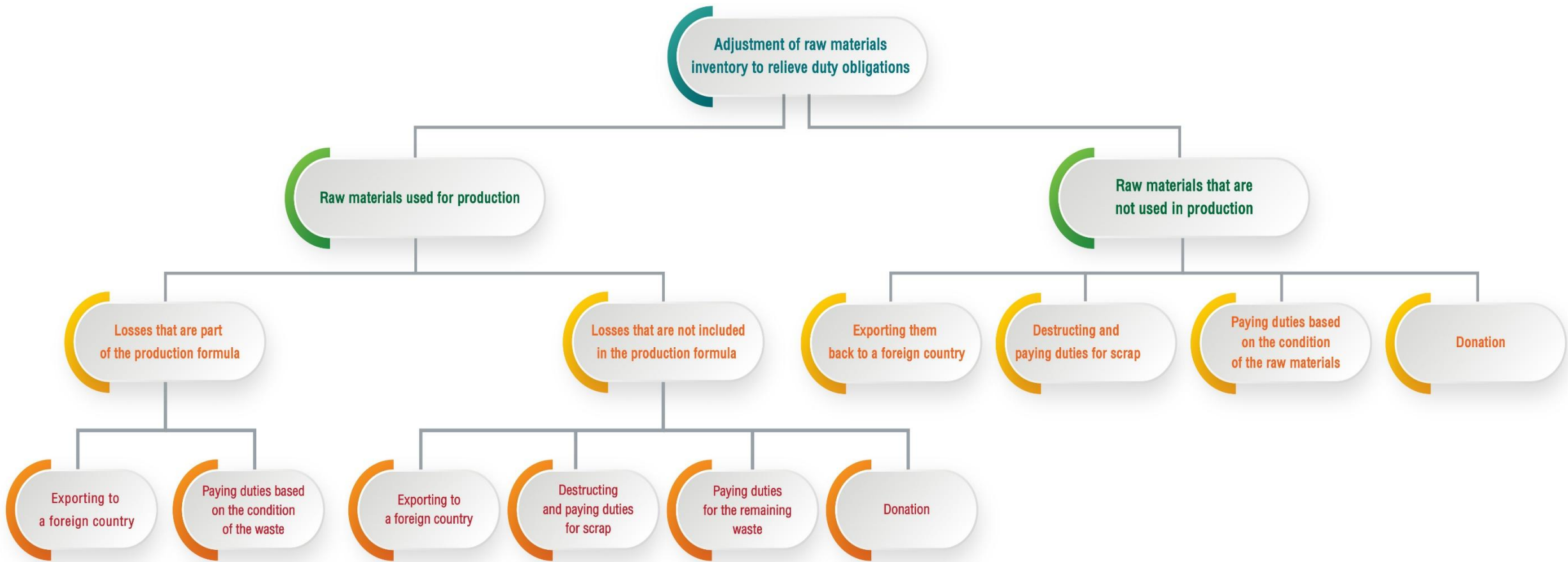


Overview of import duty exemption for raw materials used in export products (Section 36)

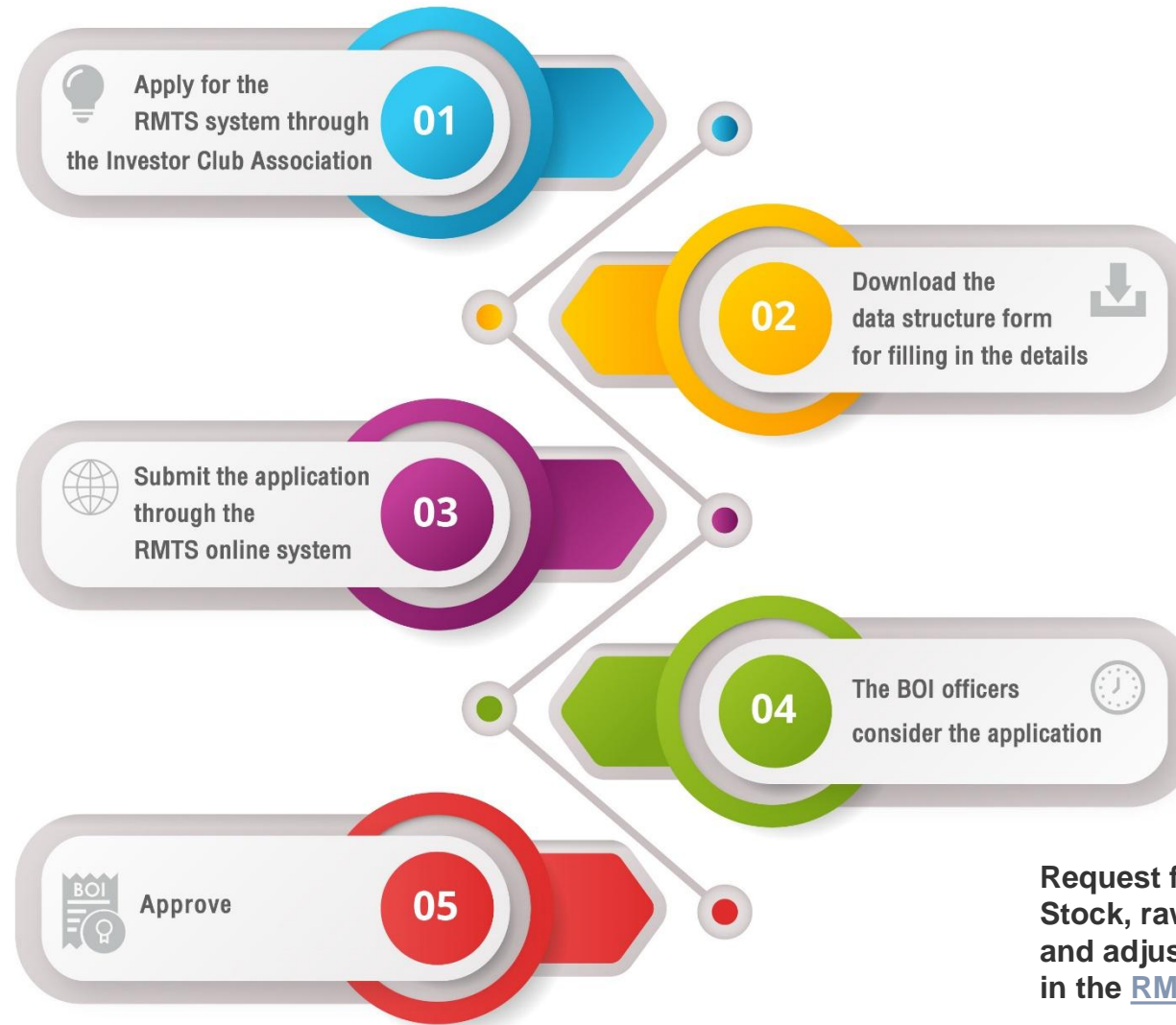
1. Approval of raw materials must be obtained prior to exercising the rights.
2. Imports of raw materials must be made within a specified period of duty exemption.
3. Raw materials must be used for production intended for export
4. Production must take place in the factory of the promoted company.
5. Raw materials that cannot be used for export products are subject to duty obligations.

Adjustment of Raw Materials Inventory

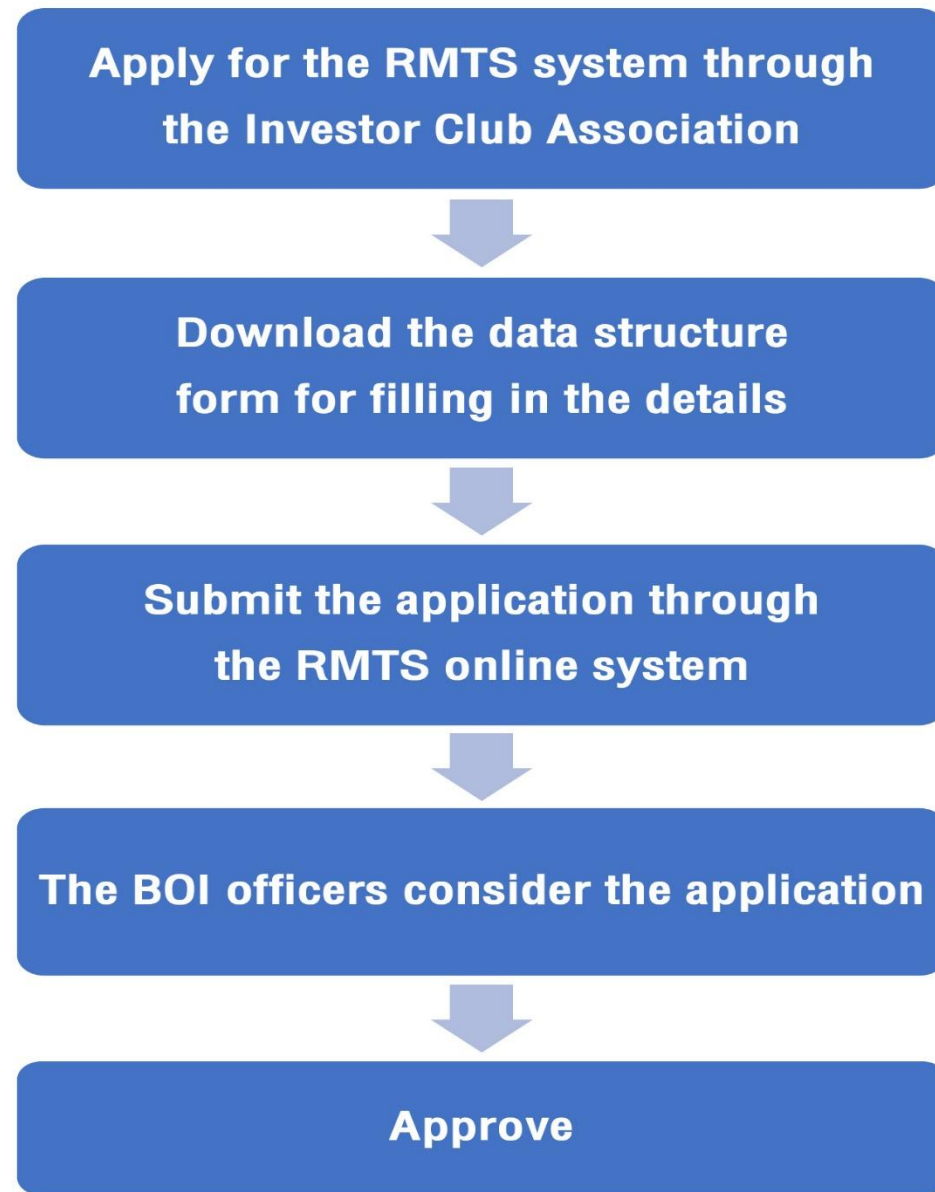
The adjustment of raw materials inventory is the process of deducting the raw materials amount from the approved stock levels when products are exported for sale abroad. When raw materials that have been used result in wastage or are not utilized, the company can record the use of raw materials based on the following circumstances:



Procedure for Request Right

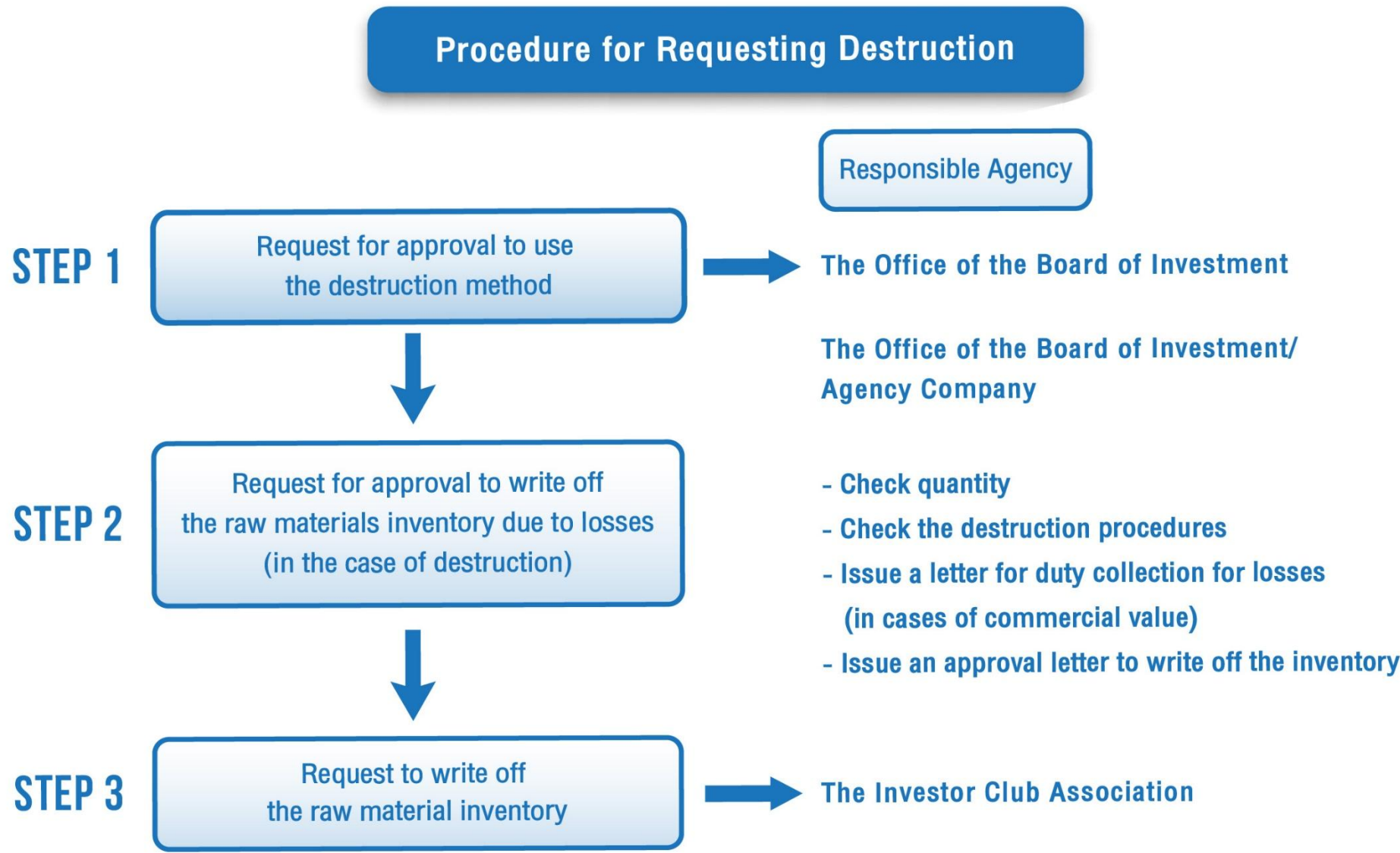


Request for approval of the production formula, Max Stock, raw material inventory, release of raw materials, and adjustment of raw materials account balance is done in the [RMTS Online database](#) (IC Online System)

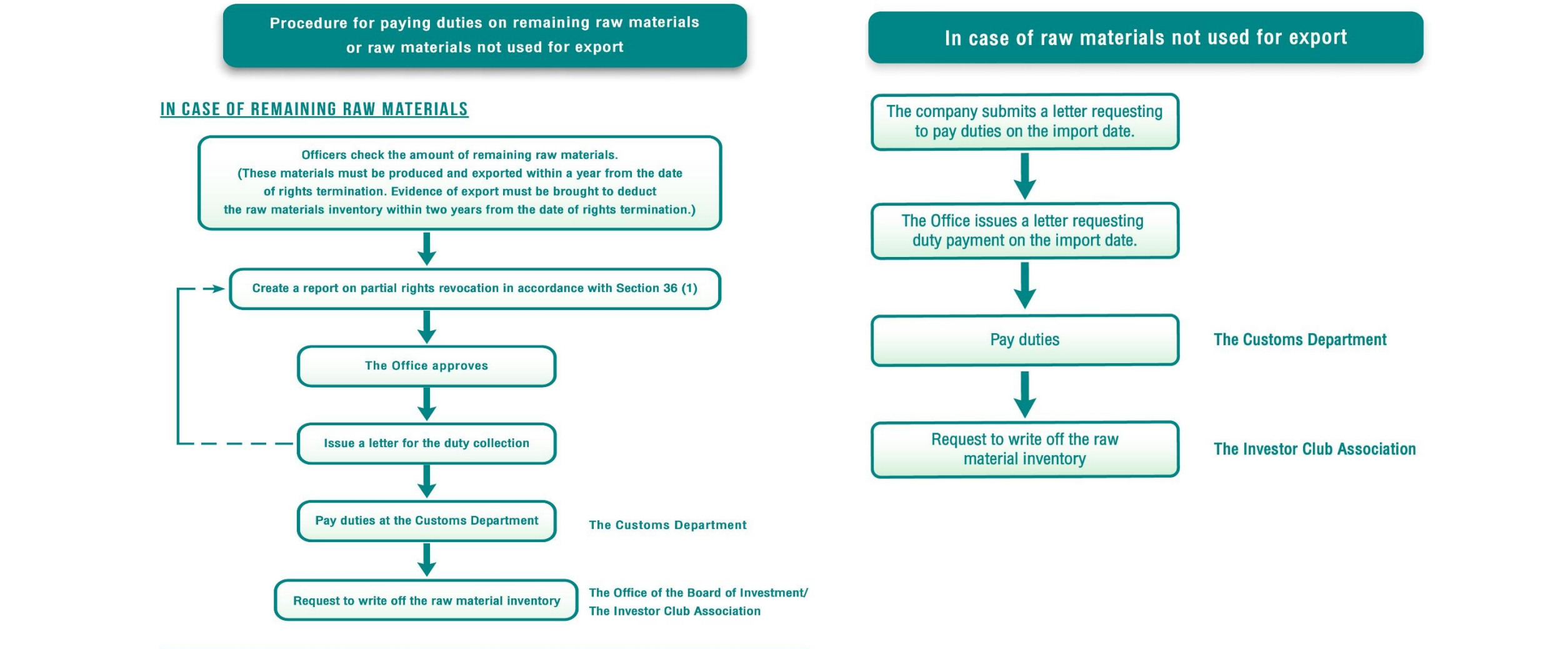


Exporting raw materials to foreign countries is conducted in the [RMTS Online database](#) (IC Online System).

Request for Approval for Destruction



Payment of Duties for Remaining Raw Materials



If the company has a letter requesting duty payment, there is no need to revoke it. The Office provides a period of time for the company to pay the duties and submit the duty payment receipt to the Office within 60 days from the duty collection date.

Donation

