

Announcement of the Board of Investment No. 5/2559

Measures to Promote Local Investment

To promote investment that strengthens the local economy by supporting agro-processing products that create added value, community product distribution centers and the development of community tourist destinations, by the means of collaboration between the public and private sectors and community enterprises with people's participation in order to strengthen communities in accordance with the government's citizen-state policy for social and economic development, by virtue of Section 16 paragraph two, Section 18 and 31 of the Investment Promotion Act B.E. 2520, the Board of Investment hereby issues this announcement, in which the Board of Investment deems appropriate to prescribe stipulation to the BOI Announcement No. 2/2557 dated December 3, 2014 on Policies and Criteria for Investment Promotion, as follows:

1. Amend Section 1, by adding Activity no. 1.21 Manufacture of herbal products, natural extracts or products from natural extracts to the list of eligible activities for investment promotion in the attachment of the BOI Announcement No. 2/2557 dated December 3, 2014, and grant Agro-Processing Activities rights and privileges under Measures to Promote Local Investment with activities and conditions as follows:

Agro-Processing Activities

Activities	Conditions
1.1 Manufacture of biological fertilizers, organic fertilizers, nano-coated organo chemical fertilizer and bio-pesticides.	1. Biological fertilizers, organic fertilizers and nano-coated organo chemical fertilizers must be registered and obtain license for manufacturing fertilizer for trade from the Department of Agriculture 2. Bio-pesticides must be registered and obtain certificate of permission to produce from the Department of Agriculture.
1.14 Manufacture of natural rubber products (except for rubber bands, rubber balloons and rubber rings) 1.14.1 Manufacture of primary processed rubber 1.14.2 Manufacture of rubber products	
1.15 Manufacture of products from agricultural by-products or	

Activities	Conditions
agricultural waste (except for those with uncomplicated production processes, e.g. drying, dehydration)	
1.16 Manufacture of fuel from agricultural products, including agricultural scrap or garbage or waste 1.16.1 Manufacture of fuel from agricultural products 1.16.2 Manufacture of fuel from agricultural scrap or garbage or waste, e.g. biomass to liquid (BTL), biogas from wastewater 1.16.3 Manufacture of biomass briquettes and pellets	
1.17 Manufacture or preservation of food, beverages, food additives or food ingredients (except for drinking water, ice-cream, candy, chocolate, gum, sugar, carbonated soft drinks, alcoholic beverages, caffeinated beverages and flour or starch made from plants, bakery products, instant noodles, essence of chicken and bird's nest)	For projects that manufacture beverages, only beverages made from plants, vegetables and fruits will be promoted.
1.21 Manufacture of herbal products, natural extracts or products from natural extracts	In case of manufacture of traditional Thai medicines, the promoted project must achieve GMP standard within two years from the full operation start-up date.

1.1 The Board hereby prescribes conditions and incentives for projects that promote or cooperate with local organizations in agro-processing activities as following:

Conditions

1. The minimum capital investment must not be less than 1 million baht (excluding cost of land and working capital) with respect to the promotion or cooperation with local organizations in establishing agro-processing manufacturing plants.

2. This measure applies to existing projects only, be it BOI and non-BOI promoted. For non-BOI promoted projects, the activity must be eligible for investment promotion by the Board of Investment.
3. BOI promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires, or in case the respective projects do not receive a corporate income tax exemption.
4. Projects must have cooperation with local administrative organizations, co-operatives or community enterprises.

Incentives

1. Corporate income tax exemption for a period of 3 years, with corporate income cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital) for revenue generated from existing operation. The value of corporate income tax exemption must not exceed the actual investment capital (excluding cost of land and working capital) spent in the promotion or cooperation with local organizations in establishing agro-processing manufacturing plants, such as the costs of plant construction and machinery etc.
2. Non-tax incentives shall be granted in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

1.2 The Board hereby prescribes conditions and incentives for agro-processing activities as following:

Conditions

1. The minimum capital investment must not be less than 100,000 baht (excluding cost of land and working capital).
2. Thai nationals must hold shares totaling not less than 51 percent of the registered capital.
3. Projects are allowed to utilize domestic used machinery in the promoted project with a value not exceeding 10 million baht according to the value specified in the list of machinery. Required investment in new machinery must account for at least 50 percent of the value of machinery in the project.
4. When combining all BOI and non-BOI promoted projects, the applicant for investment promotion must have net fixed assets or investment capital (excluding cost of land and working capital) not exceeding 50 million baht.

Incentives

1. Corporate income tax exemption for a period of 5 years, with a corporate income cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital).
2. Exemption of import duties on machinery
3. Non-tax incentives shall be granted in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

2. Amend Section 7, by adding Activity no. 7.25 Community Product Distribution Centers to the list of eligible activities for investment promotion in the attachment of the BOI Announcement No. 2/2557 dated December 3, 2014, under Measures to Promote Local Investment with activities, conditions and incentives as follows:

Activities	Conditions
7.25 Community Product Distribution Centers	<ol style="list-style-type: none"> 1. Must purchase local products that are certified with standards such as the Thai Community Product Standard, Food and Drug Administration Certified Standards, or Halal Standard from at least 200 One Tambon One Product (OTOP) entrepreneurs registered with the Community Development Department. The purchase value must not be less than 80 percent of annual purchase value of all products. 2. Thai nationals must hold shares totaling not less than 51 percent of the registered capital. 3. Revenue subject to corporate income tax exemption must be generated from sales of certified local products and agricultural products.

2.1 The Board hereby prescribes conditions and incentives for Community Product Distribution Centers activity as following:

Conditions

1. The minimum capital investment must not be less than 1 million baht (excluding cost of land and working capital).
2. Thai nationals must hold shares totaling not less than 51 percent of the registered capital.

Incentives

1. Corporate income tax exemption for a period of 3 years, with corporate income cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital) for revenue generated from the sales of certified local products and agricultural products.

2. Non-tax incentives shall be granted in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

3. Amend Section 7, by adding Activity no. 7.26 Development of Community Tourist Destinations to the list of eligible activities for investment promotion in the attachment of the BOI Announcement No. 2/2557 dated December 3, 2014, under Measures to Promote Local Investment with activities, conditions and incentives as follows:

Activities	Conditions
7.26 Development of Community Tourist Destinations	1. The project details must be approved by the Board. 2. Projects must have cooperation with local administrative organizations, co-operatives or community enterprises. 3. Investment promotion does not apply to projects located in Bangkok, Krabi, Phang-Nga, Hat Yai district, Samui district, Cha-Am district, Hua Hin district, Mueang Chiang Mai district and Pattaya City.

3.1 The Board hereby prescribes conditions and incentives for projects that promote or cooperate with local organizations in developing community tourist destinations as following:

Conditions

1. The minimum capital investment must not be less than 1 million baht (excluding cost of land and working capital) in the promotion of or cooperation with local organizations in developing community tourist destinations.
2. This measure applies to existing projects only, be it BOI and non-BOI promoted. For non-BOI promoted projects, the activity must be eligible for investment promotion by the Board of Investment.
3. BOI promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires, or in case the respective projects do not receive a corporate income tax exemption.

Incentives

1. Corporate income tax exemption for a period of 3 years, with corporate income cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital) for revenue generated from existing

operation. The value of corporate income tax exemption must not exceed the actual investment capital (excluding cost of land and working capital) spent in the promotion of or cooperation with local organizations in developing community tourist destinations, such as the costs of building construction and facilities, etc.

2. Non-tax incentives shall be granted in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

- 3.2 The Board hereby prescribes conditions and incentives for projects that invest in the development of community tourist destinations as following:

Conditions

1. The minimum capital investment must not be less than 1 million baht (excluding cost of land and working capital).
2. Other conditions shall be in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

Incentives

1. Corporate income tax exemption for a period of 5 years, with a corporate income cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital).
2. Exemption of import duties on machinery.
3. Non-tax incentives shall be granted in accordance with criteria stipulated in the BOI Announcement No. 2/2557 dated December 3, 2014.

4. Promoted projects under this measure are not eligible to apply for rights and privileges under other measures.

5. This measure applies to the investment promotion applications submitted within December 30, 2016.

6. Projects must commence production or services and generate revenue by 2017. In case an extension is required, the Board will consider the matter as appropriate on a case-by-case basis.

This announcement shall be effective from February 29, 2016 onwards.

Announced on April 11, 2016

(General Prayut Chan-o-cha)
Chairman of the Board of Investment