



Thailand Board of Investment  
[www.boi.go.th](http://www.boi.go.th)

# THAILAND'S IBC



Your Destination for  
a Successful International  
Business Centers



## Great Transformation Creating Great Opportunities

The Thai government is committed to developing and improving business services and facilitation. Thailand ranks 27<sup>th</sup> among 190 countries in the Ease of Doing Business ranking according to the World Bank's report 2019. The total performance score increased significantly and Thailand ranks No. 2 in regulatory reforms.

## Driving The Country with Digital Innovation

Thailand is going through a transformation period as the country is entering a digital economy by improving its digital penetration implementation to provide high quality Internet access countrywide. The government invested in digital connectivity in villages all over the country via fiber optic networks and high-speed Internet. A budget of five billion baht was also provided for submarine cable connecting to other countries. This will allow Thailand to become a regional gateway in the future.

To ensure smooth and efficient business processes, Thailand focuses on increasing governmental digitized services to facilitate the private sector in both existing services and new generation of digitized services.



There are many reasons why Thailand is moving forward to becoming a regional hub of ASEAN, especially for establishing International Business Centers (IBC)

## Gateway to ASEAN

Thailand's growing international reputation as a business hub is the result of the country's strategically advantageous location. Ongoing investment in the country's transportation infrastructure facilitates domestic, cross-border and regional trade by road, rail, sea, and air. In addition, Thailand offers a workforce that is not only highly skilled but also at a competitive wage rate.

To encourage investment, the Thai government has introduced a number of tax and non-tax incentives, while simplified regulation further adds to Thailand's standing as an attractive destination for investment. When all of these factors are taken into account, it is not surprising that Thailand has improved its performance in major international rankings in terms of ease of doing business, global competitiveness, and logistics performance. In such a business-friendly environment, it's easy to see why an increasing number of overseas companies see Thailand as the gateway to ASEAN.





## Robust Human Capital

Thailand's top universities are producing individuals with the skills needed to thrive and succeed in global commerce through English-based undergraduate programs. These programs produce individuals with strong English proficiency and dynamic creative thinking skills. Also, the supply of graduates that Thailand is able to provide in accounting, finance, and business can contribute to the success of IBCs.

Number of Graduates in Thailand (2017)		
Major	Bachelor's Degree	Master's Degree
Accounting & Finance	21,044	733
Business	5,562	6,440
<b>Total</b>	<b>26,606</b>	<b>7,173</b>

Source: Office of the Higher Education Commission

## Livable Community

Bangkok is the 2<sup>nd</sup> best city for finance and housing for expats in 2018<sup>1</sup>. Three-quarters (75%) are satisfied with the financial situation, which is 17 percentage points more than global average (58%).

With a cost of living that remains low compared to the increasingly high standard, Thailand is renowned as an attractive destination for expats and their families. Choices of international hospitals and schools make family life easy without sacrificing quality while the property, dining and entertainment are all extremely affordable on a typical expat salary.

<sup>1</sup> Expat City Ranking 2018

## Reasonable Cost, High-Standard Living

In the 2018's Expat Explorer Survey by HSBC, Thailand ranks first in the property criterion and third in disposable income.

2018's Expat Explorer Survey		
Criteria	Sub-criteria	Global Ranking
Economy	Disposable income	3 <sup>rd</sup>
	Saving	12 <sup>th</sup>
Experience	Quality of life	13 <sup>th</sup>
	Property	1 <sup>st</sup>

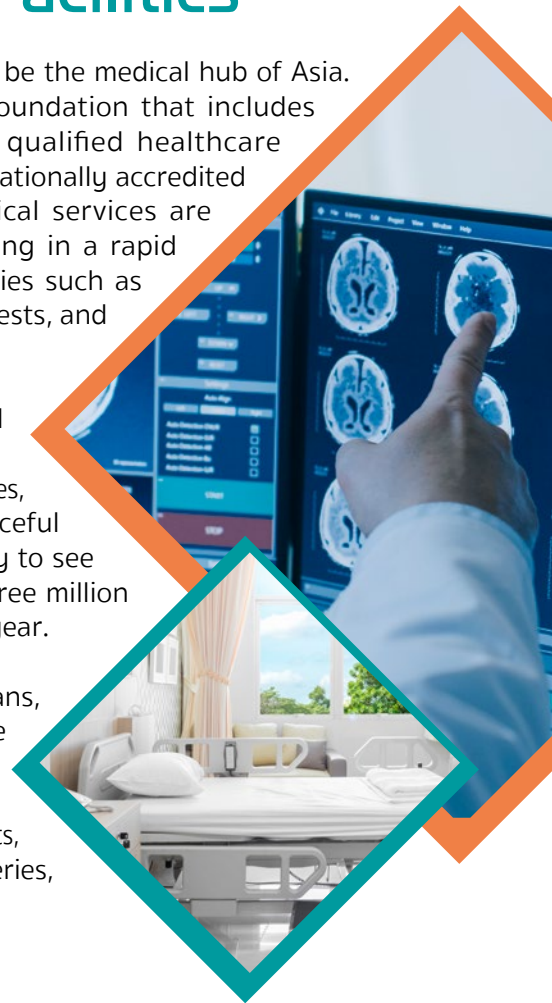
Source: HSBC Expat Explorer Survey 2018

## Affordable and High-Quality Health Care Facilities

Thailand is well-positioned to be the medical hub of Asia. With outstanding medical foundation that includes premium medical services, qualified healthcare specialists, and various internationally accredited medical facilities, Thai medical services are renowned worldwide, resulting in a rapid growth in supporting industries such as pharmaceuticals, laboratory tests, and clinical R&D.

With our world-class medical facilities, highly competitive-priced premium healthcare services, and global reputation for graceful and attentive service, it's easy to see why we receive more than three million multi-national patients each year.

With our well-trained physicians, expats can receive a diverse range of treatments, such as general examinations, dentistry, cancer treatments, hip replacements, kidney transplants, heart surgeries, laser eye surgeries, etc.



# International Business Center (IBC)

Thailand defines International Business Centers (IBC) as a company incorporated in Thailand that provides managerial, technical, support, or financial management services to its associated enterprises, whether located in Thailand or overseas.

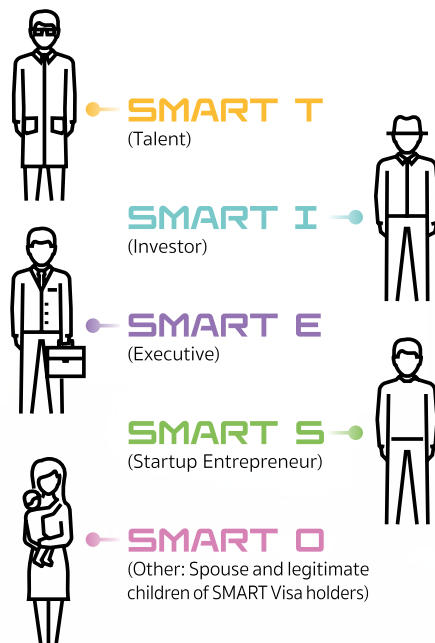
The supporting services include:

1. General administration, business planning and business coordination;
  2. Procurement of raw materials and components;
  3. Research and development of products;
  4. Technical support;
  5. Marketing and sales promotion;
  6. Personnel management and training;
  7. Financial advisory services;
  8. Economic and investment analysis and research;
  9. Credit management and control;
  10. Treasury Center (TC) permitted under the law on foreign exchange control<sup>1</sup>;
  11. International trade;
- And any other support services specified by the Director General of the Revenue Department.

## SMART Visa Program

### The Fast Pass for Your Smart Business in Thailand

The Smart Visa is a new type of visa specially designed to streamline the process of enabling experts, executives, entrepreneurs, and investors to live in Thailand and work in the targeted industries. The program aims to enhance the transfer of knowledge and increase the country's competitiveness to support long-term economic growth.



### Significant Privileges

- Maximum four-year visa (valid until the employment contract ends)
- No requirement for separate work permit and re-entry permit
- Annual reporting to the Immigration (instead of every 90 days)
- Spouse and children have the same rights as the Smart Visa holder



Please visit [www.boi.go.th/un/smart\\_visa](http://www.boi.go.th/un/smart_visa) for more information.

<sup>1</sup> Only Tc that falls under the definition of IBC





## Attractive Incentives

Thailand offers incentive packages from the Revenue Department (RD) and Thailand Board of Investment (BOI) to encourage establishment of IBC. The Bank of Thailand (BOT) also offers various incentives for Treasury Centre (TC).

### Incentives Offered by The Revenue Department (RD)

#### Corporate Income Tax (CIT) Reduction for 15 Accounting Period

- 3% CIT on IBC net profits, if IBC's total expenses paid to recipients in Thailand are at least THB 600 million per accounting period
- 5% CIT on IBC net profits, if IBC's total expenses paid to recipients in Thailand are at least THB 300 million per accounting period
- 8% CIT on IBC net profits if IBC's total expenses paid to recipients in Thailand are at least THB 60 million per accounting period

#### Revenue Subject to Corporate Income Tax Reduction

- Income derived from providing managerial, technical, support or financial management services to associated enterprises
- Royalties received from associated enterprises, only those resulting from technological research and development (R&D) activities performed in Thailand, including R&D activities performed by the IBC or other parties engaged by the IBC

#### Personal Income Tax (PIT) Reduction

Reduction of personal income tax rate for expatriates working in an IBC is reduced to 15% on gross income and benefits derived from employment.

#### Specific Business Tax Exemption

Exemption of Specific Business Tax on the gross receipts from providing financial management services to associated enterprises.

#### Withholding Tax Exemption for The Following Revenues:

- Dividend received from the IBC, only if paid out of income entitled to CIT reduction (dividends received from associated enterprises)
- Interest received from the IBC (only if derived from loans taken out by the IBC to relend to associated enterprises for financial purpose).

#### Conditions for Incentive Packages from The RD

1. Paid-up capital must be at least THB 10 million on the last day of each accounting period.
2. Must hire at least 10 knowledgeable and skilled permanent staff for the IBC. This excludes treasury center where at least five knowledgeable and skilled staff must be employed.
3. Total operation expenses paid to recipients in Thailand must be at least THB 60 million per accounting period.

### Incentives Offered by The BOI

- Exemption from import duty on machinery (only for machinery used for R&D and training activities)
- Permission to bring in skilled personnel and experts to work in investment promoted activities
- Majority or 100% foreign ownership
- Permission to own land

#### Conditions for Incentive Packages from The BOI

1. Paid-up registered capital must be at least THB 10 million
2. Must hire at least 10 knowledgeable and skilled permanent staff for the IBC. This excludes treasury center where at least five knowledgeable and skilled staff must be employed.
3. In case of operating international trade, at least one scope of business in 1.1-1.10 must be involved.
4. Not eligible for import duty exemption on raw or essential materials used in the production for export.
5. Not eligible for additional merit-based privileges.





## Procedure for IBC Application

1. For tax incentives, investors must apply to the RD.
2. For non-tax incentives, investors have to submit an application to the BOI (Division 4).
3. Investors can apply for both tax and non-tax incentives. However, applications to the RD and the BOI must be submitted separately.

## Incentives offered to TC by the Bank of Thailand (BOT)

Permission granted to Treasury Center (TC) to centralize treasury management and foreign currency operations in Thailand:

- Payment and collection of foreign currency receipts and obligations regarding international trade and services for affiliated companies
- Netting of foreign currency receipts and obligations with counterparties abroad
- Purchase or sale of foreign currencies for affiliated companies including foreign exchange risk management
- Foreign exchange liquidity management

Allowing TC to conduct foreign exchange transactions without having to submit supporting documents to commercial banks

TC can help reduce transaction costs and enhance efficiency in managing foreign currencies, thus increasing the competitiveness of their corporate groups.

## For Further Information

### Thailand Board of Investment (BOI)

General enquiries and investment promotion incentives for International Business Center

Tel: 66 (0) 2553 8111 Fax: 66 (0) 2553 8315  
Email: head@boi.go.th Website: www.boi.go.th

### One Start One Stop Investment Center (OSOS)

Comprehensive services for investors

Tel: 66 (0) 2209 1100 Fax: 66 (0) 2209 1199  
Email: osos@boi.go.th Website: osos.boi.go.th

### The Revenue Department

Special tax regime for International Business Center

Contact: Tax Policy and Planning Division  
Tel: 66 (0) 2272 8033  
Email: taxpolicy@rd.go.th Website: www.rd.go.th

### The Bank of Thailand

Rules and regulations on corporate treasury center

Contact: Foreign Exchange Administration and Policy Department  
Tel: 66 (0) 2356 7799  
Email: license-nb@bot.or.th Website: www.bot.or.th

### The Department of Business Development

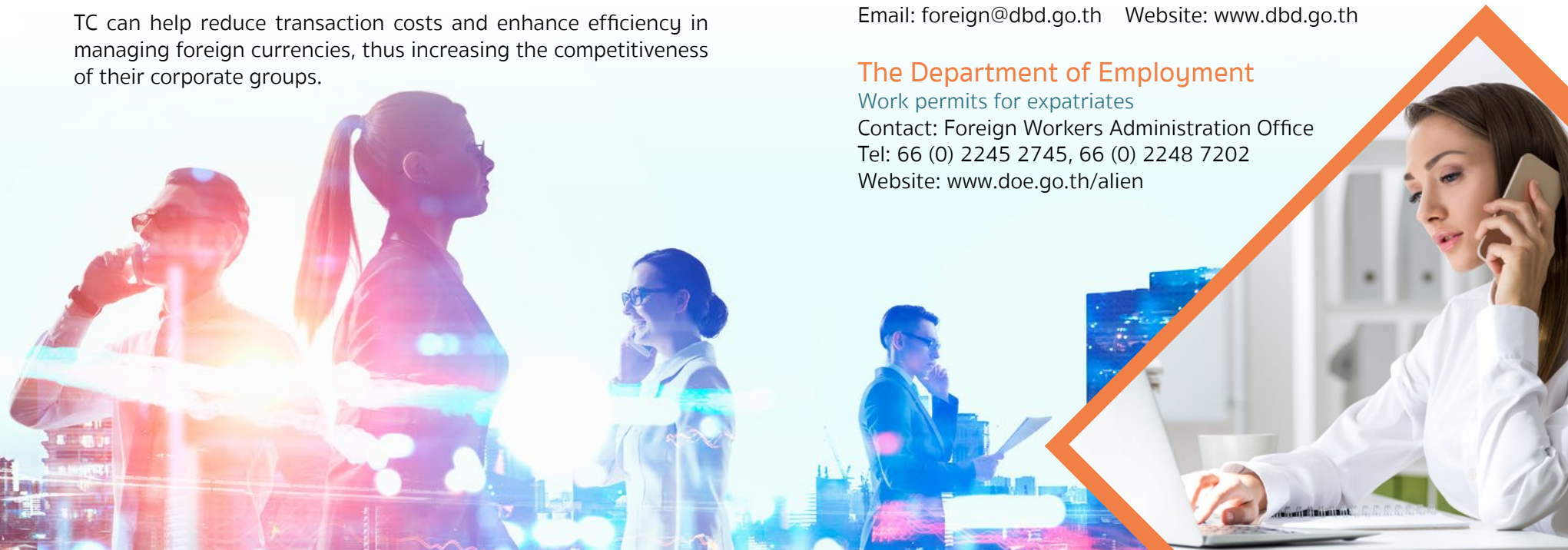
Company registration and business licenses and certificates

Contact: Division of Foreign Business Administration  
Tel: 66 (0) 2547 4425-6  
Email: foreign@dbd.go.th Website: www.dbd.go.th

### The Department of Employment

Work permits for expatriates

Contact: Foreign Workers Administration Office  
Tel: 66 (0) 2245 2745, 66 (0) 2248 7202  
Website: www.doe.go.th/alien



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