

(Unofficial Translation)

Announcement of the Office of the Board of Investment

No. Por. 3/2556

Re: Procedures for Granting Rights and Benefits for the Exemption of Import Duties on the Raw and Essential Materials Imported for Use in Producing Products for Export

In order to foster transparency, hasten, and facilitate the granting of rights and benefits for the exemption of import duty on raw and essential materials imported specifically for use in producing, mixing, or assembling products or commodities for export in accordance with Section 36(1) of the Investment Promotion Act of B.E. 2520;

By virtue of Section 11, Section 13, and Section 36 of the Investment Promotion Act of B.E. 2520 which has been modified to the Investment Promotion Act (No. 2) of B.E. 2534, The Office of Board of Investment, as authorized by the Board of Investment, hereby issues the following procedures for granting rights and benefits for the exemption of import duties on the raw and essential materials imported for used in producing products for export:

1. To abolish these following announcements:
 - (1.1) Announcement of the Office of the Board of Investment 25/2535 dated November 10, 1992. Re: Procedures of imported stock adjustment for the raw and essential materials to be produced and exported.
 - (1.2) Announcement of the Office of the Board of Investment 8/2536 date April 24, 1993. Re: The time frame of exercising the rights and benefits of Section 36(1).
 - (1.3) Announcement of the Office of the Board of Investment 9/2536 dated September 26, 1993. Re: Procedures for applying to get approval of import duties exemption on the raw and essential materials imported for use specifically in producing products for export.
 - (1.4) Announcement of the Office of the Board of Investment Por 3/2542 dated July 19, 1999. Re: Procedures for exercising the rights and benefits of Section 36(1) (2) for the existing companies.
 - (1.5) Announcement of the Office of the Board of Investment Por 6/2544 dated October 16, 2001. Re: Procedures for exercising the rights and benefits of Section 36(1) (2) for the existing companies.
 - (1.6) Announcement of the Office of the Board of Investment Por 8/2546 dated August 11, 2003. Re: Procedures for exercising the rights and benefits of Section 36(1) (2) for the existing companies.

(1.7) Announcement of the Office of the Board of Investment Por 3/2549 dated December 29, 2006. Re: Amendment of imported stock adjustment procedures for the raw and essential materials to be produced and exported.

2. For this announcement:

“Raw materials” include the essential materials listed in the office’s announcement in definitions of components, equipments, tools, instruments, pre-fabricated structure, and raw and essential materials.

“Production formula” is a list and usage quantity of raw and essential materials to be used in the production of one unit per product.

“Maximum stock” is the quantity of raw and essential materials that allowed for the import duty exemption.

“Raw materials release procedure” is the import duties exemption notification to the Customs Department for the Customs clearance in order to process the import duties refund or the bank guarantee withdrawal.

“Imported stock adjustment” is when the promoted company submitted documents after exporting finished products to adjust the balance amount of raw materials from the imported stock.

“Guarantee” is permission to use a bank guarantee as guarantee for import duties on raw materials

“Remaining unexported raw materials” are an imported list and quantity of raw and essential materials not being exported adjustment or not being exported within the specified period.

“Export entry form” includes the domestic transfer export entry form, export entry into the duty free zone form, and the vender report (Report V).

“Office” is the Office of the Board of Investment (OBOI)

“Authorized agency” is the agency that has been authorized by the Office of the Board of Investment to process the production formula approval, the materials release procedure, bank guarantee approval, including the imported stock adjustment of the raw and essential materials.

3. How to get approval for the production formula and the maximum stock:

(1) The promoted company must submit a production formula and a list of raw materials to the authorized agency by submitting the following documents:

(1.1) A production formula that demonstrates a list and usage quantity of raw materials per unit in producing a product, including quantity of loss and scrap raw materials from the production process.

- (1.2) The forecast in quantity of the finished products to be exported in 6 months from the total production capacity which is stated in the BOI promotion certificate or from the customer's order.
 - (1.3) A list and quantity of the maximum stock for each item of the raw materials.
 - (1.4) The description of the usage of those particular raw materials.
 - (1.5) Photos or samples of product or documents that indicates the details of the raw materials and the finished product.
 - (1.6) Other documents or other supporting evidence which is required by the relevant or authorized agency.
- (2) The stock quantity calculation of the raw materials can be done in 2 different ways, which are:
 - (2.1) Revolving stock - which can be calculated from the quantity of the products not exceeding the production capacity of the promoted project and from the proportion of export items not exceeding 6 months of the maximum stock.
 - (2.2) Max import – is the quantity of the maximum stock which has been approved by the OBOI.
4. The promoted company which chooses to electronically apply for approval of the raw materials release procedure, the guarantee, and the imported stock adjustment must take electronic commerce law into account, as follows:
 - (1) The promoted company must be trained by the OBOI or by the authorized agency on how to electronically apply for approval of the raw material release procedure, the guarantee, and the imported stock adjustment.
 - (2) When the promoted company is being trained, the company will receive a login number to be used when applying for approval. This login number is necessary in order to enter into the electronic approval system to apply for approval of the raw material release procedure, the guarantee, and the imported stock adjustment.
5. How to apply for approval of raw materials release:
 - (1) The promoted company must follow the following criteria:
 - (1.1) The raw materials must be the imported materials listed under the OBOI promoted privilege and is still under the privilege timeframe.
 - (1.2) The raw materials must be listed in the approved maximum stock.
 - (1.3) The quantity of the imported materials of all shipments combined must not exceed the approved import quantity.

- (1.4) The raw materials release procedure to receive duties refund must be done within 2 years starting from the imported date. As for a promoted company facing the end of BOI tax privileges, the refunding procedure must be done within 1 year, starting from the privileges expiry date.
 - (1.5) For the raw materials release procedure in order to release the guarantee instead of paying upfront for the import duties, such raw materials must be listed in the approved bank guarantee materials list and must be within the guarantee timeframe.
 - (2) The promoted company must submit the application to the OBOI or the authorized agency.
6. The procedure for receiving permission to use the guarantee instead of paying for the import duties on raw and essential materials is:

In order to receive permission to use bank guarantee instead of paying for the import duties on raw and essential materials, the promoted company must follow the office's announcement on the criteria of using the bank guarantee for importing machinery and raw and essential materials.
7. How to apply for approval of imported stock adjustment:
 - (1) When the promoted company would like to apply for the imported stock adjustment:
 - (1.1) The company must submit the application within 1 year from the export date that appears on the export entry form or the date that appears on report V. In some necessary circumstances, the extension of the stock balancing can be extended, but not by more than 1 year.
 - (1.2) In order to exercise the incentives and privileges, the promoted company must state in the invoices that those raw materials are under the rights and benefits of Section 36.
 - (1.3) The promoted company must submit an application along with these following documents:
 - (a.) A copy of the export declaration control sheet
 - (b.) REPORT V
 - (c.) Other documents such as a copy of the invoice or a copy of the packing list
 - (2) In the case that the promoted company would like to adjust the raw materials list when the finished products have not been produced for export, the company must submit an application along with the following documents:
 - (2.1) A copy of the paid import duty for raw materials document from the OBOI
 - (2.2) A copy of the tax evaluation from the Customs Department
 - (2.3) The original receipt from the Customs Department along with a copy of the receipt

- (3) In the case that the promoted company would like to adjust the raw materials list when the finished products will be sold within Thailand, the company must follow the OBOI announcement of the procedures on how to settle the import duty on raw and essential materials that will not be produced for export accordance with Section 36(1) of the Investment Promotion Act of B.E. 2520.
- (4) In the case that the promoted company would like to adjust the raw materials list for the loss and scrap raw materials causing from the production, the company must follow the OBOI announcement of the conditions and procedures for the loss and scrap of the raw materials accordance with Section 36(1).

8. Permission for time extension to import raw materials:

- (1) The company must submit the application for time extension to import raw materials within 6 months before the last day of the Section 36 granted privileges.
- (2) The company must submit the application to the OBOI. The extension time period for import the raw material will be no more than 2 extended years per each consideration.

9. Permission to export the raw materials:

- (1) The permission to export the raw materials to other country will be allowed to those promoted company as these following conditions:
 - (1.1) The promoted company must still under the time period of the rights and benefits to import raw materials. In the case that the time period of rights and benefits to import raw materials is over, the company must submit the application to export the raw materials within 1 year from the last day of granted privileges.
 - (1.2) The raw materials must be those ones that have been imported under the rights and benefits granted by the OBOI.
- (2) The application for approval must be submitted to the OBOI along with these following documents:
 - (2.1) A copy of the BOI approval letter for the raw materials release
 - (2.2) A copy of the import entry

10. Permission to relocate the raw materials, products, and scraps to stock outside the promoted area:

- (1) The raw materials, products, and scraps must be those ones that have been promoted by the OBOI and still under the time period of the rights and benefits.
- (2) The application for approval must be submitted to the OBOI.

11. How to pay for the raw materials import duties:

- (1) In the case that the promoted company did not use the promoted raw materials in the production for export goods, the company must submit the application to the OBOI together with the raw materials list that will have to be paid for import duties. The duties must be paid in the condition as of the first day of import.
- (2) In the case that the promoted company has already used the promoted raw materials in the production but did not export the finished goods to other country, the company must follow the OBOI announcement of the procedures on how to pay for the import duties for raw and essential materials that cannot be produced for export in accordance with Section 36(1) of the Investment Promotion Act of B.E. 2520.
- (3) In the case that the promoted company has used the promoted raw materials in the production and some parts have turned into scraps, the company must proceed and follow the OBOI announcement of the conditions and procedures for loss and scrap of raw materials accordance with Section 36(1).

12. What to do when the BOI tax privileges have come to an end:

When the BOI tax privileges for raw materials have come to an end, those BOI promoted raw materials that has been exempted for import duties must be produced and exported the finished good within 1 year from the last day of the granted privileges. The company must also show the export evident to adjust the raw materials list within 2 years from the last day of the granted privileges. If there are some raw materials remained, the company must pay for the duties for those remaining raw materials in the condition as of the first day of import.

13. The application and other documents to be submitted to exercise the rights and benefits:

The application and other documents to be submitted to exercise the rights and benefits for this announcement must be signed by a lawful authorized person with the company seal to guarantee that the information in all the papers are correct.

Announced on June 19, 2013

(Udom Wongviwatchai)

Secretary of the Board of Investment