

HIGH VALUE-ADDED SERVICES





Why Thailand?

Striving from a low-income country to an upper-middle-income economy, Thailand has a proven successful track record for attracting foreign investors to establish regional and global businesses. Thailand has been undoubtedly one of the most desirable places for starting businesses for more than 30 years. The continuity of policies and privileges from government agencies helped develop Thailand to become the second-biggest economy in Southeast Asia. Leveraging on advantages from both agricultural and manufacturing sectors, it offers a range of opportunities for any group of foreign companies which many of them embraced Thailand as a regional hub.

At the Crossroads of Asia and International Market

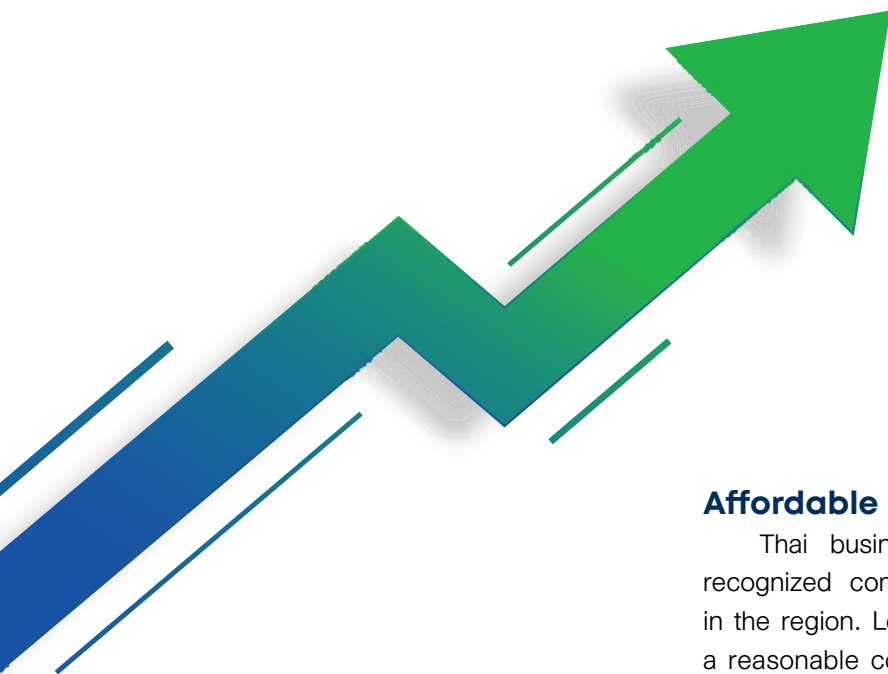
Thailand sits at a logistic hub of Asia and is recognized as an investors' gateway to Asia. As a center of ASEAN, it is surrounded by CLMV, one of the fastest-growing sub-regions, with up to 240 million consumers. It also accesses large international markets such as China and India, which are ranked 1st and 2nd of most populous countries globally. Up to this time, Thailand has signed 13 FTAs, which include 18 different economies across the world. It is also a member of Economic Partnership (RCEP) which the economy accounts for no less than 30% of global GDP

Comprehensive Connectivity with Neighboring Countries

The increasing importance of Thailand as an intra-regional trade and border trade hub is due to physical connectivity and infrastructure projects funding. The recent infrastructure investment initiatives from the government, such as the construction of new railway routes, improvement of deep seaports, and expansion of existing airports, will bring vast opportunities for cross-border trade and investment and make Thailand the ideal location of welcoming foreign investors. The projects currently in the pipeline are expected to complete no later than 2025 which includes:

- High-Speed Rail Linking 3 Airports
- U-Tapao International Airport
- Intercity Motorway
- Double-Track Railway
- Laem Chabang Port Phase 3
- Map Ta Phut Industrial Port Phase 3

The digital infrastructure is also emphasized to achieve Thailand's 4.0 economic model. The country is pushing ahead with numerous projects, including broadband network, submarine cable system, 5G, and IoT. The IMD World Digital Competitiveness 2020 shown Thailand ranked 10th in the Asia-Pacific region regarding its digital capacity and readiness.



Robust Human Capital

On top of well-established physical infrastructure, Thailand also offers a well-educated and skillful workforce to ensure the success of businesses. In terms of education, 8 universities are ranked in the top 200 from QS Asia University Rankings 2021, providing a qualified bachelor's degree and higher education. A wide range of vocational education programs such as Work-Integrated Learning (WiL) and Talent Mobility (TM) is also designed to enhance human capital capability and equip the Thai workforce with the right skills.

To achieve future demand and the international standard, the BOI also supports tax incentives to companies investing in the establishment of education and vocational training institutes for STEM subjects. There is also cooperation with both domestic and international universities in the areas of need in the Eastern Economic Corridor (EEC) provinces.

Apart from workers from domestic market, the Thai government has put effort into growing diverse foreign expat communities. In 2021, Thailand moved up from 33rd to 14th out of 59 countries regarding the survey of the best destination to live abroad by Expat Insider. It became a desirable place for talents not only from the cost of living and working life but also the incentives. Recently, the BOI provided SMART visas to attract talent in business, science, and education to work in specific areas for up to 4 years with no need to obtain a work permit.

Affordable Business Costs

Thai business operational costs are recognized competitive to other countries in the region. Low start-up costs as well as a reasonable corporate tax cause Thailand become one of the most affordable countries and a great option to form businesses overseas.

- Ranked 3rd among ASEAN countries in the lowest cost of starting a business (percentage of income per capita)¹
- Ranked 5th among ASEAN countries in the lowest business and household electricity price²
- Ranked 2nd among ASEAN Countries in the lowest prime office occupancy cost (lower than Singapore, Hanoi, Ho Chi Minh City, and Jakarta)³
- Ranked 3rd among ASEAN Countries in the lowest corporate tax rate (following Singapore and Brunei)⁴
- Reasonable wage growth aligning with the rise in productivity and low inflation rate

In addition to business costs, the cost of living in Thailand is also relatively cheap, approximately 15-30% lower than much of the rest of Asia⁵. The country provides a wide variety of accommodation, food, groceries, transportation, healthcare facilities, and other necessities with affordable prices. The high quality of goods and services in relation to low cost of living ensure expat to experience high standard of living and excellent working conditions.

Source: ¹Doing Business 2021, ²Global Petrol Prices, ³CBRE Group, ⁴KPMG, and ⁵Worlddata.info calculated from OECD, World Bank, IMF and Eurostat

Excellent Business Environment

A strong business-friendly environment of Thailand plays a pivotal role in attracting foreign investors, setting up businesses here and improving the Thai economy’s position in global markets. Over the decade, the country has stepped up the reform to make investment and establishment of companies conveniently. Last year, Thailand leaped 6 places to 21st out of 190 countries in the World Bank’s 2020 ease of doing business rankings, proving its improvement in bureaucratic procedures and application processes. Rather than retaining a spot as the top countries in several global indices, Thailand still gains positive aspects from investors and well recognized as a potential and competitive choice for business location.

Table 1: Thailand Ranking by Business-related Indices

Index	Rank	Year	Source
World Competitiveness	28	2021	IMD
Global Service Location Index	10	2018	Kearney
Best Country to Start a Business	10	2021	U.S. News & World Report
Best Country to Invest	2	2020	U.S. News & World Report
Global Opportunity Index	3*	2017 - 2021	Milken Institute
Global Innovation Index	4*	2020	World Intellectual Property Organization
Explorer Survey	5*	2020	HSBC
Best Countries for Business	3*	2018	Forbes

Note: * indicates ranking in ASEAN



Investment Opportunities

International Business Development (IBC)

International Business Center (IBC) is a company that provide services to its associated companies in overseas countries and/or in Thailand including international trade. Prior to an enactment in 2018, the previous regimes supporting establishment of headquarters or a trading hub in Thailand were International Headquarter (IHQ), Regional Operating Headquarters (ROH) and International Trading Center (ITC). However, to align with the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS), in December 2018, the Thai cabinet introduced the new investment promotion category, called IBC.

To be qualified as IBC, the companies must meet the following conditions:

- The company must be set up under Thai law to provide qualifying support services or treasury services to its affiliates.
- The company must have paid up capital of at least 10 million Baht on the last day of each accounting period.
- The company must have annual operating expenditure in Thailand of at least Baht 60 million Baht (in case of applying for tax incentive).
- The company must have at least 10 qualified employees or a minimum of 5 qualified employees in the case that it acts solely as the Treasury Center.

Since 2015, Thailand has attracted 329 multinational companies under the BOI incentives¹. Taking advantage of a welcoming environment of doing business, the country becomes their regional hub and, in some cases, beyond. Top source countries of companies approved to set up headquarters in Thailand are Japan, Singapore, Hong Kong, and France. In June 2021, BOI made a revision for IBC package to ensure more flexible operations by foreign multinationals. It allows companies, despite not operating Treasury Center, to provide lending to affiliated companies in and outside Thailand under specific conditions².

Source: ¹ South China Morning Post and ² Thailand Board of Investment

Included Activities

The success of businesses is achieved by an excellent operational management. To help companies operated effectively at the lowest cost, BOI offered the package to incentivize establishment of IBC. There are 12 activities that are promoted under this category as follows.

- General business management, business planning, and business cooperation
- Procurement of raw materials and parts
- Research and development of products
- Technical support
- Marketing and sale promotion
- Human resources management and training
- Financial advisory services
- Economic and investment analysis and research
- Credit management and control
- Financial management services of the Treasury Center
- International trade business
- Money lending services to associated enterprises
- Other supporting services

With the combination of government support, geographic location and connectivity, and talent pool, many companies have decided to locate their regional headquarters in Thailand especially in automotive and E&E sector. With unceasing effort to make the country as international hub, Thailand promises the future prospects to embrace the new investment journeys from key global players.





Treasury Center

The Treasury Center exists to help businesses manage foreign currency funds for Group Companies (GC) in Thailand and overseas. Thailand is among popular locations for setting up regional Treasury Centers (RTCs) in Asia. Apart from reducing corporate income tax which is relatively competitive to other top economies such as Singapore and Hong Kong (8% and 8.25% respectively¹), it also provides waivers from withholding tax on dividends and interests. These offerings attract many manufacturers and bring financial flows to the local market.

As of August 2021, 39 Treasury Centers in Thailand were operated under multinational corporations ranging from automotive to E&E, and food industries. The major manufacturers with Treasury centers include Panasonic, Sony, Uni-charm, Yokohama, Toshiba, Keihin, Mitsubishi, and Hino Motors².

Source: ¹DBS Treasury Prism Knowledge Centre and ²Bank of Thailand

International Procurement Office (IPO)

Only with the adequacy of raw materials, parts, and components, the production line will be managed to run the best condition. It has always been our government's mission to help manufacturers simplify and connect the supply chain from end to end. As home to vast deposits of natural resources and hub of upstream industries, Thailand more than enough fulfills investors' requirements with an abundance of in-house supplies. Apart from domestic combinations, Thailand also offers the best acquisition process by creating linkage to the international market. In this regard, International Procurement Office (IPO) is promoted by the BOI to become an intermediary between the manufacturers and the suppliers, facilitate overseas trading, and reduce transaction costs.

Apart from an incentive package from the BOI, setting up the IPO in Thailand will help manufacturers enjoy the privileges from 13

free trade agreements (FTAs) when purchasing raw materials, parts, and components.

Trade and Investment Support Office (TISO)

Thailand is an emerging economy that is actively open to an international market. Foreign investment has been the country's engine of growth. Despite the outbreak of the pandemic, the investment continued to expand in certain sectors. Total investment amount of Baht 230.7 billion (around USD 8 billion) from 907 project applications in 2020¹ reflected the success of investment promotion and ensured the economic resilience of Thailand. An increased number of foreign businesses seeking opportunities here leads to a surge in demand for certain advisory and outsourcing services such as legal, advertising, and accounting. The BOI provides an opportunity to attain a diverse and inclusive cohort of talent in these areas by providing a fascinating package to promote the Trade and Investment Support Office (TISO) establishment.

To satisfy the condition of the TISO, companies must have a business plan and scope of business approved by the Board, as follows.

- Monitoring and/or servicing associated enterprises and companies within the group
- Advisory services on business operations
- Information services on goods sourcing
- Engineering and technical services
- Business activities related to machinery, engines, tools, and equipment
- Wholesaling products manufactured in Thailand
- International business process outsourcing whose services are provided through telecommunication networks

According to the revamp of a TISO package in 2021, the companies are allowed to provide lending to affiliated companies in and outside Thailand, which the same applies to the IBC package.

Source: ¹Thailand Board of Investment

Government and BOI Support

A number of government agencies are at the service of supporting investors to run the smoothest process of setting up businesses in Thailand. Incentives for high value-added services are offered by the BOI, with a plus from the Revenue Department for the IBC. The IBC, IPO, and TISO receiving the certificate of investment promotion from the BOI do not need to apply for Foreign Business License (FBL) and obtain a Foreign Business Certificate (FBC) after completing the application process at the Department of Business Development.

International Business Center (IBC)

Four government agencies are in charge of supporting the operation of International Business Center (IBC) including the Thailand Board of Investment (BOI), Revenue Department, Department of Business Development, and Bank of Thailand.

When the company meet a criterion of an International Business Center, it can apply for a non-tax incentive package from the BOI and tax incentive package from the Revenue Department. However, each application must be submitted separately to responsible agencies.

BOI Incentives

BOI provides non-tax incentives as shown in the following table.

Table 2: Non-tax Incentives from BOI for the IBC

Incentives	Specific Condition
<ul style="list-style-type: none">● Majority or 100% foreign ownership● 100% foreign shareholding● Right to own land● VISA and work permit● Exemption of import duty on machinery used for R&D and training services in IBC project	<ul style="list-style-type: none">● Paid-up registered capital of no less than 10 million Baht (before issuing BOI certificate)● At least 10 employees with skills/expertise relevant to IBC activities (at least 5 employees in case of provision of the Treasury Center only)● In case of operating international trade, at least one scope of other promoted activities must be involved● In case of operating of money lending services, at least one scope of specified activities must be involved
	<p>Example of money lending services</p> <ul style="list-style-type: none">● Lending of foreign currency loans to associated enterprises in foreign countries● Lending of Thai baht loans to associated enterprises in Thailand● Lending of Thai baht loans to associated enterprises in Vietnam and countries bordering Thailand with a requirement of using them for trading and investment in Thailand or in aforementioned countries only

Source: Thailand Board of Investment

Incentives from the Revenue Department

The Revenue Department provides tax incentives as shown in the following table.

Table 3: Tax Incentives from the Revenue Department for the IBC

Category of Tax	Incentives
Corporate Income Tax Benefits	<ul style="list-style-type: none">● 8% CIT if the IBC incurs expenditure paid to recipients in Thailand of 60 million Baht● 5% CIT if the IBC incurs expenditure paid to recipients in Thailand of 300 million Baht● 3% CIT if the IBC incurs expenditure paid to recipients in Thailand of 600 million Baht● +CIT exemption on dividends received from associated enterprises in Thailand or overseas
Specific Business Tax Benefit	<ul style="list-style-type: none">● Exemption on gross receipts received from providing financial management services to associated enterprises in Thailand or overseas
Withholding Tax Benefit	<ul style="list-style-type: none">● Exemption on dividends paid by the IBC to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand● Exemption on interests paid by the IBC to companies or juristic partnerships incorporated under foreign laws and not carrying on business in Thailand but only from loans taken out by the IBC to relend to its associated enterprises in Thailand or overseas for the purpose of providing financial management services
Personal Income Tax	<ul style="list-style-type: none">● Reduction in personal income tax to 15% for expatriate employees

Note: The international trade business receives only personal income tax benefit
Source: The Revenue Department

Department of Business Development

The Department of Business Development is affiliated with the Ministry of Commerce. Its role is to control business registration processes, affirm business documents, and provide business licenses/certificates.

Bank of Thailand

The Bank of Thailand (BOT) is responsible for enforcing rules and regulation on the Treasury Center (TC). Apart from submitting the application to The Department of Business Development, the owner of TC must provide the document to BOT to receive a license and the letter indicating list of Group Companies. Moreover, TC also needs to submit monthly data such as lending and borrowing transactions, deposit transactions, and investment in debt securities to BOT.

International Procurement Office (IPO)

BOI provides non-tax incentives for the IPO as shown in the following table.

Table 4: Non-tax Incentives from BOI for the IPO

Incentives	Specific Condition
<ul style="list-style-type: none">● Majority or 100% foreign ownership● 100% foreign shareholding● Right to own land● VISA and work permit● Exemption of import duty on raw material imported for use in production for export● Exemption of import duty on machinery used in IPO project	<ul style="list-style-type: none">● Must be procurement of raw materials, parts, and components used in manufacturing industries● Must own or rent a warehouse and manage inventory with IT-based system exclusive for warehouse management● Must have appropriate activities of merchandise procurement and management● Must have several procurement resources, at least including a domestic resource● Must be domestic wholesale and/or oversea exports● Must have no less than 10 million baht registered capital

Source: Thailand Board of Investment

Trade and Investment Support Office (TISO)

BOI provides non-tax incentives for the TISO as shown in the following table.

Table 5: Non-tax Incentives from BOI for the TISO

Incentives	Specific Condition
<ul style="list-style-type: none">● Majority or 100% foreign ownership● 100% foreign shareholding● Right to own land● VISA and work permit● Exemption of import duty on machinery used in TISO project	<ul style="list-style-type: none">● Annual sales and administrative expenses must be at least 10 million baht● Must have a business plan and scope of business approved by the Board● Requirement of scopes of business in the case of lending money to affiliated companies

Note: The same the scope of money lending services under the IBC are applied to the TISO

Source: Thailand Board of Investment



Strategy of staff recruitment

which means we need to grasp the entire team in a new program, a new set of objectives, a new mission. It's generally understood today that the fact we have an active and creative team is a new kind of movement.

We have experienced and witnessed engaged in an extremely exciting and satisfying in the last few years for any number of years, we have had a great time and whatever activities of movement we have had from that structure demands. That is a time of humanity have needed expression.

Regulatory Process

The following illustration describes your investment journey in Thailand. The BOI stands ready to provide investment facilitation services to ensure that you can fully comply with any regulatory requirement.

Apply for BOI incentives	Submit the application for investment promotion from Board of Investment
Register your entity	Register your business at the Department of Business Development, Ministry of Commerce
Get the certificate of investment promotion	Obtain the certificate of investment incentive from the BOI

Establishment of an Operational Site		Request for Foreign Business Certificate (FBC)	
Dealing with Construction Permits	Building Permit and Occupancy Permit: apply at the Civil Works department of the area of your establishment	BOI sends the request of FBC to the Department of Business Development (DBD)	
	Telephone: connect with the TOT Public Company Limited	DBD checks the information and sends the payment form in the system	
	Water: apply at the Provincial or Metropolitan Waterworks Authority depending on your location	Foreign company pays the fee	
Getting Electricity	Connect with the Metropolitan Electricity Authority or the Provincial Electricity Authority depending on your location	Foreign company receives FBC	
Registering Property	Submit your documents at the Land Office, Department of Lands.		
Recruitment	Understand Thai labor laws and business incentives for skill upgrading / training		
Import and Export License	e-Custom system		



Per above illustration, apart from obtaining the BOI incentives and certificates, allow the BOI to assist you on the following processes.

Process	Details and Contact Point
Dealing With Construction Permits	<ul style="list-style-type: none">● Building Permit and Occupancy Permit: submit building permit application at the Civil Works department of the area you are building your establishment.● Telephone: TOT Public Company Limited● Water: connect with Provincial or Metropolitan Waterworks Authority depending on your location
Getting Electricity	<ul style="list-style-type: none">● Connect with the Metropolitan Electricity Authority or the Provincial Electricity Authority depending on your location
Registering Property	<ul style="list-style-type: none">● Submit your documents at the Land Office, Department of Lands.● All corporate documents used in this process must be certified copies.
Recruitment	<ul style="list-style-type: none">● Key takeaways in understanding labor laws in Thailand: protections, hours and holiday, compensation, social security, cessation of operation, termination, and minimum wage● Understand incentives for labor skill training
Manufacturing License	<ul style="list-style-type: none">● Apply for Authorization to Use Land, Authorization for New Factory Construction or Rental Factory Renovations, and Authorization to begin factory● Connect with either the Industrial Estate Authority of Thailand (IEAT) or the Ministry of Industry (MOI) Provincial Offices (Dept. of Industrial Works) depending on the location of your establishment
Import And Export License	<ul style="list-style-type: none">● Use of e-Custom system for importing and exporting
Foreign Business License/Certificate	<ul style="list-style-type: none">● Obtain foreign business license if required per business type



210.95

149.16

23.26

1.41%

18.92

207.70

210.95

207.70

1.27

1.009





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