

(Unofficial Translation)
based on
**Announcement of the Board of Investment
No. 1/2556
Investment Promotion for Sustainable Development**

To enhance domestic industrial growth and upgrade to a more knowledge-based industry that uses higher technology

by virtue of Section 16 Paragraph 2, Section 18, Section 28, Section 31 and Section 35 of the Investment Promotion Act of B.E. 2520, the Board of Investment hereby announces the following measures:

1. Investment promotion measures for target industries

1.1 All areas throughout the country (except Bangkok) shall be designated as a Investment Promotional Zone until **December 31, 2013**.

1.2 The following 3 categories shall be classified as priority activities for special privileges:

1.2.1 **Activities related to energy conservation and alternative energy**

- Category 1.18 Manufacture of alcohol or fuel from agricultural products, including scrap, garbage and/or waste
- Category 4.2.3 Manufacture of energy-conserving machinery or equipment or machinery or equipment which uses alternative energy
- Category 4.15 Manufacture of fuel cells
- Category 7.1.1 Production of electricity or steam power
 - For cases that use alternative energy such as energy from agricultural materials, biogas and wind energy

1.2.2 **Activities related to eco-friendly materials and products**

- Category 6.3 Manufacture of eco-friendly chemicals
- Category 6.4 Manufacture of eco-friendly products

1.2.3 **High-technology businesses**

- Category 1.11.10 Manufacture of medical food
- Category 2.5.3 Manufacture of advanced ceramics
- Category 2.19 Manufacture of nano materials or products from manufactured nano materials
- Category 3.1.1 Manufacture of natural or synthetic fibers
 - Only manufacture of functional fiber
- Category 3.9 Manufacture of medical equipment
- Category 3.10 Manufacture of scientific equipment
- Category 4.2.1 Manufacture of machinery, equipment and parts that have engineering design
- Category 4.2.2 Manufacture of farm machinery or equipment and food processing machinery or equipment
- Category 4.2.4 Manufacture or repair of mould and die
 - Only manufacture of mould and die and parts
- Category 4.9 Manufacture, repair or conversion of aircraft, including aircraft parts and equipment or onboard equipment
- Category 4.10 Manufacture of vehicle parts
 - Automatic Transmissions
 - Continuously Variable Transmissions (CVT)

- Traction motors for automobiles such as hybrid or fuel cell cars
- Electronic Stability Control (ESC)
- Regenerative Braking Systems
- Rubber tires for vehicles

- Category 5.4.3 Manufacture of industrial electronics
- Category 5.4.4 Manufacture of telecommunication equipment
- Category 5.5.1 Manufacture of semiconductors
- Category 5.5.2 Manufacture of memory storage equipment
 - Only manufacture of Hard Disk Drive(HDD), Solid State Drive (SSD) and HDD and SSD parts
- Category 5.5.4 Manufacture of parts for telecommunication equipment
- Category 5.5.5 Manufacture of parts for medical electronics
- Category 5.5.6 Manufacture of parts for agricultural electronics
- Category 5.5.7 Manufacture of electronic parts for vehicles
- Category 5.5.10 Manufacture of solar cells and raw materials for solar cells
- Category 5.5.12 Manufacture of flat panel display
- Category 5.6 Manufacture of material for microelectronics
- Category 5.7 Electronic design
- Category 7.18 Human resource development
- Category 7.19 Biotechnology
- Category 7.20 Research and development
- Category 7.21 Scientific laboratories
- Category 7.22 Calibration services

1.3 Rights and benefits for the activities under No. 1.2 shall be as follows:

- 1.3.1 Exemption of import duty on machinery
- 1.3.2 Exemption of corporate income tax for eight years without being subject to a corporate income tax exemption cap
- 1.3.3 Fifty percent reduction of corporate income tax on the net profit generated from the investment for not more than five years from the date on which the incentive period under Section 31 ends.
- 1.3.4 Double deduction for transportation, electricity and water costs for 10 years from the date of first income derivation from promoted activity
- 1.3.5 Deduction of infrastructure installation or construction costs from net profit in addition to normal depreciation of not more than 25% of the investment in promoted project. Such deduction can be made from the net profit in one or several years during the period of 10 years from the date of the first income derivation from promoted project.

1.4 Applications must be submitted to the OBOI by **December 31, 2013**.

2. Measure to promote energy conservation, alternative energy utilization or reduction of environmental impacts

- 2.1 This measure applies to existing projects only, be it BOI or Non-BOI promoted. In case of non-BOI promoted projects, the activity must be eligible for investment promotion by the Board of Investment.
- 2.2 BOI-promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires or in case the projects do not receive the corporate income tax exemption.
- 2.3 The applicant must submit an investment plan for machinery change to save energy, to introduce alternative energy into the project, or to reduce

environmental impacts by implementing one of the following:

- 2.3.1 Project must invest in upgrading the machinery to modern technology that reduces energy consumption at the stipulated ratio.
- 2.3.2 Project must invest in upgrading the machinery to use alternative energy at the stipulated ratio to the total energy consumption.
- 2.3.3 Project must invest in upgrading the machinery to reduce environmental impacts, namely, reducing waste, waste water or exhaust air according to the stipulated criteria.
- 2.4 The following incentives shall be granted:
 - 2.4.1 Exemption of import duty for machinery
 - 2.4.2 Three-year corporate income tax exemption on the revenue of an existing project, accounting for 50% of the investment under this measure and excluding the cost of land and working capital, except for environmental impact reduction which will be granted an eight-year corporate income tax exemption, accounting for the 50% of the investment under this measure, excluding the cost of land and working capital.
 - 2.4.3 Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.
- 2.5 Application shall be submitted by **December 31, 2013** and project must complete the implementation within three years from the date of promotion certificate issuance.
- 2.6 Application of existing projects of all investment sizes under this measure shall be considered by the Office of the Board of Investment.

3. Measure to promote production efficiency improvement by technology upgrade for the manufacturing of new products

3.1 The measure to promote production efficiency improvement by technology upgrade for the manufacturing of new products shall have the following criteria and conditions:

- 3.1.1 This measure applies to existing projects only, be it BOI or Non-BOI promoted.
- 3.1.2 Investors must invest in upgrading the existing production line to be able to manufacture new products.
- 3.1.3 The new product manufactured from the upgraded line must differ from existing products and have a distinct name. Also, the new product must be eligible for the investment promotion and for the corporate income tax exemption privilege.
- 3.1.4 The upgrading of a production line does not include the upgrading of an assembly line.
- 3.2 The following incentives shall be granted:
 - 3.2.1 Exemption of import duty on machinery regardless of zone
 - 3.2.2 Three-year corporate income tax exemption on revenue derived from the production of new products, not exceeding 50% of the investment in upgrading the production line
- 3.3 The application along with the investment plan on technology upgrade for the manufacturing of a new product must be submitted to the OBOI by **December 31, 2013**.
- 3.4 Application of existing projects of all investment sizes under this measure shall be considered by the Office of the Board of Investment.

4. Measure to solve environmental problems

- 4.1 Applicants must comply with the environmental management criteria and conditions specified by the government with pollutant values less than the legal control rate and must be in the following industries:
- Oil refinery
 - Natural gas separation
 - Power generation
 - Chemicals and petrochemicals
 - Minerals and base metals
- 4.2 This measure applies to existing projects only, be it BOI or Non-BOI promoted.
- 4.3 The following incentives shall be granted:
- 4.3.1 Exemption from import duty on machinery used for machinery improvement to reduce the environmental impact.
- 4.3.2 Eight-year corporate income tax exemption on the revenue of an existing project, accounting for 50% of the investment in machinery improvement, excluding the cost of land and working capital.
- 4.3.3 The corporate tax exemption period will start from the date of income derivation after promotion certificate issuance.
- 4.4 Projects must reduce the environmental impact according to criteria and methods specified by the Office of Board of Investment.
- 4.5 Applicants must submit the application including a plan to reduce environmental impact according to the criteria and methods specified by the Office of Board of Investment by **December 31, 2013** and complete the implementation within three years from the date of promotion certificate issuance.
- 4.6 Application of existing projects of all investment sizes under this measure shall be considered by the Office of the Board of Investment.

Effective from January 1, 2013 onwards

Announced on February 28, 2013

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Deputy Prime Minister
Chairman of the Board of Investment