

(Unofficial Translation)
based on
**Announcement of the Board of Investment
No. 2/2553
Investment Promotion for Sustainable Development**

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

by virtue of Section 16, Section 31 Paragraph 2 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 Investment Promotional Zone until December 31, 2012.

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 material, 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; e.g., 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 end of the incentive period under Section 31, Paragraph 1 or 2 as the case may be or from the date of the first income derivation from the promoted activity in case the promoted person does not receive corporate income tax exemption.

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 within **December 31, 2012**.

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 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 investment plan for machinery change to save energy, to introduce alternative energy into the project, or to reduce environmental effects 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 impact, 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 existing projects, accounting for 70% of the investment under this measure excluding 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 within **December 31, 2012** 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 manufacturing of new products
- 3.1 The measure to promote production efficiency improvement by technology upgrade for manufacturing of new products shall have criteria and conditions as follows:
 - 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 product.
 - 3.1.3 The new product manufactured from the upgraded line must differ from existing product and have distinct name. The new product must also be in the list eligible for the investment promotion and corporate income tax exemption privilege.
 - 3.1.4 The upgrading of production line does not include the upgrading of 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 product, not exceeding 100% of the investment in upgrading the production line
 - 3.3 The application along with investment plan on technology upgrade for the manufacturing of new product must be submitted to the OBOI within **December 31, 2012**.
 - 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 Three-year corporate income tax exemption on the revenue of existing project, accounting for 70% of the investment value of the improvement under this measure excluding cost of land and working capital.
- 4.3.3 The corporate tax exemption period will start from the date of income derivation after the issuance of promotion certificate.
- 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 within **December 31, 2012** and complete the implementation within 3 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.

This announcement shall be effective for the application that is submitted from March 10, 2010 onwards.

Announced on April 23, 2010

(Mr. Abhisit Vejjajiva)
Prime Minister
Chairman of the Board of Investment