

(Unofficial Translation)

Announcement of the Board of Investment
No. 18/2564
Investment Promotion Measure in the Southern Border Provinces

Subsequent to the Announcement of the Board of Investment No. 2/2557 dated December 3, 2014 on Policies and Criteria for Investment Promotion;

In order to promote continual investment in the Southern Border Provinces, and by virtue of Section 16, Section 18, Section 31, and Section 35 of the Investment Promotion Act B.E. 2520 (1977), the Board of Investment hereby announces the criteria for investment promotion according to Investment Promotion Measure in the Southern Border Provinces as follows:

1. The Southern Border Provinces refer to Narathiwat, Pattani, Yala, Satun, and 4 districts in Songkhla which consist of Chana District, Thepha District, Na Thawi District, and Saba Yoi District, and such areas shall be specified as the investment promotion zones.

2. General investment promotion measure in the areas as mentioned in Item 1.

2.1 The investment projects of all activities in the list attached to the Announcement of the Board of Investment No. 2/2557 dated December 3, 2014 on Policies and Criteria for Investment Promotion in the Southern Border Provinces shall be specified as the projects of special importance and benefit to the country. They shall be granted the incentives and comply with the conditions as follows:

2.2 Incentives:

2.2.1 Exemption of import duties on machinery.

2.2.2 8-year corporate income tax exemption without cap.

2.2.3 50 percent reduction in corporate income tax on the net profit derived from the investment for a period of 5 years as from the expiry date of corporate income tax exemption period.

2.2.4 Double deduction of the costs of transportation, electricity and water supply for a period of 15 years as from the date of revenue derivation from the operation.

2.2.5 Deduction of the costs of installation or construction of facilities for 25 percent of the investment capital in addition to the deduction of normal depreciation.

2.2.6 Exemption of import duties on raw and essential materials used in manufacturing for export for a period of 5 years.

2.2.7 90 percent reduction in import duties on raw and essential materials used in manufacturing for domestic sale for a period of 5 years.

2.2.8 Non-tax incentives.

2.3 Conditions:

2.3.1 The minimum investment capital of each project must not be less than 500,000 baht (excluding cost of land and working capital).

2.3.2 Projects applying for promotion are allowed to utilize used domestic machinery with a value of not exceeding 10 million baht, and required investment in new machinery must account for not less than one fourth of the value of the used machinery.

2.3.3 The application for promotion must be submitted within the last working day of 2022.

3. Special investment promotion measure in the areas as mentioned in Item 1, for the entrepreneurs of existing projects desiring to apply for promotion of the new projects as follows:

3.1 Existing projects refer to all implemented projects, whether promoted or not, located in other provinces or in the Southern Border Provinces, of which the activities must be eligible for investment promotion.

3.2 New projects refer to new investment projects applying for promotion in the Southern Border Provinces, which are the existing juristic person pursuant to Item 3.1 or the new juristic person, in which the group of owners of the existing projects must be the principal shareholders.

3.3 The entrepreneurs of existing projects who invest in the new projects are granted the incentives for both the existing and the new projects. They shall be granted the incentives and comply with the conditions as follows:

3.3.1 Incentives:

Existing projects

(1) 3-year corporate income tax exemption with a cap not exceeding 100 percent of the investment capital (excluding cost of land and working capital of the new projects in the Southern Border Provinces).

(2) Non-tax incentives.

New projects

(1) Exemption of import duties on machinery.

(2) 8-year corporate income tax exemption without cap.

(3) 50 percent reduction in corporate income tax on the net profit derived from the investment for a period of 5 years as from the expiry date of corporate income tax exemption period.

(4) Double deduction of the costs of transportation, electricity and water supply for a period of 15 years as from the date of revenue derivation from the operation.

- (5) Deduction of the costs of installation or construction of facilities for 25 percent of the investment capital in addition to the deduction of normal depreciation.
- (6) Exemption of import duties on raw and essential materials used in manufacturing for export for a period of 5 years.
- (7) 90 percent reduction in import duties on raw and essential materials used in manufacturing for domestic sale for a period of 5 years.
- (8) Non-tax incentives.

3.3.2 Conditions:

Existing projects

- (1) The minimum investment capital must not be less than 500,000 baht (excluding cost of land and working capital) based on the costs of building and machinery as approved by the Board of Investment and acquired prior to the application date of the existing projects.
- (2) The application for promotion of existing projects must be submitted when the new projects have installed the machinery and are ready for the full operation start-up.

New projects

- (1) The minimum investment capital must not be less than 500,000 baht (excluding cost of land and working capital).
- (2) Projects applying for promotion are allowed to utilize used domestic machinery with a value of not exceeding 10 million baht, and required investment in new machinery must account for not less than one fourth of the value of the used machinery.
- (3) The application for promotion of new projects must be submitted within the last working day of 2022 together with the confirmation letter on the investment of existing projects.

4. The investment promotion measure for industrial estates or industrial zones, and the projects located in industrial estates or industrial zones in the Southern Border Provinces.

4.1 For investment in the first project, the entrepreneurs of industrial estates or industrial zones, and the promoted projects located in industrial estates or industrial zones in the Southern Border Provinces shall be granted the incentives and comply with the conditions as follows:

4.1.1 Incentives:

- (1) Exemption of import duties on machinery.
- (2) 8-year corporate income tax exemption without cap.

- (3) 50 percent reduction in corporate income tax on the net profit derived from the investment for a period of 5 years as from the expiry date of corporate income tax exemption period.
- (4) Double deduction of the costs of transportation, electricity and water supply for a period of 15 years as from the date of revenue derivation from the operation.
- (5) Deduction of the costs of installation or construction of facilities for 25 percent of the investment capital in addition to deduction of normal depreciation.
- (6) Exemption of import duties on raw and essential materials used in production for export for a period of 5 years.
- (7) 90 percent reduction in import duties on raw and essential materials used in production for domestic sale for a period of 5 years.
- (8) Non-tax incentives.

4.1.2 Conditions:

- (1) The minimum investment capital of each project must not be less than 500,000 baht (excluding cost of land and working capital).
- (2) Projects applying for promotion are allowed to utilize used domestic machinery with a value of not exceeding 10 million baht, and required investment in new machinery must account for not less than one fourth of the value of the used machinery.

4.2 For investment in the expansion project, in case the promoted investors operating the first project apply for the project expansion under the existing juristic person pursuant to the conditions as specified by the Board, they can combine the first with the expansion project to be the same project. They shall be granted the incentives and comply with the conditions as follows:

4.2.1 Incentives:

- (1) Exemption of import duties on machinery.
- (2) 8-year corporate income tax exemption without cap.
- (3) 50 percent reduction in corporate income tax on the net profit derived from the investment for a period of 5 years as from the expiry date of corporate income tax exemption period.
- (4) Double deduction of the costs of transportation, electricity and water supply for a period of 15 years as from the date of revenue derivation from the operation.
- (5) Deduction of the costs of installation or construction of facilities for 25 percent of the investment capital in addition to deduction of normal depreciation.

- (6) Exemption of import duties on raw and essential materials used in manufacturing for export for a period of 5 years.
- (7) 90 percent reduction in import duties on raw and essential materials used in manufacturing for domestic sale for a period of 5 years.
- (8) Non-tax incentives.

4.2.2 Conditions:

- (1) The minimum investment capital of expansion project (excluding cost of land and working capital) must not be less than 25 percent of the investment capital of the first project (excluding cost of land and working capital), and must have the minimum investment capital of not less than 500,000 baht.
- (2) Projects applying for promotion are allowed to utilize used domestic machinery with a value of not exceeding 10 million baht, and required investment in new machinery must account for not less than one fourth of the value of the used machinery.
- (3) Must submit the application for promotion and start generating the revenue before the expiry date of corporate income tax exemption period of the first project.
- (4) Must be promoted person who submitted application for promotion of the first project within the last working day of 2022.

4.3 The Office of the Board of Investment will proceed to revoke the first promotion certificate and issue the new promotion certificate for the combination of the first project and the expansion project.

5. The criteria and conditions for activities in the Southern Border Provinces shall be as follows:

Section 1: Agriculture and Agricultural Products

Activities	Conditions
1.5.2 Livestock husbandry or aquaculture (except for shrimp)	Projects must use modern technology, e.g. closed house system, evaporative cooling system, automatic watering and feeding system, vector control measure and system, sensor system for tracking and counting animals, and effective environmental protection and impact reduction system.
1.6 Slaughtering	Projects must have modern production process, e.g. stunning method, shackle, cold storage, chilling system, meat quality and contaminant inspection.
1.8 Grading, packaging and storage of plants, vegetables, fruits or flowers	Projects must use modern technology, e.g. color sorter, vapor heat treatment to kill fruit fly eggs, and seed coating.
1.17 Manufacture or preservation of food, beverages, food additives or food ingredients using modern	1. Projects with only mixing or dilution process shall not be promoted.

technology (except for alcoholic beverages)	2. Projects with fermentation process must use starter cultures that have supporting study or research.
1.22 Manufacture of animal feed or animal food ingredients	1. Projects must be certified to international standards, e.g. HACCP, GMP, etc. within the period of full operation start-up indicated in the promotion certificate. 2. Projects must have traceability system.

Section 2: Mineral, Ceramic, and Basic Metals

Activities	Conditions
2.17 Manufacture of construction materials and pre-stressed concrete for public utilities	

Section 3: Light Industry

Activities	Conditions
3.1.1 Manufacture of natural or synthetic fibers	For manufacture of recycled fibers, projects must use domestic scraps or waste only.
3.1.2 Manufacture of yarn or fabric	
3.1.4 Manufacture of garments, clothing accessories, and household textiles	
3.3 Manufacture of bags or shoes or products made of leather or artificial leather	
3.6 Manufacture of furniture or parts	
3.11 Manufacture of medical devices or parts	

Section 4: Metal Products, Machinery and Transport Equipment

Activities	Conditions
4.4 Manufacture of multi-purpose engines or equipment	
4.12 Manufacture of motorcycles (except less than 248 cc engine displacement)	1. Projects must have structural welding process and spray painting process. 2. Investment plan for manufacturing and utilization of parts must be submitted and approved by the Board.

Section 5: Electronics and Electrical Appliance Industry

Activities	Conditions
5.1 Manufacture of electrical products	
5.2.3 Manufacture of compressors and/or motors for electrical appliances	

Section 6: Chemical, Paper and Plastics

Activities	Conditions
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6.7.1	Manufacture of multilayer plastic packaging	Must integrate more than 2 layers of plastics.
6.15	Manufacture of body care products such as soap, shampoo, toothpaste, cosmetics.	
6.16	Manufacture of plastic products for consumer goods, e.g. plastic package	
6.17	Manufacture of products from pulp or paper, e.g. paper boxes	

Section 7: Service and Public Utilities

Activities	Conditions
7.4.2 International Distribution Center- IDC	<ol style="list-style-type: none"> 1. The paid-up registered capital must not be less than 10 million baht. 2. Must provide a goods storage facility that is controlled by a modern computerized system. 3. Must have a minimum investment capital of not less than 100 million baht (excluding cost of land and working capital). 4. Must distribute goods to at least 1 foreign country.
7.24 Building development for industrial plant and/or warehouse	

This Announcement shall be effective from January 4, 2021 onwards.

Announced on April 27, 2021.

General Prayut Chan-o-cha

(Prayut Chan-o-cha)
Prime Minister
Chairman of the Board of Investment