

(Unofficial Translation)

Announcement of the Board of Investment

No. 19/2564

Investment Promotion Measure under Model City Project 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;

To promote continual development of Model City Project in the Southern Border Provinces, 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 issues this announcement setting criteria for investment promotion in accordance with the Investment Promotion Measure under Model City Project in the Southern Border Provinces as follows:

1. Model City areas refer to Su-ngai Kolok District in Narathiwat Province, Nong Chik District in Pattani Province, Betong District in Yala Province, and Chana District in Songkhla Province. The said areas are specified as investment promotion areas.

2. General investment promotion measure for the promoted areas in Item 1 include:

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 are 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 20 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 10 years.

2.2.7 90 percent reduction in import duties on raw and essential materials used in production for domestic sale for a period of 10 years.

2.2.8 Non-tax incentives.

### 2.3 Conditions:

- 2.3.1 The minimum investment capital of each project must not be less 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, is as follows:

- 3.1 Existing projects refer to all implemented projects, whether promoted or not, located in other areas or in the Model City areas, in which the activity must be eligible for investment promotion.
- 3.2 New projects refer to new investment projects applying for investment promotion in the Model City areas, which are existing juridical persons according to Item 3.1, or new juridical persons, in which the group of owners of the existing project 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) 5-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 specified Model City areas).

(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 20 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 10 years.
- (7) 90 percent reduction in import duties on raw and essential materials used in production for domestic sale for a period of 10 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 criteria and conditions of the activities eligible for investment promotion in the Model City areas are 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 technology (except for alcoholic beverages)	<ol style="list-style-type: none"> <li>1. Projects with only mixing or dilution process shall not be promoted.</li> <li>2. Projects with fermentation process must use starter cultures that have supporting study or research.</li> </ol>
1.22 Manufacture of animal feed or animal feed ingredients	<ol style="list-style-type: none"> <li>1. Projects must be certified by international standards, e.g. HACCP and GMP within the period of operation start-up specified in the promotion certificate.</li> <li>2. Projects must have traceability systems.</li> </ol>

### Section 2: Mineral, Ceramics and Basic Metals

Activities	Conditions
2.17 Manufacture of construction materials and pre-stressed concrete products 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**

<b>Activities</b>	<b>Conditions</b>
4.4 Manufacture of multi-purpose engines and equipment	
4.12 Manufacture of motorcycles (except less than 248 cc engine displacement)	<ol style="list-style-type: none"> <li>1. Project must have structural welding process and spray painting process.</li> <li>2. Investment plan for manufacturing and utilization of parts must be submitted and approved by the Board of Investment.</li> </ol>

**Section 5: Electronics and Electrical Appliances Industry**

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

**Section 6: Chemicals, Paper and Plastics**

<b>Activities</b>	<b>Conditions</b>
6.7.1 Manufacture of multilayer plastic packaging	Must integrate more than 2 layers of plastic.
6.15 Manufacture of additives for personal care products, e.g. soap, shampoo, toothpaste, and cosmetics	
6.16 Manufacture of plastic products for consumer goods, e.g. plastic packaging	
6.17 Manufacture of products from pulp or paper, e.g. paper boxes	

**Section 7: Service and Public Utilities**

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

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