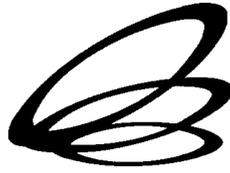


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INVESTMENT SERVICES CENTER
THE BOARD OF INVESTMENT
OFFICE OF THE PRIME MINISTER

555 ถ.วิภาวดีรังสิต จตุจักร กรุงเทพฯ 10900 โทร 0 2553- 8111
555 Vibhavadi-Rangsit Road, Chatuchak 10900 Tel. 0 2553- 8111

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Thailand BOI Announces New Incentives for Investor Retention, Relocation, Hydrogen Vehicles

In a follow up to its new five-year strategy released last month, the Thailand Board of Investment (BOI) announced today new incentive packages including, for the first time, a set of special privileges to support expansion by long standing investors, a comprehensive relocation program covering headquarters as well as research and manufacturing facilities, and a first package for investment in sustainable activities such as the manufacturing of hydrogen vehicles and the setup of electric vehicle (EV) battery swapping stations.

The measures, approved at a meeting of the BOI board held yesterday, also include premium incentives for industries involving innovation and high technology such as biotech, nanotech, and advanced materials, support measures for the research and production of novel food, the addition of new economic corridors, or special investment zones, in four regions of Thailand, and the introduction of a special mechanism to improve the ease of doing business by addressing pain points flagged by investors.

“The incentive measures all reflect the strategy’s aim to upgrade our industrial capacity with a focus on high technology and innovation, to build the industrial base of the future and to make Thailand the center of international business and the technology hub of the region,” Mr. Narit Therdsteeasukdi, Secretary General of the BOI, told reporters during a press conference. “At this critical juncture when the world is facing multiple crisis, we want to highlight Thailand’s strengths to help address some of these issues, such as food security, the search for renewable energy, and supply chain resilience.”

The 2023-2027 Investment Promotion Strategy announced in October aims to help restructure the country's economy and ensure Thailand is innovative, competitive, and inclusive as it competes in the post Covid-19 world. The strategy sets to encourage technological advancement, the transition to green and smart Industries, talent development, as well as creativity and innovation, to strengthen the country's status as a regional hub for business, trade and logistics. The strategy also sets five sectors of

strategic importance to industrial development as priority industries, namely the bio-circular-green (BCG) sector, the EV supply chain, electronics manufacturing, the digital economy, and creative industries.

Below are details of the approved measures, and additional benefits which investments in designated sectors will receive on top of the standard incentives, according to the special packages announced today:

Retention & Expansion Program

Long standing investors, meaning companies which over the past 15 years have been granted investment benefits for at least three projects, with a combined investment value of not less than 10 billion baht (ca. 265 million US dollars), and getting approval for a new project or expansion project with an investment of 500 million baht or more will receive special incentives including an additional corporate income tax (CIT) exemption for up to 3 years or a 50% CIT reduction for up to five years, depending on the type of activity.

“This is the first time the BOI is issuing a package to reward investors who have expressed confidence in Thailand and actively participated in our country’s industrial development over a long period of time,” Mr. Narit said.

Relocation Program

The relocation program will grant an additional CIT exemption for 5 years to companies relocating all their activities, meaning regional headquarters, research and development (R&D) center, and manufacturing facilities to Thailand. The companies relocating their manufacturing and regional headquarters will receive additional 3 years of CIT exemption while those moving their manufacturing and R&D center will additionally receive between 1 and 5 years of CIT exemption, depending on the industry. All the CIT exemptions apply only to revenue from the relocated manufacturing activities.

Creation of New Industry Categories

To accelerate the move to the new economy, the board approved the creation of new promoted industry sectors especially sustainable activities, that will receive special incentives. The new categories include the manufacturing of hydrogen vehicles, the setup of electric vehicle (EV) battery swapping stations, novel food, organic food, etc. With regards to renewable energy, the new types of promoted businesses include hydrogen production and related activities, such as green ammonia, as well as power and steam generation from hydrogen.

Advanced Technology Sectors

Premium incentives will be granted to investments in upstream industries entailing innovation and high technology such as biotech, nanotech, and advanced materials that involve technology transfer and cooperation with Thailand’s higher education institutions and research entities. Such projects, classified as “A1+” in the BOI’s nomenclature, will be eligible, depending on the activity, to 10 to 13 years CIT exemption without a cap.

Wafer fabrication has been upgraded to this category and will be eligible for 13 years CIT exemption, up from 10 years previously.

New Economic Corridors

The board also approved the designation of new economic corridors as special investment zones in four regions of Thailand, covering a total of 16 provinces. Investments in such areas receive a wide range of incentives.

The four areas, namely the Northern Economic Corridor, North-Eastern Economic Corridor, Central-Western Economic Corridor, and Southern Economic Corridor, will add to the existing industrial and high-tech development area known as the Eastern Economic Corridor.

Ease of Doing Business

The board also approved the setup of a Sub-Committee on the Resolution of Obstacles and Facilitation of Investment, which, in cooperation with the Prime Minister's Office and other state agencies, will serve as a special mechanism to further improve the ease of doing business by addressing specific pain points flagged by investors.

The new incentives will be effective from January 2023.

For more information, please contact:

Thailand Board of Investment

Tel. +66 (0) 2553 8111

Website: www.boi.go.th

YouTube: Think Asia, Invest Thailand
