

ศูนย์บริการลงทุน
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Thailand BOI Approves Measures to Support Carbon Reduction

The Thailand Board of Investment (BOI) at a meeting today approved incentives to encourage companies to reduce greenhouse gas emission as well as an enhanced scheme for electric vehicles and measures to mitigate Covid-19 impacts and support local vaccine development, Ms Duangjai Asawachintachit, Secretary General of the BOI, announced today.

Measures to Encourage Greenhouse Gas Reduction

The board approved a series of promotion measures to encourage investments that will reduce impact on the environment, support sustainable development, and participate to the development of the BCG model (Bio, Circular and Green economy) which the Thai government has set as a priority to lead the post-Covid 19 recovery.

These measures comprise the following:

- 1) The grassroots economy support scheme will also cover the support to local organizations involved in the development of sustainable agricultural activities such as low-methane rice farming. This new addition is expected to encourage competent companies in taking part in the movement towards sustainable agriculture, In addition, the deadline for applications under the grassroots economy support scheme will be extended to end 2022.
- 2) 3-year tax holidays will be offered to investments in machinery upgrades aimed at reducing greenhouse gas emissions. This will be an addition to the existing productivity enhancement scheme. This new measure is expected to contribute to the country's commitments on greenhouse gas reduction.
- 3) Adjustments to the conditions and benefits applying to some business categories to encourage eco-friendly technologies:
 - Investments in cold storage facilities and cold storage transport operations using natural refrigerants, that reduce impact on the environment, will be granted 3-year corporate income tax exemptions.
 - Petrochemical production facilities implementing Carbon Capture Utilization and Storage (CCUS) technologies will be granted 8-year corporate income tax exemptions.
- 4) Introduction of a new promotion category for natural gas separation plants which if they are implementing CCUS technologies will be granted 8-year corporate income tax exemptions.

Measures to support Thailand to become an EV manufacturing hub

The meeting agreed to improve the investment promotion policy for the production of electric vehicles (EV) of all types, in a move aimed to further boost the EV sector, which is one of the country's target industries. The investment promotion will also extend to the production of BEV platforms which consist of an energy storage system, charging module and front & rear axle module. In general, a platform represents at least 70% of the total cost of a BEV. The sharing platform concept is a new trend for the automotive industry. In particular, this type of production will provide more flexibility, shorter time for product development, and economies of scale. Given the relatively small local and regional markets of BEVs, manufacturing that brings more unit cost reduction will help BEVs compete better and will lead to faster market expansion.

The Board also approved the promotion of electric bicycles (E-bikes) which have experienced rapid market growth over the past few years. The tax incentives offered include a minimum of 3 years of corporate income tax exemption. These additions will make the BOI promotion scheme for electric vehicles comprehensive.

Further Covid Impact Mitigation Measures

In a move aimed at mitigating the impact of the coronavirus pandemic on promoted businesses, the BOI also approved relaxation and waivers of certain investment requirements. The board agreed to extend for 6 months the deadlines for companies required to be certified by international standards such as ISO 9002 or CMMI during the period of April 1-December 31, 2021. In the same period, companies can also apply for waivers for temporary cessations of operations for a period of more than two months.

In an effort to support local vaccine/medicine development and production, the Board also approved the measure to allow companies that still enjoy tax holidays to apply for additional tax incentives in case they provide financial support to vaccine/medicine research and development projects run by public educational institutions and research institutes as well as government agencies. If the aforementioned support is worth at least 1% of total sales in the first 3 years, or at least 200 million baht (USD7 million), they will receive an additional 1-3 years of corporate income tax exemption and an increase in their corporate income tax exemption ceiling equal to the amount of their contribution. In case the contribution does not reach this threshold, companies can still receive an addition to their corporate income tax exemption ceiling, but not additional years of tax holidays.

Project approval

The board also approved Glow Energy PCL application to invest approximately 6 Billion Baht in a cogeneration power plant to expand its production of electricity and steam. The new plant, located in the Map Ta Phut Industrial Estate area, in Rayong Province, will have a power generation capacity of approximately 200 megawatts and will produce 460 tons of steam per hour.

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