



INVESTMENT SERVICES CENTER
THE BOARD OF INVESTMENT
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PRESS RELEASE

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**BOI approves incentive scheme for “Smart City”
and high quality housing for laborers**

The Thailand Board of Investment (BOI) has approved investment incentive schemes for “Smart City,” an initiative that will employ advanced IT systems and innovations to improve quality of life. The board has also agreed to promote high standard housing for laborers to upgrade their quality of life, and agreed to extend the promotion period for investments in 10 Special Economic Zones (SEZs) to the end of 2020.

Ms. Duangjai Asawachintachit, BOI Secretary General, revealed after the BOI board meeting chaired by Prime Minister General Prayut Chan-o-cha that several important investment promotion measures approved by the board will have positive impacts on people and the entire country, from quality of life improvements for Thai and foreign laborers alike to the promotion and development of technological advances and innovations.

Smart City Promotion Incentives

At the meeting, the board approved investment promotion incentive schemes for the development of the “Smart City” project. Smart City is designed to upgrade people’s quality of life in 6 intelligent platforms, namely efficient transport (Smart Mobility), education and social equitability (Smart People), life security (Smart Living), ease of doing business (Smart Economy), efficient public services (Smart Governance) and green energy, clean, and safe environment (Smart Energy & Environment).

The main area of investment promotion for the Smart City comprises two key activities.1) Smart City development: BOI will provide incentives for investors planning to develop Smart City infrastructure systems, including such telecommunication infrastructure as fiber optics, public Wi-Fi provision, and Open Data Platform schemes. The project’s basic infrastructure must include

the 6 aforementioned intelligent platforms. 2) An incentive scheme to support intelligent network developers: The incentive scheme has been designed to benefit IT system developers who create, install and provide at least one out of the six areas of targeted services to support the Smart City system. Investment projects under these two categories will be granted 8-year of corporate income tax exemption (100 per cent of the total investment without land cost and working capital is eligible for an exemption from corporate income tax).

“The government’s goal is to improve the quality of life of the people in six key areas and therefore promote investments in basic infrastructure development for Smart City,” Ms. Asawachintachit said. “In the end, we are aspired to see more benefits for the people, such as efficient and well-connected air, sea and land transport routes; improved social equality for all citizens including the disabled and the elderly; enhanced safety and security; improved ease of doing business; as well as more efficient public services, energy consumption and better management of natural resources.”

Technology and innovation enhancement

BOI board also approved the amendment of incentive schemes for investments in science and technology, and in the Eastern Economic Corridor (EEC). More tax incentives will be given to science and technology development activities in order to attract more investments in this area. Such incentives are 1) an up to 13-year corporate income tax exemption for projects in the Eastern Economic Corridor of Innovation (EECi) and the Digital Park Thailand (EECd); and 2) an up to 12-year corporate income tax exemption for projects in the Science and Technology Park outside the EEC.

Quality of life improvement for laborers

Considering laborers as a valuable asset, the board initiated a new investment incentive category for “international-standard housing project development’ for both Thai and foreign laborers. Such housing projects must meet the standards set by the International Labor Organization (ILO). In addition to ensuring that workers have access to international standard housing, the government aims to reduce issues related to overcrowding and poor living conditions in communities with the aim of increasing the quality of life of laborers.

This measure is applicable for projects nationwide but incentive schemes will vary. Labor housing projects located in 10 Special Economic Zones (SEZ) in 10 border provinces will receive a 6-year corporate income tax exemption while those located in other areas will be eligible for a 3-year CIT exemption (based on incomes from rental fees and a 100 per cent cap of the investment value, excluding land and working capital). Applications must be submitted by 30 December 2019.

Promoting the regional trading center

The board also initiated the “Smart Distribution Center” category as a tool to make Thailand the regional trading center supporting the rapid growth in e-commerce and e-logistics businesses and the development of digital economy. Such development is a key to enhance national competitiveness in terms of trade and investment.

Being considered a targeted industry, “Smart Distribution Center” projects located in EEC’s specific promoted zones, namely EECi, EECd, and EEC Aerotropolis, Promoted Zones for Specific Targeted Industries, and other Industrial Estates or Industrial Parks, will receive incentives in addition to 8-year corporate income tax exemption (with maximum corporate investment cap of 100 percent, excluding cost of land and working capital) on income derived from international distribution services.

Some of the requirements for investors in “Smart Distribution Center” are to hire Thai personnel with good knowledge and experience in science and technology related fields such as engineering, artificial intelligence and data science, etc.; to implement data analytics or manage digital transactions based on advanced economy; and to provide training courses on advanced digital technology, especially Big Data and data analytics. More importantly, these investors must work closely with local research projects or educational institute or local research institutes.

SEZ investment application period extended to 2020

BOI board has agreed to extend the SEZs investment promotion measure, which covers the 10 border provinces (namely Tak, Trat, Mukdahan, Sa Kaew, Songklah, Chiang Rai, Nongkhai, Nakhon Panom, Kanchanaburi and Narathiwat) until 30 December 2020 (from 30 December 2018). The decision aims to encourage more investment in the targeted areas, given there is a number of investors considering to invest in infrastructure development projects in SEZs. Extension of the measure will increase confidence among investors who plan to develop targeted areas and establish businesses there.
