

**Announcement of the Office of the Board of Investment
No. Por 13/2541
Criteria in Using the Benefits under Section 36(4)**

Section 36(4) of the Investment Promotion Act of B.E. 2520 empowers the Board of Investment to determine the conditions, procedures, and periods for the deduction, from taxable income, of 5 percent of the increase in export income over the preceding year for a period of 10 years starting from the date of the first income. In this regard, export income must not be lower than the average export income of the preceding 3 years except during the first 2 years.

For the purpose of suitability and clarity in the administration of this benefit, the Office of the Board of Investment deems it appropriate to announce the following criteria:

1. Years when benefits can be used

- 1.1** The benefit under section 36(4) can be used from year 2 to year 10 starting from the date of the first income derived from the promoted activity.
- 1.2** The benefit under section 36(4) can be used on a yearly basis only. In any years, if the benefit is not exercised although companies are entitled to it, the benefit cannot be accumulated for subsequent years.
- 1.3** The benefit under section 36(4) can only be used in years when companies are not entitled to corporate income tax exemption.

2. Base year for calculation

- 2.1** The base year refers to the year preceding the year when the benefit is used. The year in this context shall be in accordance with the accounting cycle adopted by promoted companies, and the first base year may cover less than 12 months.
- 2.2** For years 2 and 3, it is required that the export income in these years exceed that of the base year.
- 2.3** For year 4 onwards, it is required that the export income exceed that of the base year and the average export income of the preceding 3 years.

3. Export value calculation

- 3.1** Export value refers to revenues derived from direct exports and indirect exports in cases where exportation is made through others without further processing.
- 3.2** The use of benefit shall be subject to the production capacity specified in the investment promotion certificate.
- 3.3** In cases where revenues are derived from both domestic and export sales or there are many projects within a company, if total sales exceed those based on the capacity stipulated in the investment promotion certificate, priority shall be given to export value for the purpose of using the benefit under section 36(4).

4. Benefit value

- 4.1** The benefit under section 36(4) shall not exceed 5 percent of the increase in export income over that of the base year.

Clauses 1.2, 1.3, 3.2, and 3.3 shall not be applicable to those receiving investment promotion certificates prior to January 1, 1999.

Announced on December 30, 1998.

**Staporn Kavitanon
Secretary-General
Board of Investment**

