Thailand 4.0 – a new value-based economy

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Deputy Secretary General
Thailand Board of Investment
Thailand 4.0
Thailand 4.0: a New Economic Model

Thailand Economic Model:

01 Thailand 1.0 Agriculture

02 Thailand 2.0 Light industries

03 Thailand 3.0 Heavy industries

04 Thailand 4.0 Innovation-driven economy
10 Targeted S-curve Industries

5 New S-Curve

- Biofuels and Biochemical
- Digital Economy
- Medical Hub
- Automation and Robotics
- Aviation and Logistics

5 First S-Curve

- Agricultural and Biotechnology
- Smart Electronics
- Affluent Medical and Wellness Tourism
- Next-Generation Automotive
- Food for The Future
Current Investment Promotion Policy
Focus of Current Investment Promotion Policies

Technology and Innovation
• Research and development
• Targeted industries/services
• Value-added creation

People
• Human capital
• Foreign talents

Productivity Enhancement
• Upgrading of existing companies

Development of targeted areas
• Eastern Economic Corridor (EEC)
• Border Special Economic Zones
• Disadvantaged areas
BOI’s Investment Policy Framework

Policy

100% Foreign ownership
- No local content requirements
- No export requirements
- No restriction on foreign currency

Tax Incentives

- Exemption of import duties on machinery / raw or essential materials imported for use in production for export and for R&D
- Corporate income tax exemption up to 13 years
- 50% CIT reduction within 10 years
- (ITA: Investment Tax Allowance) Deduction up to 70% of the invested capital on net profit derived within 10 years (ITA)
- Exemption of import duties on machinery / raw or essential materials imported for use in production for export and for R&D
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Facilitation

- Land ownership rights
- Work permit & Visa facilitation
- Sector-based Incentives
  - Up to 8-year Tax holiday for targeted industries in accordance with the Seven-Year Investment Promotion Strategy (2015-2021)
- Technology-based Incentives
  - Up to 13-year Tax holiday for core technologies or R&D projects
- Competitive Enhancement Measures
  - Up to 15-year Tax holiday for new technologies and high-impact investment
  - Matching grant for R&D, training, innovation
BOI Investment Incentive Scheme

**Activity-based**
- Bio Industries
- Creative & Digital Industries
- High Value Business & Service
- Advanced Manufacturing
- Basic & Supporting Industries

**Technology-based**
- Biotechnology
- Nanotechnology
- Advanced Material Technology
- Digital Technology

**Area-based**
- EEC 3 provinces
- SEZ 10 provinces
- Southern Border (4 provinces, 4 districts)
- 20 Provinces with the Lowest per Capita Income
- Industrial Estates/Zones
- Science and Technology Parks
  (Science Park, Food Innopolis, Space Krenovation Park: SKP)

**Merit-based**
- Research & Development (R&D)
- Support academic/research institutes, or technology and human resource development funds
- IP licensing fee
- Advanced technology training
- Development of Local suppliers
- Product and packaging design

**Agenda-based**
- Productivity Enhancement
- MAI Listing Support
- SMEs Promotion
- Support to Small and Community Enterprises
Activity-based Incentives

Incentives are largely based on several key factors i.e. level of technology, role in supply chain.
# Dashboard of Activity-Based Basic Incentives

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<thead>
<tr>
<th>A1</th>
<th>Exemption of Corporate Income Tax</th>
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* Tax exemption will depend on the investment amount/ expenditure for enhancing competitiveness
Technology-Based Incentives (1/2)

Additional incentives for investment in the development of Core Technologies in which Thailand has potential to enhance the country’s overall competitiveness and industries. Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research Consortium.

CIT Exemption for 10 years + Merit (1 - 3 years) = **Maximum of 13 years**

**Targeted Core Technologies**

- Biotechnology
- Nanotechnology
- Advanced Material Technology
- Digital Technology

**Enabling Services**

For 2-6, only projects that utilize advanced technology, as approved by the Board:

1. Research and Development (R&D)
2. Vocational Training Centers (only in S&T)
3. Electronics Design
4. Engineering Design
5. Scientific Laboratories
6. Calibration Services
Eligible for “duty exemptions on materials imported for R&D purposes and related testing” for research and development activities, biotechnology activities (only with R&D), and testing related to R&D with the following guidelines:

- Materials imported for R&D purposes or related testing, e.g. prototype materials, chemicals, plants or animals, etc.
- Eligible for a 1-year exemption period, which can be renewed annually.
Merit-Based Incentives - Optional Scheme

+ Product-Based Incentives
+ Technology-Based Incentives

Merit-Based Incentives

Total CIT Exemption => Maximum 13 Years
## Merit-Based Incentives – Competitiveness Enhancement Measures (Optional)

<table>
<thead>
<tr>
<th>Types of eligible investments/expenditures</th>
<th>Additional Cap (% investment capital / expenditure incurred)</th>
<th>Additional CIT incentives depending on investment/expenditure ratio (%)</th>
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</thead>
<tbody>
<tr>
<td>1. R&amp;D: In-house, outsourced in Thailand or joint R&amp;D with overseas institutes</td>
<td>300%</td>
<td>% of qualified investments/expenditures to combined revenue for the first three years</td>
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<td>2. Donations to technology and human resource development funds, educational institutes, specialized training centers, R&amp;D institutes or governmental agencies in the S&amp;T field</td>
<td>100%</td>
<td>1% or &gt; 200 MB.</td>
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<tr>
<td>3. IP acquisition/licensing fees for commercializing technology developed in Thailand</td>
<td>200%</td>
<td>2% or &gt; 400 MB.</td>
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<tr>
<td>4. Advanced technology training, including digital training such as IoT</td>
<td>200%</td>
<td>3% or &gt; 600 MB.</td>
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<tr>
<td>5. Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance</td>
<td>200%</td>
<td>1 year</td>
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<tr>
<td>6. Product &amp; packaging design: In-house or outsourced in Thailand</td>
<td>200%</td>
<td>2 years</td>
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Add. CIT exept. 3 years
European Investment Trend
BOI Statistics 2015 - 2017

Investment Value (unit: million Euro)

*Exchange rate as of 7 March 2018
Foreign Direct Investment in 2015 – 2017 by country

Investment Value (Unit: 1 million Euro)

- Total
- Japan
- ASEAN
- EU
- China
- Hongkong
- USA

*Exchange rate as of 7 March 2018 (1 Euro = 39.72 Baht)
EU Net Application Submitted by Sector in 2015-2017

1. Metal Products and Machinery
   (54 projects, 729.9 mil Euro)
2. Chemicals, Paper
   (11 projects, 459.4 mil Euro)
3. Electric and Electronic Products
   (143 projects, 235.0 mil Euro)
4. Services
   (189 projects, 197.9 mil Euro)
5. Light Industry
   (20 projects, 173.9 mil Euro)
6. Agricultural Products
   (15 projects, 31.1 mil Euro)
7. Minerals and Ceramics
   (2 projects, 2.7 mil Euro)

*Exchange rate as of 7 March 2018 (1 Euro = 39.72 Baht)
Belgium Net Application Submitted by Sector in 2015-2017

1. Chemicals, Paper
   (8 projects, 2.5 mil Euro)

2. Metal Products and Machinery
   (1 projects, 0.7 mil Euro)

3. Electric and Electronic Products
   (4 projects, 0.7 mil Euro)

4. Services
   ( - projects, - mil Euro)

5. Light Industry
   ( - projects, - mil Euro)

6. Agricultural Products
   ( - projects, - mil Euro)

7. Minerals and Ceramics
   ( - projects, - mil Euro)

*Exchange rate as of 7 March 2018 (1 Euro = 39.72 Baht)
EEC Incentive Scheme
Targeted Areas

**Eastern Economic Corridor (EEC)**
(Chachoengsao, Chonburi and Rayong)

**Special Economic Development Zones (SEZs)**
(Tak, Sa kaew, Trat, Mukdahan, Songkla, Nongkhai, Narathiwas, Chiang Rai, Nakhon Panom, kanjanaburi: 10 provinces, 23 districts, 90 sub-districts)

**Border Provinces in Southern Thailand**
Narathiwat, Pattani, Yala and Satun and 4 districts (Jana, Na Thawee, Saba Yoi, Dhepha) in Songkhla

**The 20 Poorest Provinces**
Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen)
Eastern Economic Corridor (EEC)

1. Chachoengsao
   - Logistics Hub
   - New Chachoengsao City
     - Food Processing
     - Agricultural Technology

2. Chonburi
   - Next-Gen Automotive
   - Smart Electronics

3. Rayong
   - Robotics
   - Bioeconomy
   - New Rayong City
   - Food Processing
   - Agricultural Technology

Other key nodes:
- Donmuang Airport
- Suvarnabhumi Airport
- Eastern Rail Route
  - High Speed Train
  - Double Track Rails
- LCB Port
- New Pattaya City
- Sattahip Port
- U-Tapao Aerotropolis
- Map Ta Phut Port

THAILAND
Taking off to New Heights
Eastern Economic Corridor (EEC)
**New Investment Promotion Measures in the EEC**

- **Starting January 1, 2018**

- Applications must be submitted by the end of 2019
- Must have cooperation with academic institution / research institution / Center of Excellence to develop human resource and improve the level of technology

<table>
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<tr>
<th>Area-based</th>
<th>Condition</th>
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| **1. Promoted Zones for Specific Industries** (EE Ci, EECd, EEC Aerotropolis) | **No. of apprentices:**
| | ≥ 10% of all employees hired or at least 50 |
| **2. Promoted Zones for Specific Targeted industries** | **No. of apprentices:**
| | ≥ 5% of all employees hired or at least 25 |
| **3. Other Industrial Estates/ Industrial Parks in EEC** | |

Note: Projects applied for this measure shall not receive additional incentive under merit on Industrial Area Development.
# Draft Master Timeline for PPP projects in EEC

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*as of 2 March 2018*
### Investment Promotion Scheme for the EEC

**Targeted Industries in the EEC**

- **S-Curve Industries**
  - Activities Supporting S&T
  - Basic Infrastructure

116 Industries in Total

**Promoted Zones for Specific Industries**

- **Targeted Industries:** Additional 2 years of CIT exemption (could be more than 8 years) + 50% CIT reduction for 5 years
- **Other Industries:** Additional 3 years of 50% CIT reduction

**Promoted Zones for Targeted Industries**

- **Targeted Industries:** Additional 5 years of 50% CIT reduction
- **Other Industries:** Additional 3 years of 50% CIT reduction

**Other Industrial Estates / Industrial Parks**

- **Targeted Industries in the EEC:** Additional 5 years of 50% CIT reduction
BOI Services
BOI Offers Manifold Support Services

**BOI Support Services**

- **SMART VISA**
  - NEW
  - Interaction with other govt. agencies on behalf of investors

- **Overseas offices**

- **1-Stop for visas & work permits: work permits in 3 hours**

- **Subcontracting Development Program by BUILD Unit**

- **Country desks**
Where to contact BOI

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