

Tax Incentives under BOI Scheme

Miss Saowanee Buadam

Customs Technical Officer, Professional Level

Bangkok Port Customs Office

Thai Customs Department



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➤ The Customs Department and Investment Promotion

- Tax incentive related to the Customs Department
- Activities related to usage of tax incentives under an investment promotion.



Taxpayers under Customs Law are as follows:

1. Importer 2. Exporter

Section 4

“Importer” shall include the owner or other persons having a period of possession or interest in any goods as from the time of the importation until the completion of delivery from the custody of the customs officials

“Exporter” shall include the owner or other persons having a period of possession or interest in any goods as from the time of the exportation until the completion of delivery from the custody of the customs official



What's are steps to follow in order to take goods out of a customs' custody?

1. Comply with the Customs law
2. Comply with other related laws
3. Prepare and submit a goods declaration
4. Make a duty payment (if any)



Tax Incentives related to the Customs Department

- Exemption/Reduction of import duty on machinery (Section 28, 29 under Investment Promotion Act B.E. 2520 and its Revision)
- Reduction of import duty on raw or essential material (Section 30 under Investment Promotion Act B.E. 2520 and its Revision)
- Exemption import duty on goods imported for the purpose of research and development (Section 30/1)
- Exemption import duty on the raw and essential materials imported for use specifically in producing, mixing, or assembling product or commodities for export. (Section 36)

Do not forget!!!

1. Exemption or reduction of import duty for goods under investment promotion scheme are only for “import duty” and/or VAT guarantee/revocation of VAT guarantee” only. If such goods is subject to excise or provincial tax such as battery, it still be liable for such taxes in full amount.
2. In case of duty exemption/reduction, such exempt/ reduced amount shall be used as VAT calculation on importation.

Activities under Investment Promotion Scheme

- ☐ Importation
- ☐ Exportation
- ☐ Activities after a goods being released from the Customs custody.
- ☐ The control of tax incentive usage.

❏ Importation

1 BOI sends release data (Release Order) to the Customs Department via National Single Window (NSW)

- To give exemption or reduction of duty
- To give a permission to use bank guarantee issued by domestic bank instead of making full import duty and VAT in full amount.

2 Importer who has been granted investment promotion prepares and submits import declaration to the Customs Department's computer system.

3 Release of goods from the Custom custody

Customs official would check an accuracy of goods against details appears in a release order.

Importation

- 1 BOI** sends release data (Release Order) to the Customs Department via NSW
 - To give exemption or reduction of duty OR
 - To give a permission to use bank guarantee issued by domestic bank instead of making full import duty and VAT in full amount.
- 2** Importer who has been granted investment promotion prepares and submits import declaration to the Customs Department's computer system.
- 3 Release of goods from the Custom custody** Customs official would check an accuracy of goods against details appears in a release order.

☐ **Exportation**

- Exportation means sending goods to foreign territory and sending to duty free zone or free zone or selling to person authorized by Board of Investment Office.
- Conduct customs clearance as stipulated by the Customs Department, when finished, export declaration shall be kept as evidence and prepare raw material report.

☐ **Activities after a goods being released from the Customs custody**

1. Activities to a release order which the BOI Office authorizes to use a bank guarantee.
2. Activities in case BOI office has informed the Customs Department to collect duty.
3. Duty refund, when an importer had paid duty and received goods from the Customs Department and, granted tax incentive later.

☐ Activities after a goods being released from the Customs custody

1. A release order which BOI Office allows the use of bank guarantee

A release order which BOI Office allows the use of bank guarantee shall be valid for 1 year from the date of issuing or as BOI Office extends.

Customs official at the place of importation checks guarantee duration.

In case BOI Office has no letter inform the Customs that items that allowed to use bank guarantee will be receiving tax incentive, or has no letter informing extension, or has letter informing that such item does not qualify to receive duty exemption or reduction, a Customs official at the place of importation shall proceed to collect duty.

In case BOI Office has letter inform the Customs that items that allowed to use bank guarantee is granted tax incentive, duty exemption or reduction, a Customs official at the place of importation shall proceed to return a bank guarantee or collect duty, in case of duty reduction.

☐ **Activities after a goods being released from the Customs custody**

2. In case BOI Office informs the Customs Department in writing to collect duty

In case BOI Office has order to revoke tax incentive / revoke BOI card / collect duty on remaining raw and essential material or one that not be used in manufacturing for export / collect duty on machinery / collect duty for remaining material or lost / collect duty on finished product that is requested for sell in Thailand, a Customs official at the place of importation shall proceed to collect duty.

☐ **Activities after a goods being released from the Customs custody**

A person granted BOI shall follow all requirements stipulated by BOI Office, in not doing so, BOI Office has discretion to revoke such investment promotion. Items that had been received tax incentive will be retroactively treated as not receiving tax incentive, therefore, the Customs Department will collect duty from such person.

☐ **Activities after a goods being released from the Customs custody**

3. The refund of duty in case an importer had paid duty and received a goods from the Custom custody and later granted tax incentive.

When a person granted tax incentive, a Customs Official at the place of importation would thoroughly check incentives granted by the BOI Office to exempt or reduce duty with the goods lists in import declaration and consider authorizes a duty refund under BOI Office informing letter.

☐ **The control of tax incentive usage**

BOI Incentive Usage Inspection after Customs Clearance and Document keeping

Customs official at place of importation will use risk management to inspect and control the usages of tax incentives



Tax Incentives Clinic

Tel. 02-667-7000 Ext 5179

Email. Taxinclinic@gmail.com,

taxinclinic@customs.go.th

Website. <http://tic.customs.go.th>

