

(Unofficial Translation)  
**Announcement of the Board of Investment**  
**No. 1/2547**  
**Re: Policy to Promote Investment in the Development of**  
**Skills, Technology, and Innovation (STI)**

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Referring to the Board of Investment Announcement No. 1/2543, dated 1 August 2000, regarding policies and criteria for investment promotion; and Announcement No. 2/2543, dated 1 August 2000, regarding the types, sizes, and conditions of activities eligible for promotion;

In order to develop Skills, Technology, and Innovation (STI), for the purpose of enhancing Thailand's international competitiveness, particularly in regard to technology, by virtue of Section 16 and Paragraph 2 of Section 31 of the Investment Promotion Act of B.E. 2520, as amended (No. 3) in B.E. 2544, the Board of Investment issues the following Announcement prescribing categories and conditions for promoted activities:

1. Projects in the following activities shall be entitled to rights and benefits under the criteria for the promotion of STI development:
  - 1.1 The fashion industry, comprising:
    - The textile industry, including natural and synthetic fibers (Activity 3.1.1); yarn spinning (Activity 3.1.2); manufacture of fabrics (Activity 3.1.3); bleaching, dyeing and finishing (Activity 3.1.4); printing and finishing (Activity 3.1.5); manufacture of garments (Activity 3.1.6); and manufacture of parts or accessories for garments (Activity 3.1.7)
    - The gem and jewelry industry (Activity 3.2)
    - The leather and artificial-leather-products production industries (Activity 3.3)
  - 1.2 The automobile industry, comprising:
    - Manufacture of hand tools and measuring tools (Activity 4.1)
    - Manufacture of machinery and equipment (Activity 4.2)
    - Manufacture of metal products and metal parts (Activity 4.3)
    - Manufacture of vehicle parts (Activity 4.8)
    - Manufacture of electric-powered vehicles or parts (Activity 4.13)
    - Manufacture of 4-stroke motorcycle engines (Activity 4.14)

- Manufacture of automobile engines (Activity 4.15)
- Manufacture of multipurpose engines (Activity 4.16)

1.3 The ICT industry, comprising:

- Manufacture of electronic products (Activity 5.4)
- Manufacture of parts or supplies used for electronic apparatus (Activity 5.5)
- Manufacture of material for microelectronics (Activity 5.6)

2. Activities in Section 1 (mentioned above) shall be classified as priority activities, and will not be subject to the cap on amount of corporate income tax exemption specified in Paragraph 2 of Section 31. They will be eligible for one additional year's corporate income tax holiday, so long as the total corporate income tax holiday does not exceed 8 years in aggregate, for achieving each of the following criteria:

- (1) Expenses for research and development or design of not less than 1-2 percent of annual total sales in the first 3 years
- (2) Recruitment of not less than 1-5 percent of total workforce of S&T personnel with a minimum of a bachelor's degree in science, engineering or other technology, R&D or design-related within the first 3 years
- (3) A ratio of not less than 1 percent of Thai staff training expenditures to payroll expenditures during the first 3 years
- (4) Expenditures for developing the capabilities of Thai subcontractors or support for educational institutions of not less than 1 percent of annual total sales within the first 3 years.

In addition, projects that meet any one of the above-referenced conditions will be exempt from import duty on machinery used in their projects.

The BOI Subcommittee shall approve a Prescription of Benefits Index for each project, and these criteria shall be applied to applications that have already been submitted for investment promotion.

3 Projects in seven activities that directly support the development of STI will be classified as priority activities and will receive an 8-year corporate income tax exemption with no cap on amount of exemption under Paragraph 2 of Section 31. These projects will also be exempted from import duty on machinery, regardless of location:

- (1) Manufacture of medical supplies or medical equipment (Activity 3.9)
- (2) Manufacture of scientific-instrument (Activity 3.14)

- (3) Electronic design (Activity 5.7).
- (4) Research and development (Activity 7.12)
- (5) Scientific laboratories (Activity 7.13)
- (6) Calibration services (Activity 7.14)
- (7) Human-resource development (Activity 7.15)

Revenue derived from sales or the provision of services that are directly related to a promoted business or that are from downstream production for commercial purposes, either carried by the promoted company or sub-contractors, shall be regarded as revenue of such promoted businesses.

Effective from 19 November 2003, onwards

Announced on 9 January 2004

(*–Mr. Somkid Jatusripitak–*)  
Deputy Prime Minister  
Acting Chairman of the Board of Investment