

(Unofficial Translation)

**Office of the Board of Investment Announcement
No. Por 4/2543**

Conditions and Procedures For Loss and Scrap of Raw Materials Under Section 30

Section 30 of the Investment Promotion Act B.E. 2520 amended by the Investment Promotion Act (No. 2) B.E. 2534 empowers the Board of Investment to grant a reduction of import duties on raw or essential materials that are imported into the Kingdom for the purpose of producing, mixing, or assembling for use in promoted activities. In this regard, loss may occur during the importation; before or during the production process; or after the production process where finished products are damaged or do not meet the standard.

In order to facilitate the use of the aforementioned benefit, by virtue of section 13 and 30 of the Investment Promotion Act B.E. 2520 amended by the Investment Promotion Act (No. 2) B.E. 2534, the Office of the Board of Investment, authorized by the Board of Investment, hereby announces conditions and procedures for loss and scrap of raw materials under section 30, as follows:

1. "Raw Material", under this announcement, includes essential material.
2. "Loss" means
 - 2.1 Raw materials (before use or left from the production) that have defects, are of lower-than-standard quality, or which cannot be used for the original purpose.
 - 2.2 Loss in processing
 - 2.3 Products or parts of products or items made from the aforementioned raw materials that have defects or are of lower-than-standard quality or cannot be used for the original purpose.
3. "Scrap" means loss that has been destroyed to the extent that its original condition cannot be traced.
4. To apply for permission to adjust the account of raw materials for a loss that is not included in the product formula, promoted persons shall proceed as follows:
 - 4.1 Submit an application letter to the OBOI (in the prescribed format as shown in the attachment) requesting permission to sell, export or donate the raw materials.
 - 4.2 Make a list of loss as follows:
 - Type, volume, weight and value of loss
 - Cause of loss
 - 4.3 Keep loss or scrap for the OBOI or related agencies to inspect
 - 4.4 In case of donation, loss shall be the type that the recipient can use according to the characteristic of the recipients activity. The recipient shall also issue a letter that clearly identifies the details of donated loss, as evidence that the donation was received.
5. When the OBOI approves the export or donation:

- 5.1 Donations shall be under the control of the OBOI or related agencies and evidence of the donation shall be submitted to the OBOI for the adjustment of the account of raw materials.
- 5.2 In case of export, export evidence shall be submitted to the OBOI for the adjustment of the account of raw materials.
6. A loss that is allowed to have a duty-free adjustment of the account of raw materials under this announcement shall have a type and volume as approved by the OBOI, as follows:
 - 6.1 When it is classified as a loss under criteria 2.2
 - 6.2 When it is classified as a loss under criteria 2.3
 - 6.3 When it is exported from the Kingdom
 - 6.4 When it is donated to a government agency, government organization or charitable organization approved by the OBOI
7. For a loss under criteria 2.1 that is not allowed to be exported or donated, taxes shall be paid under the law on customs. Taxes shall be computed on the basis of customs tariff, condition and price of the items as they existed on the date of importation and the tax rate, as reduced under section 30 of the Investment Promotion Act B.E. 2520, shall be used as the basis of calculation. The OBOI will adjust the account of raw materials when complete evidence of tax payment has been submitted.
8. Terms and conditions set forth under this announcement are general and shall be considered a guideline.
9. In case of problems where a decision cannot be made under this announcement, the Secretary General shall have the power to decide.

Effective henceforth.

Announced on 24 July 2000

(Staporn Kavitanon)
Secretary General
Board of Investment