

(Unofficial Translation)
Office of the Board of Investment Announcement
No. Por 5/2543

Conditions and Procedures For Loss and Scrap of Raw Materials Under Section 36(1)

Section 36(1) 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 and essential materials that are imported for use specifically in producing, mixing, or assembling products or commodities for export. 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 36 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 36(1), as follows:

1. Revocation of Office of the Board of Investment Announcement No. Por 6/2540 dated 27 June 1997 on Conditions and Procedures for Loss and Scrap of Raw Materials Under Section 36(1).

Any announcement, order or regulation that refers or adheres to Office of the Board of Investment Announcement No. Por 6/2540 dated 27 June 1997 shall, from this day forward, refer or adhere to this announcement.

2. "Raw Material", under this announcement, includes essential material.
3. "Loss" means:
 - 3.1 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.
 - 3.2 Loss in processing
 - 3.3 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.
4. "Scrap" means loss that has been destroyed to the extent that its original condition cannot be traced.
5. To apply for permission to adjust the account of raw materials for a loss, promoted persons shall proceed as follows:
 - 5.1 Submit an application letter to the OBOI (in the prescribed format as shown in the attachment) requesting permission to sell, destroy, export or donate the raw materials.
 - 5.2 Make a list of loss as follows:
 - Type, volume or weight and value of loss
 - Cause of loss
 - 5.3 Keep loss or scrap for the OBOI or related agencies to inspect

- 5.4 In case of destruction, promoted persons shall identify a means of destruction that has been approved and controlled by the OBOI or designated person. Scrap from destruction shall be disposed of in an appropriate manner that will not cause any environmental damage.
 - 5.5 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.
 - 5.6 In case of export, promoted persons shall obtain approval from the OBOI before export.
6. When the OBOI approves a request for destruction, export or donation, promoted persons shall proceed as follows:
 - 6.1 In case of destruction, after the destruction, details shall be submitted to the OBOI for the adjustment of the account.
 - 6.2 In case of donation, donations shall be under control of the OBOI or related agencies and evidence of the donation shall be submitted to the OBOI for the adjustment of the account.
 - 6.3 In case of export, export evidence shall be submitted to the OBOI for the adjustment of the account.
7. 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:
 - 7.1 When it is destroyed by the means approved by the OBOI
 - 7.2 When it is exported from the Kingdom
 - 7.3 When it is donated to a government agency, government organization or charitable organization approved by the OBOI
8. In cases of products bought from promoted manufacturers who use raw materials that are imported under section 36(1), if the raw materials are used for the manufacture of products that cannot be exported and are approved by the OBOI to be treated as a loss, they can be transferred back to the promoted manufacturers for use in adjusting the account of raw materials for loss. The name of manufacturers and the list (as specified in point 5.2 of this announcement) shall be identified and a copy of all documentation shall be made available for the OBOI or designated persons to certify.
9. In cases of domestic sale or transfer of loss and scrap having commercial value, the OBOI will proceed with the adjustment of the account as follows:
 - 9.1 For losses classified under criteria 3.1 and 3.3 of this announcement and outside the product formula specified under criteria 3.2 of this announcement, the OBOI will adjust the account of raw materials upon the receipt of complete evidence of tax and duty payment, according to customs tariff, condition and price of the raw materials as they existed on the date of importation.
 - 9.2 For losses approved to be included in the product formula under 3.2, the OBOI will adjust the account upon the submission of evidence of export from

the Kingdom. In case of sale or transfer of the aforementioned loss, tax and duty must be paid on the basis of condition under the current customs tariff.

- 9.3 For scrap that has commercial value, the OBOI will adjust the account upon the receipt of evidence of tax and duty payment on the basis of condition under the current customs tariff.
10. In cases where promoted persons have already applied for adjustment of the account of raw materials, prior to the effective date of this announcement, this announcement shall not be applicable.
11. Terms and conditions under this announcement are general and shall be considered as a guideline.
12. 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