Measure for Improvement of Production Efficiency

BOI Announcement No.1/2557, regarding promoting and upgrading technology and machinery for energy conservation, alternative energy utilization or reduction of environmental impacts, as well as to encourage research and development and advanced engineering design involvement to improve production efficiency.

<u>This measure is used with:</u>

1. Existing projects, whether BOI or non-BOI promoted. In the case of non-BOI promoted projects the activity must be eligible for investment promotion by the Board of Investment.
2. BOI promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires, or in case the respective project(s) does not receive a corporate income tax exemption.

<u>Conditions</u>

1. The minimum capital investment must not be less than 1 million Baht (excluding cost of land and working capital).
2. The application must be submitted by December 30, 2020, and project must complete implementation within three years from the date the promotion certificate is issued.

1. <u>Measure to promote energy conservation, alternative energy utilization or reduction of environmental impact</u>

The applicant must submit an investment plan for machinery change or upgrade to save energy, to introduce alternative energy into the project, or to reduce environmental impact by implementing one of the following:

1. Project must invest in upgrading machinery to modern technology that reduces energy consumption at the stipulated ratio.
2. Project must invest in upgrading machinery to use alternative energy at the stipulated ratio to total energy consumption.
3. Project must invest in upgrading machinery to reduce environmental impact; namely, reducing waste, waste water or exhaust air, according to the stipulated criteria.

<u>Incentives</u>

1. Exemption of import duty for machinery.
2. 3-year corporate income tax exemption on the revenue of an existing project, accounting for 50 percent of the investment under this measure (excluding cost of land and working capital).
3. Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate is issued.

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2. <u>Measure to promote improvement in production efficiency by upgrading technology and machinery for manufacturing</u>

The applicant must submit an investment plan for machinery replacement or upgrade according to the stipulated criteria, for instance, an upgrade of a production line to an automation system for production efficiency improvement.

Incentive
1. Exemption of import duty on machinery.
2. Three–year corporate income tax exemption on the revenue of an existing project, with corporate income tax exemption cap not exceeding 50 percent of the investment capital (excluding cost of land and working capital)
3. In case of investments in automation systems, the corporate income tax exemption cap will be raised to 100% of the investment excluding land cost and working capital if the value of linkages to the Thai automation industry reaches at least 30% of the total value of the automation system.
4. Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

3. Measure to promote investment in research and development and advanced engineering designs for efficiency improvement

The applicant must submit an investment plan for research and development or engineering designs according to the stipulated criteria. Investment or expenses on research and development or engineering design must not be less than one percent or less than 0.5 percent for SMEs of the total sales over the first three years counting from the submission date of investment promotion application.

Incentive
1. Exemption of import duties on machinery.
2. Three–year corporate income tax exemption on the revenue of an existing project, with corporate income tax exemption cap not exceeding 50 percent of the investment capital (excluding cost of land and working capital).
3. Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

4. Measure to promote investment beneficial to agro-industry's upgrade towards international standards

The applicant must propose Investment plans to upgrade agroindustry to meet international standards must be submitted, for instance, Good Agriculture Practices (GAP), Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification Scheme (PEFCS), Food Safety Management System (ISO 22000), Sustainable Forest Management System (SFM, ISO 14061) or other equivalent international standards. Investment or expenditures according to the plans is required and such international standards must be achieved within 3 years after issuance of the investment promotion certificate.

Incentive
1. Exemption of import duties on machinery.
2. Three-year corporate income tax exemption on the revenue of an existing project, with corporate income tax exemption cap not exceeding 50 percent of the investment capital (excluding cost of land and working capital).
3. Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance