



THAILAND  
BOARD OF  
INVESTMENT

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# BOI Policy Update

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*Secretary General*

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## EEC Scheme

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Area Covered: Chachoengsao, Chonburi, Rayong

## Targeted Industries

- Next-Generation Automotive
- Smart Electronics
- Eco-friendly Petrochemicals and Bio-Chemicals
- Automation and Robotics
- Aviation
- Medical Hub
- Affluent, Medical & Wellness Tourism
- Food for the Future
- Digital

### ➤ Projects that will enhance competitiveness in the EEC such as:

- Targeted industries that utilize advanced technologies
- Infrastructure development
- Development of tourist destinations
- R&D and high-value services

### ➤ Incentives

- Projects in the eligible activities will be grants an additional 50% CIT reduction for 5 years after the expiry of CIT exemption

**Applications must be submitted by the end of 2017**

## New Investment Promotion Measures in the EEC—starting January 1, 2018

**APPROVED**

- Applications must be submitted by the end of 2019
- Must have cooperation with academic institution / research institution / Center of Excellence to develop human resource and improve the level of technology
- Incentives for targeted industries

Area-based	Additional incentives on top of the normal package (Only targeted Industries)	Condition
1. Eastern aviation city or Aeropolis, EECi, EECd	CIT exemption for 2 years and 50% CIT reduction for 5 years	No of apprentices: $\geq 10$ % of all employees hired or at least 50
2. Industrial Estates for Specific Targeted industries	An additional 50% CIT reduction for 5 years	No of apprentices: $\geq 5$ % of all employees hired or at least 25
3. Other Industrial Estates/ Industrial Parks in EEC	An additional 50% CIT reduction for 3 years	No of apprentices: $\geq 5$ % of all employees hired or at least 25



# Productivity Enhancement Support

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## Measures to Promote Productivity

- Replace or upgrade machinery for **energy conservation, alternative energy utilization, reduction of environmental impacts**
- Replace or upgrade machinery for **efficiency enhancement, e.g. Automation**
- Invest or spend in **R&D/advanced engineering designs**



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# Measures to Promote Productivity

## Eligibility

- Applicants must be existing businesses, whether BOI or non-BOI promoted (except certain businesses).
  - In the case of non-BOI status, the company must conduct a BOI-eligible activity.
  - In case of BOI status, corporate income tax exemption must have already expired or has never been granted.
- Minimum investment of 1 million Baht (excluding cost of land and working capital) or 0.5 million for SMEs\*

# Measures to Promote Productivity

## Incentives

- Exemption of import duties for machinery
- 3-year corporate income tax exemption on the revenue of an existing project with the total tax exemption amount capped at 50% of investment in productivity enhancement (In case of investment in automation, the cap will be raised to 100% if minimum 30% local industrial linkages are reached.)
- Corporate income tax exemption period starts from the date of investment promotion certificate.

## Requirements

- Investment must be completed within 3 years from the date the promotion certificate is issued.
- Required KPIs include such productivity indicators as reduced unit direct costs, reduced processing time, reduced waste and reduced cycle time.
- Applications must be submitted by the end of 2020

(Unofficial Translation)

Announcement of the Board of Investment

No. 9/2560

Measures to Promote Improvement of Production Efficiency

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To promote improvement of production efficiency for manufacturing by 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,

By virtue of section 16 paragraph 2, and sections 18, 28, and 31 of the Investment Promotion Act of B.E. 2520, the Board of Investment hereby announces the following measures:

1. Announcement of the Board of Investment No.1/2557 dated September 16, 2014 on Measure to Promote Improvement of Production Efficiency shall be repealed.

2. Measure to promote energy conservation, alternative energy utilization or reduction of environmental impact.

2.1 This measure applies to existing projects only, be it BOI or non-BOI projects. In the case of non-BOI projects, the activity must be eligible for investment promotion by the Board of Investment at the time of application.

2.2 BOI-promoted projects can apply for this measure when the corporate income tax exemption or reduction period has expired, as well as projects which have not received the corporate income tax exemption. Certain activities under specific measures as prescribed by the Board of Investment are excluded from this measure and not eligible for receiving the corporate income tax exemption.

2.3 The minimum capital investment requirement of each project must not be less than one million Baht (excluding cost of land and working capital). This requirement does not apply to Small and Medium Enterprises (SMEs) projects. The minimum capital investment requirement of each SME project must not be less than 500,000 Baht (excluding cost of land and working capital).

2.4 Small and Medium Enterprise (SMEs) project qualifications are:

2.4.1 Total net fixed assets or total investment (excluding land and working capital) of all BOI promoted and not promoted projects must not exceed 200 million Baht.

2.4.2 Thai Nationals must hold shares not less than 51 percent of the registered capital.

2.5 The applicant must submit an investment plan for machinery replacement or upgrade to save energy, to introduce alternative energy into the project, or to reduce environment impacts by implementing one of the following:

2.5.1 Project must invest in upgrading machinery to modern technology that reduces energy consumption at the stipulated ratio.

2.5.2 Project must invest in upgrading machinery to use alternative energy at the stipulated ratio to the total energy consumption.

2.5.3 Project must invest in upgrading machinery to reduce environmental impacts; namely, reducing waste, waste water or exhaust air according to the stipulated criteria.

2.6 The following incentives shall be granted:

2.6.1 Exemption of import duty on machinery.

2.6.2 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)

2.6.3 Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

2.7 Application shall be submitted by December 30, 2020 and project must be implemented within three years from the date the promotion certificate is issued.

2.8 Application of existing projects of all investment sizes under this measure shall be approved by the Office of the Board of Investment.

3. Measure to promote improvement in production efficiency by upgrading and replacing machinery for manufacturing.

3.1 This measure applies to existing projects only, be it BOI or non-BOI projects. In the case of non-BOI projects, the activity must be eligible for investment promotion by the Board of Investment at the time of application.

3.2 BOI-promoted projects can apply for this measure when the corporate income tax exemption or reduction period has expired, as well as projects which have not received the corporate income tax exemption. Certain activities under specific measures as prescribed by the Board of Investment are excluded from this measure and not eligible for receiving the corporate income tax exemption.

3.3 The minimum capital investment requirement of each project must not be less than one million Baht (excluding cost of land and working capital). This requirement does not apply to Small and Medium Enterprises (SMEs) projects. The minimum capital investment requirement of each SME project must not be less than 500,000 Baht (excluding cost of land and working capital).

3.4 Small and Medium Enterprise (SMEs) project qualifications are:

3.4.1 Total net fixed assets or total investment (excluding land and working capital) of all BOI promoted and not promoted projects must not exceed 200 million Baht.

3.4.2 Thai Nationals must hold shares not less than 51 percent of the registered capital.

3.5 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.

3.6 The following incentives shall be granted:

3.6.1 Exemption of import duty on machinery.

3.6.2 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)

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.

3.6.3 Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

3.7 Application shall be submitted by December 30, 2020 and project must be implemented within three years from the date the promotion certificate is issued.

3.8 Application of existing projects of all investment sizes under this measure shall be approved by the Office of the Board of Investment.

4. Measure to promote the investment on research and development and engineering designs for efficiency improvement.

4.1 This measure applies to existing projects only, be it BOI or non-BOI projects. In the case of non-BOI projects, the activity must be eligible for investment promotion by the Board of Investment at the time of application.

4.2 BOI-promoted projects can apply for this measure when the corporate income tax exemption or reduction period has expired, as well as projects which have not received the corporate income tax exemption. Certain activities under specific measures as prescribed by the Board of Investment are excluded from this measure and not eligible for receiving the corporate income tax exemption.

4.3 The minimum capital investment requirement of each project must not be less than one million Baht (excluding cost of land and working capital). This requirement does not apply to Small and Medium Enterprises (SMEs) projects. The minimum capital investment requirement of each SME project must not be less than 500,000 Baht (excluding cost of land and working capital).

4.4 Small and Medium Enterprise (SMEs) project qualifications are:

4.4.1 Total net fixed assets or total investment (excluding land and working capital) of all BOI promoted and not promoted projects must not exceed 200 million Baht.

4.4.2 Thai Nationals must hold shares not less than 51 percent of the registered capital.

4.5 The applicant must submit an investment plan for research and development or engineering designs according to the stipulated criteria.

4.6 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.

4.7 The following incentives shall be granted:

4.7.1 Exemption of import duties on machinery.

4.7.2 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).

4.7.3 Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

4.8 Application shall be submitted by December 30, 2020 and project must be implemented within three years from the date the promotion certificate is issued.

4.9 Applications of existing projects of all investment sizes under this measure shall be approved by the Office of the Board of Investment.

5. Measure to promote investment beneficial to agroindustry's upgrade towards international standards



5.1 This measure applies to existing projects only, be it BOI or non-BOI projects. In the case of non-BOI projects, the activity must be eligible for investment promotion by the Board of Investment at the time of application.

5.2 BOI-promoted projects can apply for this measure when the corporate income tax exemption or reduction period has expired, as well as projects which have not received the corporate income tax exemption. Certain activities under specific measures as prescribed by the Board of Investment are excluded from this measure and not eligible for receiving the corporate income tax exemption.

5.3 The minimum capital investment requirement of each project must not be less than one million Baht (excluding cost of land and working capital). This requirement does not apply to Small and Medium Enterprises (SMEs) projects. The minimum capital investment requirement of each SME project must not be less than 500,000 Baht (excluding cost of land and working capital).

5.4 The Small and Medium Enterprises (SME) require following qualifications:

5.4.1 Total net fixed assets or total investment (excluding land and working capital) of all BOI promoted and not promoted projects must not exceed 200 million Thai Baht.

5.4.2 Thai Nationals must hold shares not less than 51 percent of the registered capital.

5.5 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.

5.6 The following incentives shall be granted:

5.6.1 Exemption of import duties on machinery.

5.6.2 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).

5.6.3 Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate issuance.

5.7 Application shall be submitted by December 30, 2020.

5.8 Applications of existing projects of all investment sizes under this measure shall be approved by the Office of the Board of Investment.

This Announcement shall be effective from September 15, 2017 onwards.

Announced on October 28, 2017.

(General Prayut Chan-o-cha)

Chairman of the Board of Investment

(Unofficial Translation)

Announcement of the Board of Investment

No. 10/2560

Measures to be Granted Additional Rights and Benefits  
under Announcement of the Board of Investment No. 2 /2557

To encourage investment and expenditures for improving competitiveness in the area of advanced technology and innovation as well as research and development, by virtue of section 16 paragraph 2, and sections 18, 31, and 31/1 of the Investment Promotion Act of B.E. 2520, the Board of Investment hereby announces additional rights and benefits under the Announcement of the Board of Investment No. 2 /2557 Policies and Criteria for Investment Promotion dated December 3, 2014 as follows:

1. Activities in Group A1 and Group A2 shall receive merit-based incentives, as prescribed in 9.2 of the Announcement of the Board of Investment No. 2/2557 Policies and Criteria for Investment Promotion dated December 3, 2014, and be granted an additional exemption from the corporate income tax for a period of not exceeding 13 years.

2. To promote the utilization of modern machinery and robotics system for manufacturing, additional rights and benefits shall be granted for activities in Group B. Certain activities under specific measures as prescribed by the Board of Investment are excluded from this measure and not eligible for receiving the corporate income tax exemption. Additional rights and benefits are as follows:

(1) In case of utilizing automation or robotics system to promote the adoption of modern and automation machinery for manufacturing, three-year corporate income tax exemption, with corporate income tax exemption cap not exceeding 50 percent of the investment capital under this measure (excluding cost of land and working capital), shall be granted.

(2) 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. Application shall be submitted by December 30, 2020.

This Announcement shall be effective from September 15, 2017 onwards.

Announced on October 28, 2017.

(General Prayut Chan-o-cha)

Chairman of the Board of Investment