



**A GUIDE TO  
THE BOARD OF  
INVESTMENT  
2011**

# PREFACE

This Guide to the Board of Investment is prepared by the Office of the Board of Investment to provide basic information on BOI investment promotion. This guidebook comprises procedures for applying for investment promotion, essential rules and criteria, investment promotion incentives and privileges, the list of activities eligible for promotion and related announcement.

Since the policies and criteria for granting privileges and the list of eligible activities for promotion are subject to change over time, investors can access updated information from the BOI's website at [www.boi.go.th](http://www.boi.go.th) or send the enquiries to [head@boi.go.th](mailto:head@boi.go.th) or contact the Investment Services Center Tel : +66 (0) 2553 8111 and +66 (0) 2553 8216.

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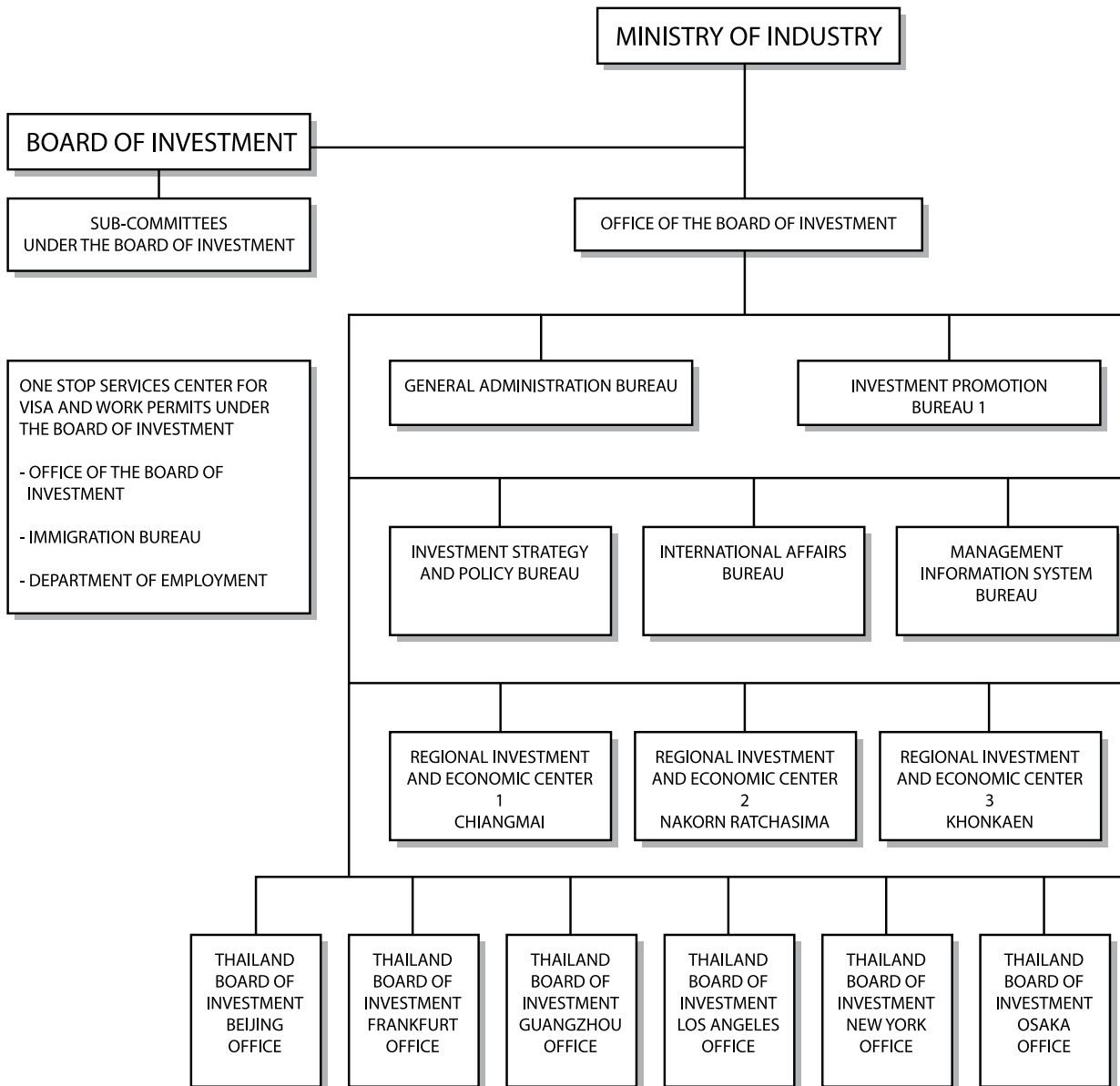
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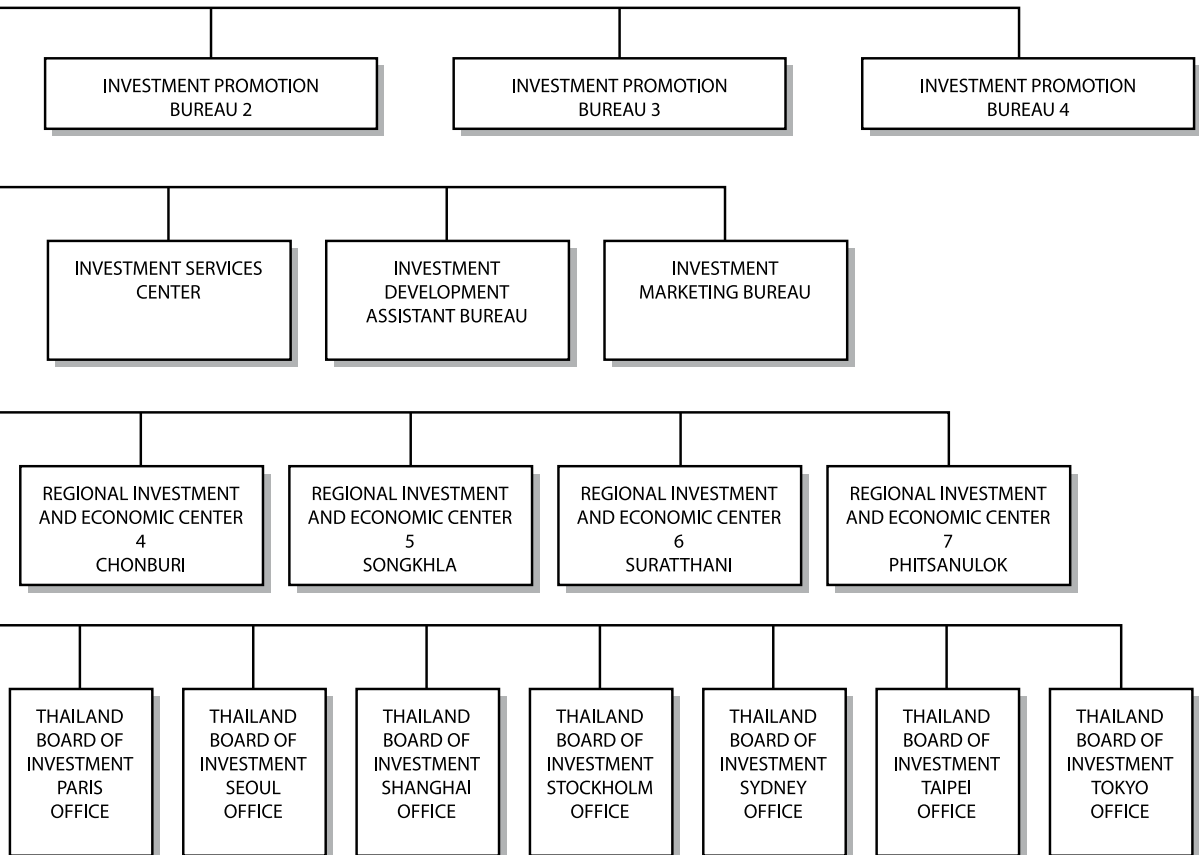
# CHAPTER 1

# THE OFFICE OF THE BOARD OF INVESTMENT

## Organization Chart



The Office of the Board of Investment is a government agency under the Ministry of Industry. Its main roles and responsibilities are in promoting investment. The Board of Investment prescribes the investment promotion policies under Investment Promotion Act B.E 2520 and the respective Amendment Acts No.2 B.E 2534, and No.3 B.E 2544.



# INCENTIVES, GUARANTEE, AND PROTECTION UNDER THE INVESTMENT PROMOTION ACT

Under the Investment Promotion Act B.E. 2520, the Board of Investment is authorized to grant the following incentives, guarantees and protection.

## Incentives

### Tax incentives

- Exemption/reduction of import duties on machinery. (Section 28/29)
- Reduction of import duties for raw or essential materials. (Section 30)
- Exemption of juristic person's income tax and dividends. (Section 31 and 34)
- A 50 percent reduction of the juristic person's income tax. (Section 35 (1))
- Double deductions from the costs of transportation, electricity and water supply. (Section 35 (2))
- Additional 25 percent deduction of the cost of installation or construction of facilities. (Section 35 (3))
- Exemption of import duty on raw or essential materials for use in production for export. (Section 36)

### Non-Tax incentives

- Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities. (Section 24)
- Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities. (Section 25 and 26)
- Permit to own land. (Section 27)
- Permit to take out or remit money abroad in foreign currency. (Section 37)

## Guarantees

- The State will not nationalize the activity of the promoted person. (Section 43)
- The State will not undertake a new activity in competition with the promoted person's. (Section 44)
- The State will not monopolize the sale of products similar to the promoted person's. (Section 45)
- The State will not impose price controls on the products of the promoted person's. (Section 46)
- The State will grant permission to export at all times. (Section 47)
- The State will not allow any government agency, government organization or state enterprise to import any kind of the product being produced by the promoted person into the Kingdom by granting import duty exemption. (Section 48)

## Protection

- To charge extra import fees into the Kingdom on products similar to those produced by the promoted person at a rate not exceeding 50 percent of the price of overseas insurance and freight charges, effective for a period of not more than one year. (Section 49)
- In the case of where the Board is of the opinion that Section 49 is inadequate for protecting the activity of the promoted person. It will increase the measure by banning the import of products similar to the local productions. (Section 50)
- In the case where the promoted person encounters any problem or obstacles in the course of carrying out the promoted activity, the Chairman will have the power to render any appropriate assistance. (Section 51)

# INVESTMENT PROMOTION POLICIES AND CRITERIA

## Policies for Investment Promotion

To relieve the fiscal burden of the government and to respond to current and future economic situations, the Board of Investment (BOI) prescribes policies for investment promotion as follows:

1. The efficiency and effectiveness of tax privileges given will be enhanced. Privileges will be granted to projects that actually benefit the economy and good governance will be used to manager and supervise the application of tax and duty privileges. Promoted entities will report the operating results of their promoted projects to the BOI for review prior to the application of tax and duty privileges for that year.
2. To promote development of quality and production standards to enhance competitiveness in the world market, every promoted project that has an investment capital of 10 million bath or more (excluding cost of land and working capital) must obtain ISO 9000, ISO 14000 or similar international certification.
3. Previous conditions on exports and use of local materials are repealed so that the criteria for promotion will be in line with international trade and investment agreements.
4. Special investment promotion will be given to regions or areas with low income and inadequate investment facilities. Maximum tax and duty privileges will be given to these regions or areas.
5. Priority is given to small and medium industries by applying a minimum level of investment capital of 500,000 bath (excluding cost of land and working capital) for activities as per the announcement of the BOI no. 1/2553 and of not less than on million baht (excluding cost of land and working capital) for other activities.
6. Priority is given to agricultural activities and agricultural products, projects related to technological and human resource development, public utilities, infrastructure and basic services, environmental protection and conservation and targeted industries.



## Criteria for Project Approval

In determining the suitability of a project for which investment promotion privileges are requested, the BOI applies the following criteria:

1. To determine approval for a project that requests promotion, it will apply the following criteria:
  - 1.1 Value added is not less than 20 percent of sales revenue, except projects that manufacture electronic products and parts, agricultural activities and products, and projects granted special approval by the Board.
  - 1.2 The ratio of debt to equity should not exceed three to one for a newly established project. Expansion projects are considered on a case-by-case basis.
  - 1.3 Modern production processes and new machinery are used, or the efficiency of old machinery is certified by reliable institutions and granted special approval by the Board.
  - 1.4 Adequate environmental protection systems are installed. The Board will give special consideration to the location and pollution treatment of a project with a potential environmental effect.
  - 1.5 For projects with investment capital exceeding 80 million bath (excluding the cost of land and working capital), the project's feasibility study must be submitted as a Board requirement.
2. For a concession project or the privatization of a state enterprise project, the Board's criteria will be based on the cabinet's decision dated May 25, 1998, and November 30, 2004, as follows:
  - 2.1 An investment project of state enterprises according to the 1999 State Enterprise Corporatization Act will not be entitled to grant promotion for the concessions project operated by the private sector and the transfer of ownership to the government (Build Transfer Operate or Build Operate Transfer). The government agency, which owns the project and intends the concessionaire to obtain promotion privileges, will submit the project to the Board at the time of the project's commencement and prior to any invitation to the private sector to join the bid. In the bid's process, it must clearly state that the bidders will be informed of any incentives entitled to them. In principle, the Board will not grant promotion in the event the private sector has to pay compensation to the government for the concession, unless such payment is a reasonable amount on the investment that is consumed by the government.
  - 2.2 For government projects under the Build Own Operate method, including those leased or managed by the private sector by paying an amount in terms of a rental payment to the state, the Board will apply the normal criteria.
  - 2.3 For the privatization of state enterprises, if it requires governmental support, the appropriate budget should be determined after the privatization of the state enterprise as per the 1999 State Enterprise Corporatization Act. In the event of expansion after the privatization, it will apply for promotion for only the expanding investment by granting incentives according to the normal criteria.

## Criteria for Foreign Shareholding

1. Projects in agriculture, animal husbandry, fisheries, mineral exploration and mining and service businesses under List One of the Foreign Business Act B.E. 2542: Thai nationals must hold shares totaling not less than 51 percent of the registered capital.
2. Manufacturing projects: there are no equity restrictions for foreign investors.
3. The Board may set the amount of shares eligible to be held by foreign investors on promoted projects when deemed appropriate.

## BOI Zoning

As decentralization is a major theme in devising the BOI incentive scheme, the country is divided into three zones based on economic factors (with earnings and primary facilities as criteria of each province.)

**Zone 1** Bangkok, Nakhon Pathom, Nonthaburi, Pathoum Thani, Samut Prakan, and Samut Sakhon

**Zone 2** Ang Thong, Ayutthaya, Chachoengsao, Chon Buri, Kanchanaburi, Nakorn Nayok, Ratchaburi, Samut Songkhram, Saraburi, Supanburi, Phuket and Rayong.

**Zone 3** The remaining 58 provinces with low income and with less-developed infrastructure, which are designated as Investment Promotion Zones.

**36 Provinces:** Krabi, Kamphaeng Phet, Khon Kaen, Chanthaburi, Chai Nat, Chumphon, Chiang Rai, Chiang Mai, Trang, Trat, Tak, Nakhon Ratchasima, Nakhon Si Thammarat, Nakhon Sawan, Prachuab Khiri Khan, Prachin Buri, Phangnga, Phattalug, Pichit, Phitsanulok, Phetchaburi, Phetchabun, Mukdahan, Mae Hong Son, Ranong, Lop Buri, Lamphang, Lamphun, Loei, Songkhla, Sa Kaew, Sing Buri, Sukhothai, Surat Thani, Uttaradit, and Uthai Thani.

**22 Provinces:** Kalasin, Nakhon Phanom, Narathiwat, Nan, Buri Ram, Pattani, Phayao, Phrae, Maha Sarakham, Yasothon, Yala, Roi Et, Si Sa Ket, Sakhon Nakhon, Satun, Nong Bua Lamphu, Chaiyaphum, Nong Khai, Ubon Ratchatani, Udon Thani and Amnatcharoen.

## Criteria for Granting Tax and Duty Privileges as Investment Zones

1. **Zone 1** – Approved projects located in Bangkok, Nakorn Pathom, Nonthaburi, Pathoum Thani, Samut Prakan, and Samut Sakhon will be granted:
  - 1.1 Fifty percent reduction of import duties on machinery that is subject to import duties of not less than 10 percent.
  - 1.2 Corporate income tax exemption for three years for projects located within industrial estates or promoted industrial zones, provided that such projects with capital investment of 10 million baht or more (excluding the cost of land and working capital) obtain ISO 9000, ISO 14000 or similar international standard certification within two years of their start-up date, otherwise the corporate income tax exemption will be reduced by one year.
  - 1.3 Exemption of import duty on raw or essential materials used in the manufacturing of export products for one year.
2. **Zone 2** – Approved projects located in Kanchanaburi, Chachoengsao, Chon Buri, Nakhon Nayok, Ayutthaya, Phuket, Rayong, Ratchaburi, Samut Songkhram, Saraburi, Supanburi, and Ang Thong will be granted:
  - 2.1 Fifty percent reduction of import duties on machinery that is subject to import duty of not less than 10 percent and exemption of import duty on machinery for projects located within industrial estates or promoted industrial zones.
  - 2.2 Corporate income tax exemption for three years, increased to seven years for projects located within industrial estates or promoted industrial zones\*, provided that projects with capital investment of 10 million baht or more (excluding the cost of land and working capital) obtain ISO 9000, ISO 14000 or similar international standard certification within two years of their start-up date, otherwise the corporate income tax exemption will be reduced by one year.
  - 2.3 Exemption on import duties on raw or essential materials used in the manufacturing of export products for one year.
3. **Zone 3** – Approved projects located in the remaining 58 provinces will be granted:
  - 3.1 Exemption on import duties on machinery;
  - 3.2 Corporate income tax exemption for eight years provided that projects with capital investment of 10 million baht or more (excluding the cost of land and working capital) obtain ISO 9000, ISO 14000 or similar international standard certification within two years of its start-up date, otherwise the corporate income tax will be reduced by one year.
  - 3.3 Exemption of import duty on raw or essential materials used in the manufacturing of export products for five years.

\* Applications must be submitted by end of December 2014.

3.4 Deduction from net profit of 25 percent of the project's infrastructure installation or construction costs in addition to normal depreciation, and such deduction can be made from the net profit of one or several years within 10 years from the date of first revenue derived from the promoted activity.

3.5 Projects located within industrial estates or promoted industrial zones in 36 provinces including Krabi, Kamphaeng Phet, Khon Kaen, Chanthaburi, Chai Nat, Chumphon, Chiang Rai, Chiang Mai, Trang, Trat, Tak, Nakhon Ratchasima, Nakhon Si Thammarat, Nakhon Sawan, Prachuab Khiri Khan, Prachin Buri, Phangnga, Phattalung, Pichit, Phitsanulok, Phetchaburi, Phetchabun, Mukdahan, Mae Hong Son, Ranong, Lop Buri, Lamphang, Lamphun, Loei, Songkhla, Sa Kaew, Sing Buri, Sukhothai, Surat Thani, Uttaradit, and Uthai Thani, as well as Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong Province\*\* are granted tax and duty privileges under 3.1, 3.2, 3.3, 3.4 and the additional privileges as follows:

- Fifty percent reduction of corporate income tax of net profit derived from its investment for five years after the exemption period.
- Double deduction for transportation, electricity and water costs for 10 years from the date of first revenue derived from promoted activity.
- Seventy-five percent import duty reduction of the normal rate on raw or essential materials used in manufacturing for domestic sales for five years. The Board will give approval for a period of a year. Similar raw or essential materials to the imports must not be available in the Kingdom in similar quality and quantity as necessary for the procurement. This incentive is not available to projects in Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong Province.

3.6 Projects located in 22 provinces: Kalasin, Chaiyaphum, Nakhon Phanom, Narathiwat, Nan, Buri Ram, Pattani, Phayao, Phrae, Maha Sarakham, Yasothon, Yala, Roi Et, Si Sa Ket, Sakhon Nakhon, Satun, Surin, Nong Khai, Nong Bua, Lamphun, Amnatcharoen, Ubon Ratchatani, and Udon Thani are granted tax and duty privileges under 3.1, 3.2, 3.3, 3.4 and the additional privileges as follows:

- Fifty percent reduction of corporate income tax of net profit derived from the investment for five year after the exemption period.
- Double deduction for transportation, electricity and water costs for 10 years from the date of first revenue derived from the promoted activity.
- Seventy-five percent import duty reduction of the normal rate on raw or essential materials used in manufacturing for domestic sales for five years. The Board will give approval for the period of a year. Similar raw or essential materials to the imports will not be available in the Kingdom in similar quality and quantity as necessary for the procurement. This incentive is not available to projects in Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong Province.

*\*\* Applications for projects in Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong must be submitted by December 31, 2014.*

## Criteria for Factory Relocation

To encourage industrial decentralization, the Board will grant promotion status to existing activities in the Center area, whether being BOI-promoted or not, if they relocate to other regions.

The following criteria are used:

1. The operation must relocate from Zone 1 to Zone 2, or from Zone 1 or Zone 2 to Zone 3;
2. The operation must relocate to industrial estates or promoted industrial zones;
3. The type of activity must be one that is included in the List of Activities Eligible for promotion and the size of the investment must be in accordance with that specified by the Board;
4. The existing operation must be closed down and the operation at the relocated operation must start within two years from the dated of receiving the promotion certificate;
5. The relocated project is granted tax and non-tax privileges as follows:
  - 5.1 Projects relocated to industrial estates or promoted industrial zones in Zone 2, except in Laem Chabang Industrial Estate or industrial estates or promoted industrial zones in Rayong Province, will be granted corporate income tax exemption for a period of seven years, provided that projects with a capital investment of 10 million bath or more (excluding cost of land and working capital) obtain ISO 9000, ISO 14000 or similar international certification within two years from the start-up date of the new plant, otherwise corporate tax exemption will be reduced by one year;
  - 5.2 Projects relocated to industrial estates or promoted industrial zones in Zone 3, including Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong Province, will be granted the following:
    - (1) Corporate income tax exemption for a period of eight years, provided that projects with a capital investment of 10 million baht or more (excluding cost of land and working capital) obtain ISO 9000, ISO 14000 or similar international standard certification within two years from its start-up date, otherwise corporate income tax exemption will be reduced by one year;
    - (2) Fifty percent reduction of corporate income tax of net profit derived from the investment for five years after the exemption period;
    - (3) Double deduction for transportation, electricity and water costs for 10 years from the date of first revenue derived from the promoted activity;
    - (4) Deduction from the net profit of 25 percent of the project's infrastructure installation or construction costs in addition to normal depreciation, and such deduction can be made from the net profit for any one year or several years within 10 years from the date of first revenue derived from the promoted activity.
  - 5.3 Activities included in the List of Activities Eligible for Promotion, but which are not eligible for corporate income tax exemption, will not be granted such exemption when operations are relocated.

6. The corporate income tax exemption will be granted from the day the first revenue is derived from the relocated activities.
7. In the event of a change of the incentives given under cluster promotion or the expiration of the promotion application by December 31, 2014, the Board might consider protection for projects within industrial estates or industrial zones and for projects that expand their promoted activities in the same location on granting the incentives, and this not less than the existing incentives.

### **Priority Activities**

Activities classified as “priority activities” will be granted the following tax incentives:

- Exemption of import duties on machinery for all zones
- Eight-year corporate income tax exemption for all zones (subject to the corporate income tax exemption cap)
- Other relevant location-based incentives

### **Activities of Special Importance and Benefits to the Country**

Activities classified as being of special importance and benefits to the Country will be granted the following tax incentives:

- Exemption of import duties on machinery for all zones
- Eight-year corporate income tax exemption for all zones (NOT subject to the corporate income tax exemption cap)
- Other relevant location-based incentives

## Investment Promotion Policy for Sustainable Development

To promote sustainable, enhance the country's competitiveness in science and technology, encourage the improvement of manufacturing quality as well as reduce environmental impact, the Board of Investment offers special tax incentive under the Investment Policy for Sustainable Development campaign. (Please see the Board of Investment Announcement No. 2/2553 dated April 23, 2010 for further details.)

### 1. Investment promotion measures for target industries

#### Incentive

- Import duty exemption on machinery
- Eight-year corporate income tax exemption without being subject to a corporate income tax exemption cap
- Fifty percent reduction of corporate income tax on net profit for five year after expiry of tax holiday
- Double deduction of transportation, electricity and water supply costs for ten years from the date of income derivation from promoted project
- Twenty five percent deduction of the cost of installation or construction of facilities in addition to normal depreciation deduction

#### Conditions

- Projects can be located anywhere except Bangkok.
- Applications must be submitted to the OBOI by December 31, 2012.
- Projects must be in the following activities:
  - 1) Activities related to energy conservation and alternative energy
    - Category 1.18     Manufacture of alcohol or fuel from agricultural products, including scrap, garbage and/or waste
    - Category 4.2.3     Manufacture of energy-conserving machinery or equipment or machinery or equipment which uses alternative energy
    - Category 4.15     Manufacture of fuel cells
    - Category 7.1.1     Production of electricity or steam power
      - For cases that use alternative energy such as energy from agricultural material, biogas and wind energy
  - 2) Activities related to eco-friendly materials and products
    - Category 6.3     Manufacture of eco-friendly chemicals
    - Category 6.4     Manufacture of eco-friendly products
  - 3) High-technology businesses
    - Category 1.11.10     Manufacture of medical food
    - Category 2.5.3     Manufacture of advanced ceramics

Category 2.19	Manufacture of nano materials or products from manufacture nano materials
Category 3.1.1	Manufacture of natural or synthetic fibers - Only manufacture of functional fiber
Category 3.9	Manufacture of medical equipment
Category 3.10	Manufacture of scientific equipment
Category 4.2.1	Manufacture of machinery, equipment and parts that have engineering design
Category 4.2.2	Manufacture of farm machinery or equipment and food processing machinery of equipment
Category 4.2.4	Manufacture or repair of mould and die - Only manufacture of mould and die and parts
Category 4.9	Manufacture, repair or conversion of aircraft, including aircraft parts and equipment or onboard equipment
Category 4.10	Manufacture of vehicle parts - Automatic Transmissions - Continuously Variable Transmissions (CVT) - Traction motors for automobiles; e.g., hybrid or fuel cell cars - Electronic Stability Control (ESC) - Regenerative Braking Systems - Rubber tires for vehicles
Category 5.4.3	Manufacture of industrial electronics
Category 5.4.4	Manufacture of telecommunication equipment
Category 5.5.1	Manufacture of semiconductors
Category 5.5.2	Manufacture of memory storage equipment - Only manufacture of Hard Disk Drive (HDD), Solid State Drive (SSD) and HDD SSD parts
Category 5.5.4	Manufacture of parts for telecommunication equipment
Category 5.5.5	Manufacture of parts for medical electronics
Category 5.5.6	Manufacture of parts for agricultural electronics
Category 5.5.7	Manufacture of electronic parts for vehicles
Category 5.5.10	Manufacture of solar cells and raw materials for solar cells
Category 5.5.12	Manufacture of flat panel display
Category 5.6	Manufacture of material for microelectronics
Category 5.7	Electronic design



Category 7.18	Human resource development
Category 7.19	Biotechnology
Category 7.20	Research and development
Category 7.21	Scientific laboratories
Category 7.22	Calibration services

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

This measure focuses on upgrading the machinery and improving technology to save energy and reduce environmental impacts.

### Incentives

- Exemption of import duty for machinery
- Three-year corporate income tax exemption on the revenue of existing projects, accounting for 70 percent of investment under this measure excluding cost of land and working capital. The corporate tax exemption period will start from the date of income derivation after the issuance of promotion certificate.

### Conditions

- This measure applies to both BOI and Non-BOI promoted existing projects under activities that are eligible for investment promotion.
- BOI-Promoted projects can also apply for this measure when the tax exemption or reduction period expires, or in case the projects do not receive the corporate income tax exemption.
- The applicant must submit investment plan for machinery change to save energy, to introduce alternative energy into the project, or to reduce environmental effects by implementing one of the following:
  - 1) Investment in upgrading the machinery to modern technology that reduces energy consumption at the stipulated ratio.
  - 2) Investment in upgrading the machinery in order to use alter native energy at the stipulated ratio to the total energy consumption.
  - 3) Investment in upgrading the machinery to reduce environmental impact reducing waste, waste water or exhaust air according to the stipulated criteria.
- Application shall be submitted to the OBOI within December 31, 2012 and must complete the implementation within three years from the date of promotion certificate issuance.
- Application for investment promotion under this measure by existing projects of all investment sizes shall be considered by the Office of the Board of Investment.

### 3. Measure to promote production efficiency improvement by technology upgrade for manufacturing of new products

This measure aims to encourage investors to make efficient use of their machinery as well as to be able to expand to a higher value product line while increasing revenue and maintaining employment.

#### Incentives

- Exemption of import duty on machinery regardless of zone
- Three-year corporate income tax exemption on revenue derived from the production of new product, not exceeding 100 percent of the investment in upgrading the production line

#### Conditions

- This measure applies to existing projects only, be it BOI or Non-BOI promoted.
- Investors must invest in upgrading the existing production line to be able to manufacture new product.
- The new product manufactured from the upgraded line must differ from existing product and have distinct name. The new product must also be in the list eligible for the investment promotion and corporate income tax exemption privilege.
- The upgrading of production line does not include the upgrading of assembly line.

### 4. Measure to solve environmental problems

This measure is designed to promote and encourage industrial plants to give priority to the environment management.

#### Incentives

- Exemption from import duty on machinery for machinery improvement to reduce the environmental impact.
- Three-year corporate income tax exemption on the revenue of existing projects, accounting for 70 percent of the investment value of the improvement under this measure excluding cost of land and working capital. The corporate tax exemption period will start from the date of income derivation after the issuance of promotion certificate.

#### Conditions

- Applicants must comply with the environmental management criteria and conditions specified by the government with pollutant values less than the legal control rate and must be in the following industries
  - Oil refinery
  - Natural gas separation

- Power generation
- Chemicals and petrochemicals
- Minerals and base metals
- This measure applies to both BOI and Non-BOI promoted existing projects.
- Projects must reduce the environmental impact according to criteria and methods specified by the Office of Board of Investment.
- Applicants must submit the application including a plan to reduce environmental impact according to the criteria and methods specified by the Office of Board of Investment within December 31, 2010 and complete the implementation within 3 years from the date of promotion certificate issuance.
- Application of existing projects of all investment sizes under this measure shall be considered by the Office of the Board of Investment.

### **Additional Incentives under the Skill, Technology and Innovation (STI) Scheme**

(Please see BOI announcements No.3/2549, 6/2552 and 11/2552 for further details.)

Additional tax incentives are offered to encourage the development of skills, science technology, and innovation under the STI (Skill, Technology and Innovation) scheme. The following criteria are applied:

1. The following additional tax incentives will be applied:
  - 1.1 Corporate income tax exemption in addition to those received on the basis of the Board of Investment Announcement No. 1/2543 and 2/2543; however, the total duration of corporate income tax exemption shall not exceed 8 years, as follows:
    - 1.1.1 One additional year of corporate income tax exemption will be granted if there are investments of expenditures in research and development or design, in advance technology training, in supporting an educational or research institution or the donation to Technology and Human Resources Development Fund, on the condition that such investments or expenditures are not less than 1 percent of the revenue from the investment project in the first 3 years, or not less than 150 million Baht, whichever is less.
    - 1.1.2 Two additional years of corporate income tax exemption will be granted if there are investments or expenditures in research and development or design, in advance technology training, in supporting and educational or research institution or the donation to Technology and Human Resources Development Fund, on the condition that such investments or expenditures are not less than 2 percent of the revenue from the investment project in the first 3 years, or not less than 300 million Baht, whichever is less.

- 1.1.3 Three additional years of corporate income tax exemption will be granted if there are investments or expenditures in research and development or design, in advance technology training, in supporting as educational or research institution or the donation to Technology and Human Resources Development Fund, on the condition that such investments or expenditures are not less than 3 percent of the revenue from the investment project in the first 3 years, or not less than 450 million Baht, whichever is less.

Projects granted STI incentive approval and meeting the applicable conditions will not be subject to the corporate income tax exemption cap.

- 1.2 Exemption of import duties on machinery for all zones
2. Investments or expenditures by the promoted person to develop Skill, Technology & Innovation can be made throughout the duration of corporate income tax exemption.
3. Projects that have been granted corporate income tax exemption under Section 31 and are already generating income must submit an STI application any time before their corporate tax exemption period expires. Projects that are not eligible for corporate income tax exemption and that want to apply for STI incentives are required to submit their STI applications at the same time they submit the BOI application
4. The promoted person shall apply for the aforementioned rights and privileges according to the criteria prescribed by the Office of the Board of Investment.

### **Measure to promote research and development cooperation between industrial sectors and education institutions**

(Please see the BOI Announcement No. 1/2550 for further details.)

This measure focuses on enhancing competitive edges of the industries by strengthening the fundamental knowledge and technological capabilities through cooperation between the private and public sectors, or industrial sectors and academic agencies to create innovations.

1. The following criteria and conditions for research and development joint projects between the industrial sector and academic institutions will be applied:
  - 1.1 An eligible project must already be in operation regardless of whether or not it has received promotional privileges.
  - 1.2 An eligible project must be within a target industry, activity or technology specified by the Board of Investment.
  - 1.3 An eligible activity must belong to a category announced as being qualified for promotion by the Board of Investment.

- 1.4 Projects currently receiving investment promotional privileges may apply for promotion under this measure only after their current corporate income tax exemption or reduction period has expired.
  - 1.5 Not less than 51 percent of the registered capital must be Thai.
  - 1.6 Research and development undertakings must be carried out jointly with a research institute or an academic institution approved by the Board of Investment in accordance with the criteria and methods specified by the Board of Investment.
  - 1.7 An application for promotion must be submitted under the existing activity, and must be accompanied by a research and development plan, in accordance with the criteria and methods specified by the Board of Investment.
  - 1.8 No claim may be made for research and development expenses if those deductions are allowed by the Revenue Department.
  - 1.9 Corporate income tax is exempted on the revenue generated by the promoted activities, with the exemption duration commencing from the date the revenue is generated after the promotion certificate has been issued.
  - 1.10 To exercise the corporate income tax exemption rights, evidence certified by the partnering research institute or academic institution must be produced.
2. The following incentives will be applied:
- 2.1 Exemption of import duties on machinery and equipment used in the research and development activities
  - 2.2 Three-year exemption of corporate income tax, on 70 percent of the investment value and research and development costs, not exceeding 10 million baht

# SUMMARY OF BASIC TAX INCENTIVES

Tax and Duty Privileges	Zone 1	
	Inside industrial estates/ promoted industrial zones	Outside industrial estates/ promoted industrial zones
Import duties on machinery	50 % reduction	50 % reduction
Corporate income tax exemption	3 years	-
50 percent reduction of corporate income tax	-	-
Import duties on raw or essential materials used in manufacturing of export products	Exemption	Exemption
Deduction of transportation, electricity and water costs	-	-
Deduction of the project infrastructure installation construction costs	-	-
Import duties on raw or essential materials used in manufacturing products for domestic sale	-	-

\* For projects in Laem Chabang Industrial Estate and industrial estates or promoted industrial zones in Rayong Province, applications must be submitted by December 31, 2014.

\*\* Applications must be submitted by December 31, 2014.

Zone 2		Zone 3 (36 provinces)		Zone 3 (22 provinces)	
Inside industrial estates/ promoted industrial zones (Excluding Laem Chabang Industrial Estate and industrial estates/ promoted industrial zones in Rayong Province)	Outside industrial estates/ promoted industrial zones	Inside industrial estates/ promoted industrial zones + Laem Chabang Industrial Estate and industrial estates/ promoted industrial zones in Rayong Province*	Outside industrial estates/ promoted industrial zones	Inside industrial estates/ promoted industrial zones	Outside industrial estates/ promoted industrial zones
Exemption**	50 % reduction	Exemption	Exemption	Exemption	Exemption
7 years**	3 years	8 years	8 years	8 years	8 years
-	-	5 years after the exemption period	-	5 years after the exemption period	5 years after the exemption period
Exemption	Exemption	Exemption	Exemption	Exemption	Exemption
-	-	Double deduction for 10 years	-	Double deduction for 10 years	Double deduction for 10 years
-	-	25% deduction from net profit	25% deduction from net profit	25% deduction from net profit	25% deduction from net profit
-	-	75% reduction for 5 years with yearly approval** (excluding Laem Chabang Industrial Estate and industrial estates/ promoted industrial zones in Rayong Province)	-	75% reduction for 5 years with yearly approval**	-

## CHAPTER 2

# LIST OF ACTIVITIES ELIGIBLE FOR PROMOTION AND THE CONDITIONS

### **Types, Sizes, Conditions, Rights and Benefits of Activities Eligible for Promotion**

Investors applying for BOI promotion should be well prepared with the information of the activities eligible for promotion, and in particular, specific conditions under each activity.

The updated information of types, sizes, conditions, rights and benefits of activities eligible for promotion are assembled from various latest announcements, details of which an investor is encouraged to thoroughly review before applying for BOI promotion.



# Section 1: Agriculture and Agricultural Products

Activities	Conditions
1.1 Plant propagation and development <sup>(1)</sup>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Project must have plant research and development process.</li> <li>2. For the propagation and development of plants indigenous to Thailand such as rice, orchids, herbs and fruits, the project must have Thai nationals holding shares totaling not less than 51 percent of the registered capital.</li> </ol> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.2 Hydroponics cultivation	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.3 Forestry plantation	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Total plantation area must not be less than 500 rai.</li> <li>2. Approvals from relevant government agencies are required prior to issuance of investment promotion certificate.</li> </ol> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
1.4 Manufacture of biological fertilizers, organic fertilizers or soil conditioner	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.5 Animal breeding or Animal husbandry 1.5.1 Livestock 1.5.2 Aquatic (except shrimp)	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.6 Manufacture of animal feed or mixes for animal feed	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.7 Crop drying and silo facilities	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
1.8 Deep sea fishery	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
1.9 Slaughtering	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>

(1) Please see Board of Investment Announcement No. Sor 1/2553 dated January 5, 2010

Activities	Conditions
1.10 Tanneries, leather finishing, or fur dressing	<u>Conditions</u> Tanneries must be located in an industrial estate specified by the Industrial Estate Authority of Thailand <u>Rights and benefits</u> Classified as a priority activity
1.11 Manufacture or preservation of food or food ingredients, using modern technology (except drinking water and ice cream) 1.11.1 Manufacture or preservation of food made from animals 1.11.2 Manufacture or preservation of food made from plants, vegetables or fruits 1.11.3 Manufacture or preservation of food made from rice or cereal 1.11.4 Manufacture of beverages from plants, vegetables or fruits (except alcoholic beverages) 1.11.5 Manufacture of products from raw milk 1.11.6 Manufacture of food ingredients 1.11.7 Manufacture of sweeteners (except sugar) 1.11.8 Manufacture or preservation of ready-to-eat or semi ready-to-eat food 1.11.9 Manufacture of candy, chocolate or gum 1.11.10 Manufacture of medical food	<u>Conditions</u> The manufacture of candy, chocolate or gum must locate factory in industrial estates or promoted industrial zones. <u>Rights and benefits</u> 1. Classified as a priority activity 2. The manufacture or preservation of ready-to-eat or semi-ready-to-eat food is classified as a priority activity of special importance and benefits to the country. 3. The manufacture of candy, chocolate or gum shall receive only exemption of import duty on machinery, regardless of zone without other tax privileges.
1.12 Manufacture of oil or fat from plants or animals	<u>Rights and benefits</u> Classified as a priority activity
1.13 Manufacture of flour or starch made from plants, dextrin or modified starch	<u>Rights and benefits</u> Classified as a priority activity
1.14 Grading, packaging and storage of plants, vegetables, fruits or flowers, using modern technology <sup>(2)</sup>	<u>Conditions</u> In case of integrated rice milling, process must start from drying, storing and milling. <u>Rights and benefits</u> Classified as a priority activity

(2) Please see Board of Investment Announcement No. Sor 3/2553 dated October 22, 2010

Activities	Conditions
1.15 Manufacture of products from herbs (except soap, shampoo, toothpaste and cosmetics)	<u>Rights and benefits</u> Classified as a priority activity
1.16 Manufacture of natural rubber products	<u>Rights and benefits</u> Classified as a priority activity
1.17 Manufacture of products from agricultural by-products or waste	<u>Rights and benefits</u> Classified as a priority activity
1.18 Manufacture of alcohol or fuel from agricultural products, including scrap, garbage and/or waste	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country
1.19 Cold storage or cold storage and cold storage transportation	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country
1.20 Trading centers for agricultural goods	<u>Conditions</u> 1. Total area must not be less than 50 rai. 2. Operational locations must be approved by the Board. 3. The area for operations and services related to agricultural goods must not be less than 60 percent of the total land area. Space must be allocated for agricultural exhibition or trade, auction center, cold storage and silos. Inspection, grading and pesticide residue inspection services of agricultural products must be provided. <u>Rights and benefits</u> Classified as a priority activity
1.21 Farm management	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country

## Section 2: Mining, Ceramics and Basis Metals

Activities	Conditions
2.1 Mineral ore prospecting	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must have Thai nationals holding shares totaling not less than 51 percent of the registered capital</li> <li>2. Prospecting license (Prospecting Atchayabat: PA) or special prospecting license (Special Atchayabat: SA) must be obtained prior to submission of investment promotion application.</li> </ol> <p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
2.2 Mining or ore dressing (except tin)	<p><u>Conditions</u></p> <p>For mining:</p> <ol style="list-style-type: none"> <li>1. Must have Thai nationals holding shares totaling not less than 51 percent of the registered capital</li> <li>2. Mining license (Prathanabat) or Mining Sublease license must be obtained prior to submission of investment promotion application.</li> </ol> <p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
2.3 Marble or granite mining	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must have Thai nationals holding shares totaling not less than 51 percent of the registered capital.</li> <li>2. Mining license (Prathanabat) or Mining Sublease license must be obtained prior to submission of promotion application.</li> </ol> <p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
2.4 Smelting	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>

Activities	Conditions
2.5 Manufacture of ceramics 2.5.1 Ceramic products (except earthenware) 2.5.2 Ceramic roof tiles 2.5.3 Advanced ceramics	<u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000 2. The manufacture of advanced ceramics is classified as a priority activity of special importance and benefits to the country.
2.6 Manufacture of glass or glass products	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.7 Manufacture of fire-resistant materials or heat insulation (except lightweight brick, lightweight concrete block and aerated concrete block)	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.8 Manufacture of gypsum board or gypsum products	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.9 Manufacture of pre-stressed concrete products for public utilities projects	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.10 Manufacture of metal powder	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.11 Manufacture of ferro-alloy	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
2.12 Manufacture of up-stream and intermediate steel 2.12.1 Manufacture of up-stream steel such as Hot Metal, Pig Iron, Sponge Iron, Direct Reduction Iron (DRI) and Hot Briquetted Iron (HBI) 2.12.2 Manufacture of intermediate steel such as Slab, Billet and Bloom	<u>Conditions</u> Investment project in up-stream steel and investment project in intermediate steel which also has up-stream steel manufacturing process must have a debt ratio to registered capital not more than 2:1 <u>Rights and benefits</u> 1. Project manufacturing up-stream steel and project manufacturing intermediate steel which also contains up-stream steel manufacturing process shall be granted the following privileges:

Activities	Conditions
	<p>1.1 Project is classified as a priority activity of special importance and benefits to the country. If located factory in zone 3, project shall be granted privileges under section 35(1), 35(2) and 35(3).</p> <p>1.2 Project manufacturing intermediate steel shall be granted the following incentives according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p>
<p>2.13 Manufacture of down-stream steel products</p> <p>2.13.1 Manufacture of long steel products such as steel wire rods, wires, shafts and bars</p> <p>2.13.2 Manufacture of flat rolled steel products such as hot and cold rolled stainless steel sheets, steel plates, hot or cold rolled steel sheets and coated steel sheets</p>	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
<p>2.14 Manufacture of steel pipes or stainless steel pipes</p>	<p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. The manufacture of seamless steel pipes or seamless stainless steel pipes is classified as a priority activity.</p>
<p>2.15 Manufacture of iron or steel casting</p>	<p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. Casting of metal parts using an induction furnace is classified as a priority activity.</p>
<p>2.16 Manufacture of forged steel parts</p>	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
<p>2.17 Rolling, drawing, casting or forging of non-ferrous metals</p>	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
<p>2.18 Coil center</p>	<p><u>Rights and benefits</u></p> <p>Shall be granted privileges under section 36(1) and 36(2) and other non-tax privileges</p>

Activities	Conditions
2.19 Manufacture of nano materials or products from manufactured nano materials	<u>Conditions</u> Must obtain approval from National Nanotechnology Center <u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country

# Section 3: Light Industry

Activities	Conditions
<p>3.1 Manufacture of textile products or parts</p> <p>3.1.1 Manufacture of natural or synthetic fibers</p> <p>3.1.2 Yarn spinning</p> <p>3.1.3 Manufacture of fabrics</p> <p>3.1.4 Bleaching, dyeing and finishing</p> <p>3.1.5 Printing and finishing</p> <p>3.1.6 Manufacture of garments</p> <p>3.1.7 Manufacture of parts or accessories for garments</p> <p>3.1.8 Manufacture of household textiles</p> <p>3.1.9 Manufacture of carpets</p> <p>3.1.10 Manufacture of trawling nets</p>	<p><u>Conditions</u></p> <p>1. Bleaching, dyeing and finishing project must be</p> <p>1.1 Located in an industrial estate specified by the Industrial Estate Authority of Thailand or promoted industrial zones which have waste elimination systems and environmental conservation according to legal standards</p> <p>1.2 Only the promoted companies that plan to expand the project in the existing location must obtain ISO 14000 certification within 2 years from the start-up date.</p> <p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. Projects located in industrial estates for integrated production of the textile (except bleaching, dyeing and finishing) shall be granted:</p> <p>2.1 Exemption of import duty on machinery, regardless of zone</p> <p>2.2 Exemption of corporate income tax for:</p> <p>(1) five years if located in Zone 1</p> <p>(2) seven years if located in Zone 2</p> <p>(3) eight years if located in Zone 3</p> <p>2.3 Other rights and benefits shall be granted according to the BOI Announcement No. 1/2543 dated August 1, 2000.</p> <p>3. Only the manufacture of functional fiber and functional yarn shall be classified as a priority activity.</p> <p>4. Bleaching, dyeing and finishing projects that are located in an industrial estate specified by the Industrial Estate Authority of Thailand and industrial estates for integrated production of the textile shall be granted:</p> <p>4.1 Exemption of import duty on machinery</p> <p>4.2 Eight-year corporate income tax exemption</p> <p>4.3 Other rights and benefits shall be granted according to the BOI Announcement No.1/2543 dated August 1, 2000.</p>



Activities	Conditions
3.2 Manufacture of sanitary napkins and absorbing pads	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.3 Manufacture of shoes or parts	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.4 Manufacture of luggage or parts	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.5 Manufacture of sports equipment or parts	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.6 Manufacture of products from leather or artificial leather	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.7 Production related to the gem and jewelry industry	<u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000 2. Projects located inside a gem and jewelry industrial estate or promoted gem and jewelry industrial zone shall be granted: 2.1 Exemption from import duty on machinery, regardless of zone 2.2 Exemption of corporate income tax for: (1) five years if located in Zone 1 (2) seven years if located in Zone 2 (3) eight years if located in Zone 3 2.3 Other privileges will be granted according to Board of Investment Announcement No. 1/2543 dated August 1, 2000.
3.8 Manufacture of lenses or spectacles or parts (except optical lenses)	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.9 Manufacture of medical equipment	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country

Activities	Conditions
3.10 Manufacture of scientific equipment	<u>Rights and benefits</u> Classified as a priority activity of special importance and benefits to the country
3.11 Manufacture of stationery or parts	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.12 Manufacture of toys	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.13 Manufacture of musical instrument	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.14 Manufacture of artificial goods (except made from restricted trees)	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.15 Manufacture of furniture or parts (except made from restricted trees)	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
3.16 Manufacture of abrasive paper	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000

# Section 4: Metal Products, Machinery and Transport Equipment

Activities	Conditions
4.1 Manufacture of hand tools and measuring tools	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
<p>4.2 Manufacture of machinery, equipment and parts</p> <p>4.2.1 Manufacture of machinery, equipment or parts that have engineering design</p> <p>4.2.2 Manufacture of farm machinery or equipment and food processing machinery or equipment</p> <p>4.2.3 Manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy</p> <p>4.2.4 Manufacture or repair of mould and die</p> <p>4.2.5 Manufacture of other machinery, equipment and parts</p>	<p><u>Conditions</u></p> <p>The manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy must be according to the list approved by the Ministry of Energy.</p> <p><u>Rights and benefits</u></p> <p>1. The following activities are classified as priority activity of special importance and benefits to the country:</p> <p>1.1 Manufacture of machinery, equipment and parts that have engineering design</p> <p>1.2 Manufacture of farm machinery or equipment and food processing machinery or equipment</p> <p>1.3 Manufacture of energy-conserving machinery or equipment and machinery or equipment which uses alternative energy</p> <p>2. The following activities are classified as priority activity:</p> <p>2.1 Manufacture or repair of mould and die</p> <p>2.2 Manufacture of other machinery, equipment and parts</p>
4.3 Manufacture of metal products, including metal parts	<p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. The manufacture of sintered products and the manufacture of steel products or parts that contain metal casting process using induction furnace or forging process in the project are classified as a priority activity.</p>

Activities	Conditions
4.4 Surface treatment or anodized surface treatment	<p><u>Conditions</u></p> <p>Must use modern manufacturing process as approved by the Board</p> <p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. Projects located in industrial estates specified by the Industrial Estate Authority of Thailand shall be classified as priority activity</p>
4.5 Heat treatment	<p><u>Conditions</u></p> <p>Projects that use cyanide must be located in industrial estates or promoted industrial zones</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
<p>4.6 Building or repair of ships</p> <p>4.6.1 Building or repair of ships of not less than 500 tons gross</p> <p>4.6.2 Building or repair of ships of less than 500 tons gross (except wooden or steel ships)</p>	<p><u>Conditions</u></p> <p>If located in zone 1, the project of any size must obtain ISO 14000 certification within 2 years from the start-up date.</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
4.7 Manufacture of electric-powered vehicles (only those that cannot register under Motor Vehicle Act of B.E. 2522)	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
4.8 Manufacture of trains or electric trains or equipment or parts (only with rail system)	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
4.9 Manufacture, repair or conversion of aircraft, including aircraft parts and equipment or onboard equipment	<p><u>Conditions</u></p> <p>Aircraft conversion must be type-certification level conversion.</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>

Activities	Conditions
<p>4.10 Manufacture of vehicle parts</p> <p>4.10.1 Manufacture of vehicle parts</p> <p>4.10.2 Manufacture of 4-stroke motorcycles</p> <p>4.10.3 Manufacture of automobile engines</p> <p>4.10.4 Manufacture of automobile parts for international-standard eco-cars</p>	<p><u>Rights and benefits</u></p> <p>1. Shall be according to the Board of Investment announcement No. 1/2543 dated August 1, 2000</p> <p>2. Manufacture of the following is classified as a priority activity:</p> <p>2.1 ABS</p> <p>2.2 Substrate for catalytic converters</p> <p>2.3 Electronic fuel injection systems</p> <p>2.4 Automobile transmission</p> <p>2.5 Battery for electric-powered vehicles</p> <p>2.6 Traction motor for automobile such as hybrid or fuel cell cars</p> <p>2.7 Electronic Stability Control (ESC)</p> <p>2.8 Regenerative Braking System</p> <p>2.9 Electric air conditioning system for automobile</p> <p>2.10 Rubber tires for vehicles</p> <p>2.11 Aircraft tread tires</p> <p>3. Manufacture of automobile parts for international-standard eco-cars shall receive the following rights and benefits:</p> <p>3.1 Exemption of import duty on machinery for the period approved by the Board</p> <p>3.2 Exemption of corporate income tax for not more than 8 years, regardless of zone</p> <p>3.3 Reduction of import duty on raw materials and finished parts for not more than 90 percent depending on the suitability of each type and for the period approved by the Board.</p> <p>3.4 Other rights and benefits shall be according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</p>

Activities	Conditions
<p>4.11 Manufacture of motorcycles</p> <p>4.11.1 Manufacture of 4-stroke motorcycles</p>	<p><u>Manufacture of 4-stroke motorcycles</u></p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must be motorcycles with four-stroke engines</li> <li>2. Production capacity must not be less than 50,000 units per year.</li> <li>3. Thai nationals must hold shares totaling not less than 60 percent of the registered capital.</li> <li>4. Production processes must be complete from body frame welding and painting.</li> <li>5. Plan for parts production and sourcing of parts must be approved by the Board.</li> <li>6. Must have plan to develop Thai parts manufacturers</li> <li>7. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption on import duty on machinery, regardless of zone</li> <li>2. Exemption on corporate income tax as follows: <ol style="list-style-type: none"> <li>2.1 No exemption of corporate income tax, if located in Zone 1 or 2</li> <li>2.2 If located in Zone 3, project shall receive 3-year corporate income tax exemption. If located in Zone 3, project shall receive 5-year corporate income tax exemption in the following cases: <ol style="list-style-type: none"> <li>(1) Thai nationals must hold not less than 70 percent of total shares.</li> <li>(2) Project must propose a plan for production and use of major parts, such as engines, transmission systems, fuel injection systems, vibration systems, and brake systems and receive approval from the Board.</li> </ol> </li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>

Activities	Conditions
<p>4.11.2 Manufacture of large-sized motorcycles</p>	<p><u>Manufacture of large-sized motorcycles</u></p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must be 4-stroke engines with a minimum size of 500 cc.</li> <li>2. Production processes must be complete from body frame welding and painting.</li> <li>3. A plan for part production and sourcing must be proposed and approved by the BOI.</li> <li>4. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. No corporate income tax exemption shall be granted unless the project includes engine production process which must start from machining of main engine parts such as cylinder heads and crank cases. In such cases, corporate income tax exemption shall be granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> <li>3. Other rights and benefits shall be granted according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>4.12 Manufacture of automobile</p> <p>4.12.1 Manufacture of automobile</p> <p>4.12.2 Manufacture of automobile (Package)</p>	<p><u>Manufacture of automobile</u></p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. No exemption on corporate income tax shall be granted.</li> <li>2. Other rights and benefits are granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> </ol> <p><u>Manufacture of automobile(Package)</u></p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. A “Package” proposal must include Activity 4.12.1 Manufacture of automobile, 4.10.1 Manufacture of vehicle parts and/or 4.10.3 Manufacture of automobile</li> </ol>

Activities	Conditions
	<p>engines, all of which support the automotive manufacturing operation. The minimum investment must not be less than 10,000 million baht excluding the cost of land and working capital.</p> <p>2. Automotive manufacturing project must have a definite production and marketing plan.</p> <p>3. Manufacture of vehicle parts and/or automobile engines will exclusively support the automobile manufacturing that is part of the Package.</p> <p><u>Rights and benefits</u></p> <p>1. Manufacture of automobile:</p> <p>    1.1 Exemption of import duty on machinery, regardless of zone</p> <p>    1.2 No exemption or reduction of corporate income tax</p> <p>    1.3 Other rights and benefits shall be granted according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</p> <p>2. Manufacture of vehicle parts and/or automobile engine</p> <p>    2.1 Exemption of import duty on machinery, regardless of zone</p> <p>    2.2 Corporate income tax incentives and other rights and benefits shall be granted according to Activity 4.10.1 Manufacture of vehicle parts and/or 4.10.3 Manufacture of automobile engines.</p>
<p>4.12.3 Manufacture of passenger cars</p>	<p><u>Manufacture of passenger cars</u></p> <p><u>Conditions</u></p> <p>1. The actual production must not be less than 100,000 units/year in any year during the first five years of the operation.</p> <p>2. All production must be based on the same platform approved by the Board.</p> <p>3. The total investment during the first 5 years of corporate income tax exemption must not be less than 15 billion baht, excluding cost of land and working capital.</p>



Activities	Conditions
<p>4.12.4 Manufacture of new automobile models</p>	<p>4. An investment plan for parts production and a plan for parts utilization must be submitted and approved by the Board.</p> <p>5. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</p> <p>6. If the projects fail to meet the minimum actual production required under condition No.1, the corporate income tax exemption shall be withdrawn according to the criteria set forth by the Board.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Five-year corporate income tax exemption, regardless of zone</p> <p>3. Not entitled to reduction of corporate income tax under section 35 (1)</p> <p>4. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000.</p> <p><u>Manufacture of new automobile models</u></p> <p><u>Conditions</u></p> <p>1. The actual production must not be less than 100,000 units/year in any year within the first five years of operation.</p> <p>2. Project must contain investment in new assembly line.</p> <p>3. The minimum investment must not be less than 10,000 million baht excluding the cost of land and working capital.</p> <p>4. Project must manufacture new model of automobile that has never been produced locally and has new technology such as Hybrid Drive, Brake Energy Regeneration or Electronic Stability Control as approved by the Board.</p>

Activities	Conditions
	<p>5. An investment plan for parts production and a plan for parts utilization must be submitted and approved by the Board.</p> <p>6. No extension of project implementation period as specified in the investment promotion certificate is allowed.</p> <p>7. Not entitled to additional corporate income tax exemption under the STI (skill, technology, and innovation) scheme</p> <p>8. The application must be submitted within December 31, 2010.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Five-year corporate income tax exemption, regardless of zone for project with investment of not less than 10,000 baht excluding the cost of land and working capital.</p> <p>3. Six-year corporate income tax exemption, regardless of zone for project with investment of not less than 15,000 baht excluding the cost of land and working capital.</p> <p>4. One additional year of corporate income tax exemption shall be granted to project that submits the application within December 31, 2009.</p> <p>5. Not entitled to reduction of corporate income tax under section 35 (1)</p> <p>6. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000.</p>
4.13 Manufacture of multi-purpose engines and equipment	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>

Activities	Conditions
<p>4.14 Manufacture of Natural Gas Vehicles (NGV) and machinery and equipment that use natural gas</p> <p>4.14.1 Manufacture of natural gas buses and trucks</p> <p>4.14.2 Manufacture of Compressed Natural Gas (CNG) containers or Liquefied Natural Gas (LNG) containers</p> <p>4.14.3 Manufacture of engines, parts and equipment for Natural Gas Vehicles (NGV)</p> <p>4.14.4 Manufacture of machinery or equipment for NGV service station</p>	<p><u>Conditions</u></p> <p>The manufacture of CNG containers or LNG containers, engines, parts and equipment for NGV and machinery or equipment for NGV service station must receive standard certification from related agencies.</p> <p><u>Rights and benefits</u></p> <p>1. Manufacture of natural gas buses and trucks shall be granted:</p> <p>1.1 Exemption of import duty on machinery, regardless of zone</p> <p>1.2 Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000.</p> <p>2. The manufacture of the following shall be classified as a priority activity:</p> <p>2.1 CNG containers or LNG containers</p> <p>2.2 Engines, parts and equipment for NGV</p> <p>2.3 Machinery or equipment for NGV service station</p>
<p>4.15 Manufacture of fuel cells</p>	<p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
<p>4.16 Repair of vehicle parts, electrical or electronic equipment</p>	<p><u>Conditions</u></p> <p>Projects must be located in IEAT Free zone, Free Trade Zone, bonded warehouse or Customs Free zone.</p> <p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>
<p>4.17 Repair of industrial machinery or equipment</p>	<p><u>Conditions</u></p> <p>Must be capable of repairing essential parts of machines</p> <p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>

Activities	Conditions
4.18 Manufacture, repair or maintenance of containers	<u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000 2. Classified as a priority activity if located in Logistics Park
4.19 Fabrication of metal structure products or platform repair	<u>Rights and benefits</u> 1. Exemption of import duty on machinery, regardless of zone 2. Corporate income tax exemption for: 2.1 Five years if located in Zone 1 2.2 Five years if located in Zone 2 or seven years if located in an industrial estates or promoted industrial zone in Zone 2 2.3 Eight years if located in Zone 3 3. Other rights and benefits shall be granted according to BOI Announcement No.1/2543 dated August 1, 2000.
4.20 Manufacture of Completely Built Units(CBU) or Completely Knocked Down(CKD) of houses	<u>Rights and Benefits</u> 1. Exemption of import duty on machinery, regardless of zone 2. Privileges under section 36(1) and 36(2) 3. Non-tax incentives

# Section 5: Electronic Industry and Electrical Appliance

Activities	Conditions
5.1 Manufacture of electrical equipment for industrial use	<u>Rights and benefits</u> Shall be according to investment promotion policy for electronics and electrical appliances industry
5.2 Manufacture of electrical products	<u>Rights and benefits</u> Shall be according to investment promotion policy for electronics and electrical appliances industry
5.3 Manufacture of parts or equipment used for electrical products 5.3.1 Manufacture of electric lamps 5.3.2 Manufacture of batteries (except vehicle batteries) 5.3.3 Manufacture of electric wires or enamel wires 5.3.4 Manufacture of parts or equipment for other appliances	<u>Rights and benefits</u> Shall be according to investment promotion policy for electronics and electrical appliances industry
5.4 Manufacture of electronic products 5.4.1 Manufacture of consumers electronics 5.4.2 Manufacture of office electronics 5.4.3 Manufacture of industrial electronics 5.4.4 Manufacture of telecommunication equipment 5.4.5 Manufacture of agricultural electronics 5.4.6 Manufacture of other electronic products	<u>Rights and benefits</u> 1. Shall be according to investment promotion policy for electronics and electrical appliances industry 2. The manufacture of industrial electronics, telecommunication equipment and agricultural electronics shall receive the following rights and benefits: 2.1 Classified as a priority activity 2.2 Exemption of import duty on machinery according to investment promotion policy for electronics and electrical appliances industry
5.5 Manufacture of electronic parts and/or equipment or parts and/or equipment used for electronic apparatus 5.5.1 Manufacture of semiconductors 5.5.2 Manufacture of memory storage equipment (1) Manufacture of Hard Disk Drive (HDD) and Hard Disk Drive parts (2) Manufacture of other memory storage equipment	<u>Conditions</u> 1. Investment in reconditioning machinery in the following activities shall be regarded as part of investment promoted projects. 1.1 Manufacture of Integrated Circuit 1.2 Manufacture of Hard Disk Drive and parts for Hard Disk Drive 1.3 Manufacture of media/platter for Hard Disk Drive

Activities	Conditions
5.5.3 Manufacture of transmission cables or cable sets	2. The following activities must have the manufacturing process as approved by the Board:
5.5.4 Manufacture of parts for telecommunication equipment	2.1 Manufacture of flexible printed circuit or multi layer printed circuit board
5.5.5 Manufacture of parts for medical electronics	2.2 Manufacture of solar cells
5.5.6 Manufacture of parts for agricultural electronics	2.3 Manufacture of media/platter for Hard Disk Drive
5.5.7 Manufacture of electronic parts for vehicles	2.4 Manufacture of flat panel display
5.5.8 Manufacture of flexible printed circuit or multi layer printed circuit board	<u>Rights and benefits</u>
5.5.9 Manufacture of other electronic parts and/or equipment or parts and/or equipment used for electronic apparatus	1. Shall be according to investment promotion policy for electronics and electrical appliances industry
5.5.10 Manufacture of solar cells and raw materials for solar cells (1) Manufacture of solar cells (2) Manufacture of raw materials for solar cells i.e. solar-grade silicon (99.9999%), wafers and Transparent Conductive Oxide (TCO) coating glass	2. The following: 2.1 Manufacture of semiconductors 2.2 Manufacture of Hard Disk Drive(HDD) and Hard Disk Drive parts 2.3 Manufacture of parts for telecommunication equipment 2.4 Manufacture of parts for medical electronics 2.5 Manufacture of parts for agricultural electronics 2.6 Manufacture of electronic parts for vehicles 2.7 Manufacture of flexible printed circuit or multi layer printed circuit board
5.5.11 Manufacture of media/platter for Hard Disk Drive	Shall receive rights and benefits as follows: (1) Classified as a priority activity (2) Exemption of import duty on machinery according to investment promotion policy for electronics and electrical appliances industry
5.5.12 Manufacture of flat panel display	3. The following: 3.1 Manufacture of solar cells and raw material for solar cells 3.2 Manufacture of media/platter for Hard Disk Drive 3.3 Manufacture of flat panel display Shall receive rights and benefits as follows: (1) Classified as a priority activity of special importance and benefits to the country (2) Exemption of import duty on machinery according to investment promotion policy for electronics and electrical appliances industry

Activities	Conditions
<p>5.6 Manufacture of material for microelectronics</p> <p>5.6.1 Wafer</p> <p>5.6.2 Thin film technology</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must have the manufacturing process as approved by the Board</li> <li>2. Investment in reconditioning machinery shall be regarded as part of investment promoted project.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Classified as a priority activity of special importance and benefits to the country</li> <li>2. Exemption of import duty on machinery according to investment promotion policy for electronics and electrical appliances industry</li> </ol>
<p>5.7 Electronic design</p> <p>5.7.1 Micro electronics design</p> <p>5.7.2 Prototype design</p> <p>5.7.3 Embedded system design</p>	<p><u>Conditions</u></p> <p>Revenues derived from sales or the provision of services that are directly related to a promoted business or which are from downstream production for commercial purposes, either carried by the promoted companies or sub-contractors, will be regarded as revenue of such promoted business.</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Classified as a priority activity of special importance and benefits to the country</li> <li>2. Exemption of import duty on machinery according to investment promotion policy for electronics and electrical appliances industry</li> </ol>
<p>5.8 Software</p> <p>5.8.1 Enterprise Software</p> <p>5.8.2 Digital Content</p> <ol style="list-style-type: none"> <li>(1) Animation, cartoon &amp; character</li> <li>(2) Computer-Generated Imagery (CGI)</li> <li>(3) Web-based applications and cloud computing</li> <li>(4) Interactive Application</li> <li>(5) Games such as Windows-based, mobile platform, console, PDA, online games, massive multi-player online games (MMOG)</li> </ol>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Projects must include software development processes specified by the Software Industry Promotion Agency (SIPA).</li> <li>2. Project with an investment of 10 million baht or more (excluding cost of land and working capital) must obtain a quality standard certificate from SIPA or receive a Capability Maturity Model Integration (CMMI) quality standard certificate or any equivalent standard within 2 years from the start-up date. If the project fails to meet such condition, one-year corporate income tax exemption shall be withdrawn.</li> </ol>

Activities	Conditions
<p>(6) Wireless location-based service content</p> <p>(7) Visual effects</p> <p>(8) Multimedia video conferencing application</p> <p>(9) E-learning content via broadband and multimedia</p> <p>5.8.3 Embedded software</p>	<p>3. Revenues derived from sales or the provision of services that are directly related to a promoted software business shall be regarded as revenue of such promoted businesses.</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefit to the country</p>
<p>5.9 E-commerce business</p>	<p><u>Rights and benefits</u></p> <p>Exemption from import duty on machinery only according to investment promotion policy for electronics and electrical appliances industry</p>



## Section 6: Chemicals, Paper and Plastics

Activities	Conditions
6.1 Manufacture of chemicals	<p><u>Conditions</u></p> <p>The production must utilize a chemical process.</p>
6.2 Manufacture of industrial chemicals	
6.3 Manufacture of eco-friendly chemicals	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The production must have a chemical process or biotechnological process or involve the manufacture of raw materials or essential materials for related industries.</li> <li>2. The products must have less overall impact on the environment throughout their life cycle, for example,               <ol style="list-style-type: none"> <li>2.1 Using raw materials from renewable Resources</li> <li>2.2 Using sustainable green chemistry in the production process</li> <li>2.3 Being a biodegradable product that does not generate toxic substances</li> <li>2.4 Having lower toxicity to life and ecology systems, which can be assessed by the Life Cycle Assessment (LCA) method in accordance to ISO 14040 series or by the standards specified by Thai Industrial Standards Institute</li> </ol> </li> <li>3. Project must be approved by relevant agencies, such as National Science and Technology Development Agency or National Innovation Agency etc.</li> </ol> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>

Activities	Conditions
<p>6.4 Manufacture of Eco-friendly products</p> <p>6.4.1 Eco-friendly packaging</p> <p>6.4.2 Eco-friendly plastics or polymers</p>	<p><u>Conditions</u></p> <p>Must be eco-friendly packaging products or products made from plastics or polymers proved to have less impact on the environment throughout their life cycles by the Life Cycle Assessment (LCA) method in accordance with ISO14040 series or the standards specified by Thai Industrial Standard Institute</p> <p><u>Rights and benefits</u></p> <p>Classified as priority activity of special importance and benefits to the country</p>
<p>6.5 Manufacture of Medicine and/or Active Ingredients in Medicine</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The promoted project must achieve GMP standard prescribed by PIC/S within two years of the date the project commences operations.</li> <li>2. For the improvement of existing projects: <ol style="list-style-type: none"> <li>2.1 Existing machinery can be used in the promoted project but its value shall not be included in the investment eligible for corporate income tax exemption.</li> <li>2.2 Not entitled to additional incentives under the STI (skill, technology, and innovation) scheme</li> </ol> </li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>2.1 Five years if located in Zone 1</li> <li>2.2 Six years if located in Zone 2 and Seven years if located in an industrial estate or promoted industrial zone in Zone 2</li> <li>2.3 Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>6.6 Manufacture of chemical fertilizers</p>	<p><u>Rights and benefits</u></p> <p>Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p>

Activities	Conditions
6.7 Manufacture of pesticides or herbicides	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.8 Manufacture of colorants 6.8.1 Dye and dyestuff 6.8.2 Pigment 6.8.3 Paint and ink	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.9 Manufacture of body care products	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.10 Oil refineries	<u>Rights and benefits</u> Regarding tax incentives, only exemption of import duty on machinery, regardless of zone shall be granted.
6.11 Manufacture of petrochemicals	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.12 Manufacture of plastic or plastic coated products	<u>Conditions</u> Must have plastic forming or coating process <u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.13 Manufacture of pulp	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000
6.14 Manufacture of paper	<u>Conditions</u> The manufacture of Hygienic paper must obtain GMP standard certification within two years from the start-up date. Project that fails to meet such condition shall be granted rights and benefits according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000. <u>Rights and benefits</u> 1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000

Activities	Conditions
	<p>2. The manufacture of Hygienic paper shall receive the following:</p> <p>2.1 Exemption of import duty on machinery, regardless of zone</p> <p>2.2 Exemption of corporate income tax for:</p> <p>(1) Five years if located in Zone 1</p> <p>(2) Six years if located in Zone 2 and seven years if located in Zone 2 in an industrial estate or promoted industrial zone</p> <p>(3) Eight years if located in Zone 3</p> <p>2.3 Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p>
<p>6.15 Manufacture of fiber or paper articles</p>	<p><u>Conditions</u></p> <p>The manufacture of Hygienic paper articles must obtain GMP standard certification within two years from the start-up date. Project that fails to meet such condition shall be granted rights and benefits according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Rights and Benefits</u></p> <p>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</p> <p>2. The manufacture of Hygienic paper articles shall receive the following:</p> <p>2.1 Exemption of import duty on machinery, regardless of zone</p> <p>2.2 Exemption of corporate income tax for:</p> <p>(1) Five years if located in Zone 1</p> <p>(2) Six years if located in Zone 2 and seven years if located in Zone 2 in an industrial estate or promoted industrial zone</p> <p>(3) Eight years if located in Zone 3</p> <p>2.3 Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p>

Activities	Conditions
6.16 Production of printed matter	<p><u>Conditions</u></p> <p>Must have modern production processes, as approved by the Board, covering any one or more of the following:</p> <ul style="list-style-type: none"> <li>- Pre-press process</li> <li>- Press process</li> <li>- After press process</li> </ul> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000</li> <li>2. Projects that are located in a printing industrial estate or promoted printing industrial zone shall receive the following:               <ol style="list-style-type: none"> <li>2.1 Exemption of import duty on machinery, regardless of zone</li> <li>2.2 Exemption of corporate income tax for:                   <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>2.3 Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol> </li> </ol>

# Section 7: Service and Public Utilities

Activities	Conditions
<p>7.1 Public utilities and basic services</p> <p>7.1.1 Production of electricity or steam power</p> <p>7.1.2 Production of tap water or water supply for industry</p> <p>7.1.3 Concession roads</p> <p>7.1.4 Loading/unloading facilities for sea transport</p> <p>7.1.5 Container yards or inland container depots</p> <p>7.1.6 Commercial airports</p> <p>7.1.7 Satellite telecommunications</p> <p>7.1.8 Telephone services</p> <p>7.1.9 Gas separation plants</p>	<p><u>Conditions</u></p> <p>Projects must be approved by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Classified as a priority activity</li> <li>2. The production of electricity or steam power only for cases that use alternative energy, such as energy from agricultural material, biogas and wind energy shall be classified as a priority activity of special importance and benefits to the country.</li> <li>3. Satellite telecommunication projects shall receive the following incentives:               <ol style="list-style-type: none"> <li>3.1 Eight-year corporate income tax exemption only for the overseas income</li> <li>3.2 Other rights and benefits shall be according to the Board of Investment announcement No. 1/2543 dated August 1, 2000.</li> </ol> </li> <li>4. Telephone service projects shall receive only non-tax incentives.</li> </ol>
<p>7.2 Natural Gas service stations</p>	<p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Regarding tax incentives, only exemption of import duty on machinery, regardless of zone shall be granted.</li> <li>2. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>7.3 Tourism promotion services</p> <p>7.3.1 Ocean marina services</p>	<p><u>Conditions</u></p> <p>Projects must have facilities including ship lifter, inland berthing, ship dock for maintenance and repair</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for:               <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> </ol>

Activities	Conditions
7.3.2 Tour boat or yacht renting	<p>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Conditions</u></p> <p>Projects must be approved by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Five-year corporate income tax exemption, regardless of zone</li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
7.3.3 Amusement parks	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Projects must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht.</li> <li>2. Project details must be approved by the Board</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
7.3.4 Cultural centers	<p><u>Conditions</u></p> <p>Projects must have a minimum investment (excluding cost of land and working capital) of not less than 20 million baht.</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> </ol>

Activities	Conditions
<p>7.3.5 Aquariums</p>	<p>2. Exemption of corporate income tax for:</p> <ul style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ul> <p>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Conditions</u></p> <p>1. Projects must have a minimum investment (excluding cost of land and working capital) of not less than 100 million baht.</p> <p>2. An environmental impact assessment report must be submitted.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Exemption of corporate income tax for:</p> <ul style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ul> <p>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p>
<p>7.3.6 Racing tracks</p>	<p><u>Conditions</u></p> <p>1. The projects must be approved by relevant government agencies.</p> <p>2. The projects must obtain a standard certificate from FIA (Federation Internationale de L' Automobile) or FIM (Federation Internationale de Motocyclisme).</p> <p>3. The project must have appropriate preventive and controlling measures against environmental damage or against danger or trouble to neighbors.</p> <p>4. An environmental impact assessment report must be submitted.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p>



Activities	Conditions
<p>7.3.7 Open zoos</p>	<p>2. Exemption of corporate income tax for:</p> <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> <p>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Projects must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht, with total area of not less than 500 rai.</li> <li>2. Project details must be approved by the Board.</li> <li>3. Fifteen percent of the total area must be allocated as green area and another 15 percent as car park.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>7.3.8 Cable cars</p>	<p><u>Conditions</u></p> <p>Projects must be approved by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>

Activities	Conditions
<p>7.4 Activities to support tourism</p> <p>7.4.1 Convention halls</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The total convention area must not be less than 4,000 square meters. Total area of the largest hall must not be less than 3,000 square meters.</li> <li>2. Convention hall facilities and equipment must be approved by the Board.</li> <li>3. Blueprints must be approved by the Board.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>7.4.2 International exhibition centers</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. An indoor exhibition area must not be less than 25,000 square meters.</li> <li>2. Each hall must have meeting room.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of corporate income tax for: <ol style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ol> </li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>7.4.3 Hotels</p>	<p><u>Conditions</u></p> <p>Each hotel must have at least 100 rooms or the minimum investment (excluding cost of land and working capital) of not less than 500 million baht.</p>

Activities	Conditions
	<p><u>Rights and benefits</u></p> <p>1. Projects located in Zone 1, Zone 2, Hat Yai district of Songkhla or Muang district of Chiang Mai shall receive only non-tax incentives.</p> <p>2. Projects located in Zone 3 (excluding those specified in No. 1 and No. 3) shall receive only an exemption of import duty on machinery and other non-tax privileges.</p> <p>3. Projects located in Kalasin, Nakhon Phanom, Narathiwat, Nan, Buri Ram, Pattani, Phayao, Phrae, Maha Sarakham, Yasothon, Yala, Roi Et, Si Sa Ket, Sakon Nakhon, Satun, Surin, Nongbualamphu, Chaiyaphum, Nongkhai, Ubon Ratchathani, Udon Thani and Amnat Charoen shall receive rights and benefits according to the BOI Announcement No.1/2543 dated August 1, 2000.</p>
7.4.4 Retirement homes and care centers	<p><u>Conditions</u></p> <p>Projects must achieve standards set by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <p>Regarding tax incentives, only exemption of import duty on machinery according to the BOI Announcement No.1/2543 dated August 1, 2000 shall be granted.</p>
7.4.5 Dedicated health centers	<p><u>Conditions</u></p> <p>Projects must achieve standards set by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <p>Regarding tax incentives, only exemption of import duty on machinery according to the BOI Announcement No.1/2543 dated August 1, 2000 shall be granted.</p>
7.4.6 Long-stay business	<p><u>Conditions</u></p> <p>1. Projects must be approved by relevant government agencies.</p>

Activities	Conditions
	<p>2. Promoted projects must provide a variety of services such as lodging, health care, travel services etc.</p> <p><u>Rights and benefits</u></p> <p>Only non-tax privileges shall be granted.</p>
<p>7.5 Medium or low income housing</p>	<p><u>Conditions</u></p> <p>1. Projects must comprise a minimum of 50 residential units in every location.</p> <p>2. For Zone 1, any condominium must have area per unit of not less than 28 square meters with sales price not exceeding 1 million baht (including land cost). For any town house or detached house, area per unit must not be less than 70 square meters with sales price not exceeding 1.2 million baht (including land cost).</p> <p>3. For projects located in Zones 2 and 3, a minimum area per unit must not be less than 31 square meters with sales price not exceeding 600,000 baht (including land cost).</p> <p>4. Blueprints must be approved by the Board.</p> <p>5. Projects must obtain building permits under the Building Control Act or other related laws.</p> <p><u>Rights and benefits</u></p> <p>Exemption of corporate income tax for:</p> <ol style="list-style-type: none"> <li>1. Five years if located in Zone 1 and 2</li> <li>2. Eight years if located in Zone 3</li> </ol>
<p>7.6 Thai motion picture production, motion picture supporting services, or multimedia services</p>	<p><u>Conditions</u></p> <p>The project must have machinery, equipment and scope of business as specified by the Board as follows:</p> <ol style="list-style-type: none"> <li>1. Motion pictures shall include documentaries, television programs and other television commercials.</li> <li>2. The promoted Thai motion pictures production shall not include commercial spots.</li> </ol>

Activities	Conditions
	<p>3. The motion picture supporting services or multimedia services shall include documentaries, television programs and other television commercials. This includes activities which have machinery, equipment and scope of business as follows:</p> <p>(1) Rental services of movie production equipment and/or movie production props must have main equipment /machinery, that is, camera, light set, electric generator and camera accessories.</p> <p>(2) Film development and duplicate services must have main equipment/machinery, that is, film development machine, film duplication machine, film coloring machine, film cutting machine and film cleaning machine.</p> <p>(3) Sound recording services must have main equipment and machinery, that is, digital sound recorder, digital sound editing machine, digital sound mixing machine and standard recording room.</p> <p>(4) Picture technical services must have machines and equipment capable of creating special pictures that are not possible with cameras for movie production and television programs. The service providers must have main equipment and machinery, that is, standard definition/high definition digital recorders, telecine, editing suites, digital compositing and special effect creation.</p> <p>(5) Coordination services for foreign movie production in Thailand must include coordinating with related government agencies for permits, location scouting, and sourcing of staff and movie equipment.</p> <p>(6) Studio rental services for movie and television program production</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duties on machinery, regardless of location</p>

Activities	Conditions
	<p>2. Five-year corporate income tax exemption, regardless of location. If located in “Movie Town” industrial zone, projects shall be granted eight-year corporate income tax exemption</p> <p>3. Other rights and benefits shall be according to the BOI Announcement No. 1/2543 dated August 1, 2000.</p>
<p>7.7 Hospitals</p>	<p><u>Conditions</u></p> <p>1. Projects must have a minimum of 50 beds.</p> <p>2. Projects must achieve standards set by the Ministry of Public Health.</p> <p><u>Rights and benefits</u></p> <p>Shall be according to the BOI Announcement No. 1/2543 dated August 1, 2000.</p>
<p>7.8 Real estate development for industrial use</p> <p>7.8.1 Industrial zones</p>	<p><u>Conditions</u></p> <p>1. Projects in Bangkok and Samut Prakarn are not eligible for promotion.</p> <p>2. The total land area of the project must not be less than 500 rai.</p> <p>3. Factory-designated area must not be less than 60 percent and not more than 75 percent of the total area, except project with the total area of over 1,000 rai.</p> <p>4. Other conditions as specified by the Board are as follows:</p> <p>4.1 The main road</p> <p>(1) If the total area is over 1,000 rai, the road must have four-way lanes of not less than 30 meters wide, including road surface of not less than 14 meters wide, traffic island and pavement of not less than 2 meters wide each side and road shoulder or surface wide enough for an emergency stop.</p>

Activities	Conditions
	<p>(2) If the total area is over 500 up to 1,000 rai, the road must have two-way lanes with road surface of not less than 20 meters wide, including road surface of not less than 7 meters wide and pavement of not less than 2 meters wide each side and a road shoulder or surface wide enough for an emergency stop.</p> <p>(3) If the total area is over 100 up to 500 rai, the road must have two-way lanes with road surface of not less than 16 meters wide, including road surface of not less than 7 meters wide and pavement of not less than 2 meters wide each side and a road shoulder or surface wide enough for an emergency stop.</p> <p>4.2 The minor road must have a road surface of not less than 8.5 meters wide and a road shoulder of not less than 2 meters wide each side.</p> <p>4.3 Wastewater treatment must be suitable for wastewater characteristics and according to legal effluent standard. The project must have post-treatment effluent pool.</p> <p>4.4 Wastewater discharge system must be completely separate from rainwater discharge system.</p> <p>4.5 The project must have an approved system of collection and elimination of garbage as approved by the Board.</p> <p>4.6 Factories located in industrial zones must be according to target industries and forbidden industries specified in the environmental impact assessment report approved by Expert Review Committee of the Office of Natural Resources and Environmental Policy and Planning (ONEP).</p> <p>4.7 The zone must provide sufficient public utilities, electricity, water, telephone service and post office, for factories located in the zone.</p>

Activities	Conditions
<p>7.8.2 Factory Development for Industrial Plants and/or Warehouses</p>	<p>4.8 The zone must develop about 25 percent of its total land area or as approved by the Board for public utility services within two years from the date of investment promotion certificate issuance.</p> <p><u>Rights and benefits</u></p> <p>Shall be according to the BOI Announcement No. 1/2543 dated August 1, 2000.</p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Building must be constructed in an industrial estate, a promoted industrial zone or a promoted logistics park.</li> <li>2. Blueprints must be approved by the Board.</li> <li>3. Construction of buildings must be in accordance with factory law and construction control law.</li> <li>4. In the case of multi-story a factory, the building must not be more than 12 stories high.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. The project shall not be granted reduction or exemption of import duty on machinery, regardless of zone.</li> <li>2. In cases where projects are located in a logistics park, the projects shall be granted the same corporate income tax exemption as industrial estates or promoted industrial zones.</li> <li>3. Other rights and benefits shall be according to the BOI Announcement No. 1/2543 dated August 1, 2000.</li> </ol>
<p>7.8.3 Free Trade Zones and Free Zones</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Total project area must not be less than 200 rai.</li> <li>2. Projects in Bangkok are not eligible for promotion.</li> <li>3. Projects in Samut Prakan are eligible for promotion only in an area for industrial use as approved by the Ministry of Industry.</li> <li>4. Projects must be approved by relevant government agencies prior to submission of application for promotion.</li> </ol>



Activities	Conditions
7.8.4 Software parks	<p><u>Rights and benefits</u></p> <p>Projects shall be granted the same rights and benefits as industrial estates or promoted industrial zones.</p> <p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Projects must have high-speed fiber-optic main communications systems throughout the area.</li> <li>2. Main telecommunications system must have a high-speed cable from the software park to domestic and international telecommunications centers.</li> <li>3. Continuous back-up of electricity supply must be installed.</li> <li>4. The total area must not be less than 10,000 square meters.</li> </ol> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
7.8.5 Gem and jewelry industrial zones	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The total area must not be less than 100 rai.</li> <li>2. Area for operations related to gem or jewelry must not be less than 40 percent of the total area.</li> <li>3. Projects must have a sales area for gem and jewelry.</li> <li>4. Projects must provide appropriate security systems.</li> <li>5. Projects must have meeting rooms, exhibition halls and business centers.</li> <li>6. Projects must have adequate parking space.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Classified as a priority activity of special importance and benefits to the country</li> <li>2. Gem and jewelry-related manufacturing projects located in the promoted gem and jewelry industrial zones shall receive: <ol style="list-style-type: none"> <li>2.1 Exemption of import duty on machinery, regardless of zone</li> </ol> </li> </ol>

Activities	Conditions
<p>7.8.6 Industrial zones for environmental preservation</p> <ul style="list-style-type: none"> <li>(1) Industrial estates for integrated production of the textile industry</li> <li>(2) Industrial estates for tanneries</li> <li>(3) Industrial estates for surface treatment or anodize surface treatment</li> </ul>	<p>2.2 Exemption of corporate income tax for</p> <ul style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ul> <p>2.3 Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</p> <p><u>Conditions</u></p> <ul style="list-style-type: none"> <li>1. Projects must be approved by the Industrial Estate Authority of Thailand prior to submission of investment promotion application.</li> <li>2. Projects of industrial estates for textile integrated production must have a land area of not less than 500 rai.</li> </ul> <p><u>Rights and benefits</u></p> <ul style="list-style-type: none"> <li>1. Classified as a priority activity</li> <li>2. Textile-manufacturing or other related projects (except bleaching, dyeing and finishing projects) located in industrial estates for integrated production of the textile industry shall receive: <ul style="list-style-type: none"> <li>2.1 Exemption of import duty on machinery, regardless of zone</li> <li>2.2 Exemption of corporate income tax for <ul style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ul> </li> <li>2.3 Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</li> </ul> </li> </ul>
<p>7.8.7 Printing industrial zones</p>	<p><u>Conditions</u></p> <ul style="list-style-type: none"> <li>1. A minimum area of 500 rai, with the factory area covering not less than 60 percent and not more than 75 percent of the total area.</li> <li>2. The area for operating printing-related businesses shall not be less than 80 percent of the total factory area</li> </ul>

Activities	Conditions
<p>7.8.8 Movie towns</p>	<p>3. The project must have the following services and facilities:</p> <ul style="list-style-type: none"> <li>3.1 Pre-press, after-press, and machinery-repair services</li> <li>3.2 Print training facilities</li> <li>3.3 A center for the distribution of printed matter that provides 24-hour service and is located within the zone</li> <li>3.4 Public utilities and services of the same standard as promoted industrial zones or as prescribed by the Industrial Estate Authority of Thailand particularly for this activity</li> </ul> <p><u>Rights and benefits</u></p> <ul style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of eight-year corporate income tax, regardless of zone</li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</li> <li>4. Printing-related businesses located in printing industrial estates or promoted printing industrial zones shall receive: <ul style="list-style-type: none"> <li>4.1 Exemption of import duty on machinery, regardless of zone</li> <li>4.2 Exemption of corporate income tax for <ul style="list-style-type: none"> <li>(1) Five years if located in Zone 1</li> <li>(2) Seven years if located in Zone 2</li> <li>(3) Eight years if located in Zone 3</li> </ul> </li> <li>4.3 Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</li> </ul> </li> </ul> <p><u>Conditions</u></p> <ul style="list-style-type: none"> <li>1. Must provide the following facilities: <ul style="list-style-type: none"> <li>1.1 Indoor studio and outdoor studio</li> <li>1.2 Post production services i.e. film developing and duplicating, special effects, computer animation, sound lab</li> </ul> </li> </ul>

Activities	Conditions
	<p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Exemption of eight-year corporate income tax, regardless of zone</li> <li>3. Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</li> </ol>
7.8.9 Science and Technology Parks	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must have an incubation center</li> <li>2. Must have a modern system for both domestic and international communications and telecommunications</li> <li>3. Must have a continuous electricity backup system</li> <li>4. Must have other facilities, as approved by the Board</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Classified as a priority activity of special importance and benefits to the country</li> <li>2. Fifty percent reduction of corporate income tax for net profit for five years after the exemption period</li> </ol>
7.8.10 Logistics parks	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The total area must not be less than 200 rai and the project must invest in establishing a warehouse for lease or sale with a total area of not less than 50,000 square meters.</li> <li>2. Must be located either within 50 kilometers of a port, an airport, a customs checkpoint and an Inland Container Depot (ICD) or in Free Zone</li> <li>3. The project must designate some or the entirety of its area as Free Zone.</li> <li>4. The project must have a station to load and unload containers, or a truck terminal and a container depot that can handle at least 50 containers.</li> <li>5. The project must install main telecommunication infrastructure that provides hi-speed communications that link the logistics park to domestic and international communication hubs.</li> </ol>

Activities	Conditions
	<p>6. Thai nationals must hold not less than 51 percent of the total registered capital.</p> <p>7. The project must be approved by relevant government agencies.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Exemption of eight-year corporate income tax, regardless of zone</p> <p>3. Other rights and benefits shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000.</p>
7.8.11 Service industrial zones	<p><u>Conditions</u></p> <p>1. Total land area must not be less than 500 rai.</p> <p>2. The area allocated for factories must not be more than 10 percent of total area.</p> <p>3. Public utilities and facilities must be provided as prescribed by the Industrial Estate Authority of Thailand.</p> <p><u>Rights and benefits</u></p> <p>shall be according to the Board of Investment Announcement No.1/2543 dated August 1, 2000</p>
7.8.12 Agro-industry processing zones	<p><u>Conditions</u></p> <p>1. Total land area must not be less than 500 rai.</p> <p>2. Area for factories must not be less than 60 percent and not more than 75 percent of the total area.</p> <p>3. Total factory area for projects under Section 1 of the list of activities eligible for investment promotion must not be less than 80 percent of the total area.</p> <p>4. Other conditions as specified by the Board</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity</p>
7.8.13 Data Center <sup>(3)</sup>	<p><u>Conditions</u></p> <p>1. There must be hi-speed fiber optic telecommunications connection throughout data center.</p>

(3) Please see Board of Investment Announcement No. Sor 2/2553 dated October 22, 2010

Activities	Conditions
	<p>2. The main hi-speed telecommunications system must link data center with domestic and international telecommunications centers.</p> <p>3. There must be continuous power distribution backup system and back up power generator to support normal operation of information technology system.</p> <p>4. There must be high-efficiency air conditioning and filter system to support efficient device operation.</p> <p>5. Area of data center must not be less than 5,000 square meters.</p> <p>6. Complementary services for customers located in the project e.g. server co-location, managed service, customer's server backup service, disaster recovery services (DRC), data center professional consultation etc. must be provided.</p> <p><u>Rights and benefits</u> Classified as a priority activity</p>
<p>7.9 Mass transit systems and transportation of bulk goods</p> <p>7.9.1 Mass transit electric trains and commercial trains services (only with rail systems or with joint rail-road systems)</p> <p>7.9.2 Pipeline Transportation</p> <p>7.9.3 Air transportation services</p> <p>7.9.4 Maritime transportation services</p> <p>7.9.5 Ferry services</p> <p>7.9.6 Tug boat services</p>	<p><u>Conditions</u></p> <p>1. Projects must be approved by relevant government agencies</p> <p>2. For air transportation services, aircraft must not be more than 14 years old from the date of production to the date of investment application submission</p> <p><u>Rights and benefits</u> Classified as a priority activity</p>
<p>7.10 Distribution centers (DC)</p>	<p><u>Conditions</u></p> <p>1. Projects must be modern distribution centers controlled by a computer system that is approved by the Board.</p> <p>2. Projects can store only imported goods that have had duties paid or goods that have already been through customs clearance using other privileges, such as goods exempt from import duty under</p>

Activities	Conditions
	<p>investment promotion measures or other items specified by the Director-General of Customs Department.</p> <p><u>Rights and benefits</u></p> <p>Regarding tax incentives, only exemption of import duty on machinery, regardless of zone shall be granted.</p>
7.11 International distribution centers (IDC)	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. The center must provide transportation/ delivery, storage, packing and inventory control services for customers.</li> <li>2. The center must distribute goods to at least five countries.</li> <li>3. The center must have modern storage and loading equipment.</li> <li>4. The project must have a modern computerized inventory system and an on-line (Track and Trace) tracking system as approved by the Board.</li> <li>5. The project must be approved by relevant government agencies.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. If located inside a logistics park, a project shall be granted an eight-year corporate income tax exemption. If located outside a logistics park, a five-year corporate income tax exemption shall be granted, regardless of zone. Revenues to be exempt from corporate income tax must derive from administration and management only. Revenues generated from domestic transportation, customs procedures and sea/air freight bookings are not included.</li> <li>3. If located outside a logistics park but submitting an application by December 31, 2009, the project shall be entitled to an eight-year corporate income tax exemption, regardless of zone.</li> </ol>

Activities	Conditions
7.12 International procurement offices (IPO)	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must have or rent warehouse(s) and utilize a computerized inventory system</li> <li>2. Must include procurement, quality control and packaging activities</li> <li>3. Goods must be procured from various suppliers, including domestic sources.</li> <li>4. The minimum registered capital must not be less than 10 million baht.</li> </ol> <p><u>Rights and benefits</u></p> <ol style="list-style-type: none"> <li>1. Exemption of import duty on machinery, regardless of zone</li> <li>2. Privileges under Section 36(1) and 36(2)</li> </ol>
7.13 Regional operating headquarters (ROH)	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>1. Must provide services to associated enterprises in foreign countries or its foreign branches in at least three countries</li> <li>2. Must have registered capital of at least 10 million baht</li> <li>3. May be majority or wholly foreign-owned</li> <li>4. Must obtain operating licenses from relevant government agencies</li> <li>5. Must have business plan and scope of business as approved by the Board as follows: <ol style="list-style-type: none"> <li>5.1 Organizational administration and management business planning</li> <li>5.2 Sourcing of raw materials, parts and finished products and other sourcing-related services</li> <li>5.3 Research and Development activities that do not apply for investment promotion under activity 7.20</li> <li>5.4 Technical Support</li> <li>5.5 Marketing and sales promotion</li> <li>5.6 Regional Human resources training and development</li> <li>5.7 Business Advisory services e.g. financial management, marketing, accounting system etc.</li> <li>5.8 Conducting investment feasibility studies and economic and investment analysis</li> </ol> </li> </ol>



Activities	Conditions
	<p>5.9 Loan management</p> <p>5.10 Other services as approved by the BOI on a case by case basis</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery for R&amp;D and training activities</p> <p>2. Other non-tax incentives only</p>
7.14 International trading companies	<p><u>Conditions</u></p> <p>1. Thai nationals must hold shares of not less than 51 percent of the registered capital.</p> <p>2. Projects must be approved by the International Trade Promotion Committee.</p> <p><u>Rights and benefits</u></p> <p>1. Exemption of import duty on machinery, regardless of zone</p> <p>2. Privileges under Section 36(1) and 36(2)</p> <p>3. Exemption of corporate income tax for a period deemed appropriate by the International Trade Promotion Committee</p> <p>4. Financial support, in accordance with the company's performance, as stipulated</p>
7.15 Trade and investment support offices	<p><u>Conditions</u></p> <p>1. Projects must be approved by relevant government agencies.</p> <p>2. Annual operating expenses must not be less than 10 million baht.</p> <p>3. Must have a business plan and scope of business as approved by the Board as follows:</p> <p>3.1 Monitoring and/or servicing affiliates including providing or letting office or factory building to company's subsidiary</p> <p>3.2 Advisory services on business operations except those engaged in buying and selling securities and foreign currency exchange. As for accounting, legal, advertising, architectural and civil engineering businesses, business licenses must be obtained from the Department of Business</p>

Activities	Conditions
	<p>Development or related governmental agencies prior to submitting a investment promotion application Information services on goods sourcing</p> <p>3.4 Engineering and technical services, except those related to architecture and civil engineering</p> <p>3.5 Testing and certifying standards of products, production and services that do not qualify for investment promotion under activity 7.21</p> <p>3.6 Export trading</p> <p>3.7 Business activities related to machinery, engines, tools and equipment such as:</p> <ul style="list-style-type: none"> <li>(1) Importing for wholesaling</li> <li>(2) Training services</li> <li>(3) Installation, maintenance and repairs</li> <li>(4) Calibration that does not qualify for investment promotion under activity 7.22 of the list of promotional activities attached to this Announcement</li> </ul> <p>3.8 Software design and development that does not qualify for investment promotion under software activity.</p> <p>3.9 Wholesaling products manufactured in the country</p> <p><u>Rights and benefits</u></p> <p>Only non-tax incentives shall be granted.</p>
<p>7.16 International business process outsourcing (IBPO)</p>	<p><u>Conditions</u></p> <p>The services must be provided through the telecommunications network. Services may include administrative support, finance and accounting, human resources, sales and marketing, customer support, international call centers, data processing, etc</p> <p><u>Rights and benefits</u></p> <p>Only non-tax incentives shall be granted</p>

Activities	Conditions
7.17 Energy Service Companies (ESCO)	<p><u>Conditions</u></p> <p>Projects must be approved by the Ministry of Energy prior to submission of investment promotion application.</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefit to the country</p>
<p>7.18 Human resource development</p> <p>7.18.1 Vocational training centers</p> <p>7.18.2 International schools</p> <p>7.18.3 Hotel training institutes</p> <p>7.18.4 Maritime training institutes</p>	<p><u>Conditions</u></p> <p>1. Scope of business must be approved by the Board as follows:</p> <p>1.1 Vocational training centers that teach technical courses on specific field including design training center</p> <p>1.2 Hotel training institutes that teach courses on hotels and have the number of students in these courses not less than 50 percent of the total number of students</p> <p>1.3 Maritime training institutes that teach courses on maritime training and have the number of students in these courses not less than 50 percent of the total number of students</p> <p>1.4 Must have necessary materials, equipment, laboratory and others</p> <p><u>Rights and benefits</u></p> <p>Classified as a priority activity of special importance and benefits to the country</p>
<p>7.19 Biotechnology</p> <p>7.19.1 Research and Development (R&amp;D) activity and/or manufacturing of seed industry, plant and animal improvement industry using biotechnology</p> <p>7.19.2 R&amp;D activity and/or manufacturing of biopharmaceutical agents using biotechnology</p>	<p><u>Conditions</u></p> <p>Projects must use modern biotechnology as approved by the National Science and Technology Development Agency (NSTDA) or the Thailand Centre of Excellence for Life Sciences (TCELS)</p> <p><u>Rights and benefits</u></p> <p>1. Classified as a priority activity that has special importance and benefits to the country</p>

Activities	Conditions
<p>7.19.3 R&amp;D activity and/or manufacturing of diagnostic kits for health, agriculture, food and environment</p> <p>7.19.4 R&amp;D activity and manufacturing of bio molecule and bioactive compounds using microorganisms, plant cells and animal cells</p> <p>7.19.5 Manufacture of raw materials and/or essential materials used in molecular biological experiment or test</p> <p>7.19.6 Biological substances analysis and/or synthesis services</p>	<p>2. Projects that are located in science and technology parks shall receive a five-year additional 50 percent corporate income tax reduction for net profits after the end of corporate income tax exemption period</p>
<p>7.20 Research and development</p>	<p><u>Conditions</u></p> <p>1. Must have scope of business as approved by the Board as follows:</p> <p>1.1 Basic research refers to theoretical or operational activities that are conducted to explore new knowledge from basic natural phenomena and factual observation, without initially considering the application.</p> <p>1.2 Applied Science refers to research to explore new knowledge with an objective to put it in practice for specific use.</p> <p>1.3 Experimental development refers to a systematic operation based on the knowledge from research and/or experience with the objective of producing new materials, products or inventions; to install new procedures, systems and services; or to substantially improve the existing products</p> <p>1.4 Scope of research and development process and number of researchers, including qualifications and experiences must be provided.</p> <p><u>Rights and benefits</u></p> <p>1. Classified as a priority activity that has special importance and benefits to the country</p>

Activities	Conditions
	<p>2. 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</p>
7.21 Scientific laboratories	<p><u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country</p>
7.22 Calibration services	<p><u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country</p>
7.23 Product design	<p><u>Rights and benefits</u> Classified as a priority activity that has special importance and benefits to the country</p>
7.24 Design centers	<p><u>Conditions</u></p> <p>1. Business scopes will have the following areas and facilities for their main activities:</p> <ul style="list-style-type: none"> <li>1.1 Lifestyle centers: showcase, display and distribution areas</li> <li>1.2 Creative space: Areas for exhibitions of knowledge/information regarding design and product development</li> <li>1.3 Design shop: Areas for the distribution of books, information, equipment, products and merchandise, in accordance with design</li> <li>1.4 Business center: Areas for offering <ul style="list-style-type: none"> <li>(1) Business-related advice, including issues on law, business operations, joint-ventures, and purchase/sales agreements</li> <li>(2) Offering advice for entrepreneurs on product development</li> <li>(3) Offering information centers and libraries for product development</li> <li>(4) Preparing special courses on product design and development</li> </ul> </li> </ul>

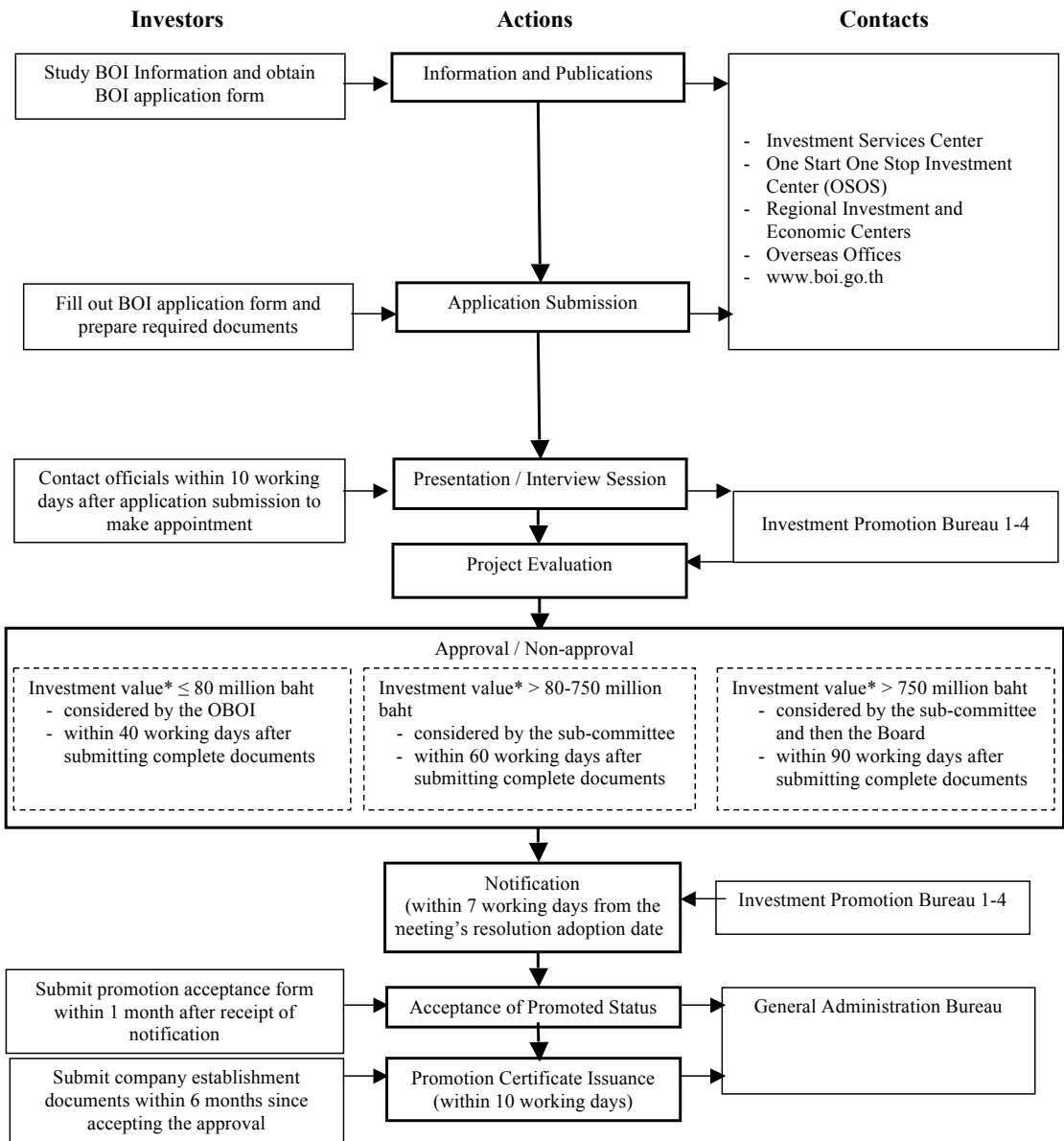
Activities	Conditions
	<p>(5) Holding international seminars on continuous product development</p> <p>(6) Leasing to private entrepreneurs who wish to operate businesses on product design and development as well as presentation of new products</p> <p>1.5 The area must not be less than 3,000 square meters.</p> <p>1.6 A plan and blueprint must be submitted for approval from the Board.</p> <p>1.7 Other facilities must be provided as prescribed by the Board.</p> <p><u>Rights and benefits</u> Classified as a priority activity that has a special importance and benefits to the country.</p>
7.25 Products sterilization services	<p><u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.</p>
7.26 Waste water treatment, disposal services or transport of industrial waste or toxic chemicals	<p><u>Conditions</u> Projects must be approved by relevant government agencies.</p> <p><u>Rights and benefits</u> Classified as a priority activity</p>
<p>7.27 Recycling and reuse of unwanted materials</p> <p>7.27.1 Separation of scraps</p> <p>7.27.2 Gathering of scraps</p> <p>7.27.3 Reuse of unwanted materials</p> <p>7.27.4 Recycling of unwanted materials</p> <p>7.27.5 Recovery of valuable substances from scraps</p>	<p><u>Conditions</u></p> <ol style="list-style-type: none"> <li>Projects must be approved by the relevant government agencies.</li> <li>Projects must be located in an industrial estate or promoted industrial zone. Exceptions to this requirement may be granted by the Board on a case-by-case basis.</li> <li>Promoted activities cover only the separation, gathering, re-use, recycling and recovery of valuable substances from unwanted materials, which must be sourced domestically. This category does not include further production of goods.</li> </ol> <p><u>Rights and benefits</u> Classified as a priority activity</p>

Activities	Conditions
7.28 Coating or thickening of pipes for petroleum	<u>Rights and benefits</u> Shall be according to the Board of Investment Announcement No. 1/2543 dated August 1, 2000.

# CHAPTER 3

# PROCEDURES OF APPLYING FOR BOI PROMOTION, PROJECT IMPLEMENTATION AND UTILIZATION OF PROMOTIONAL PRIVILEGES

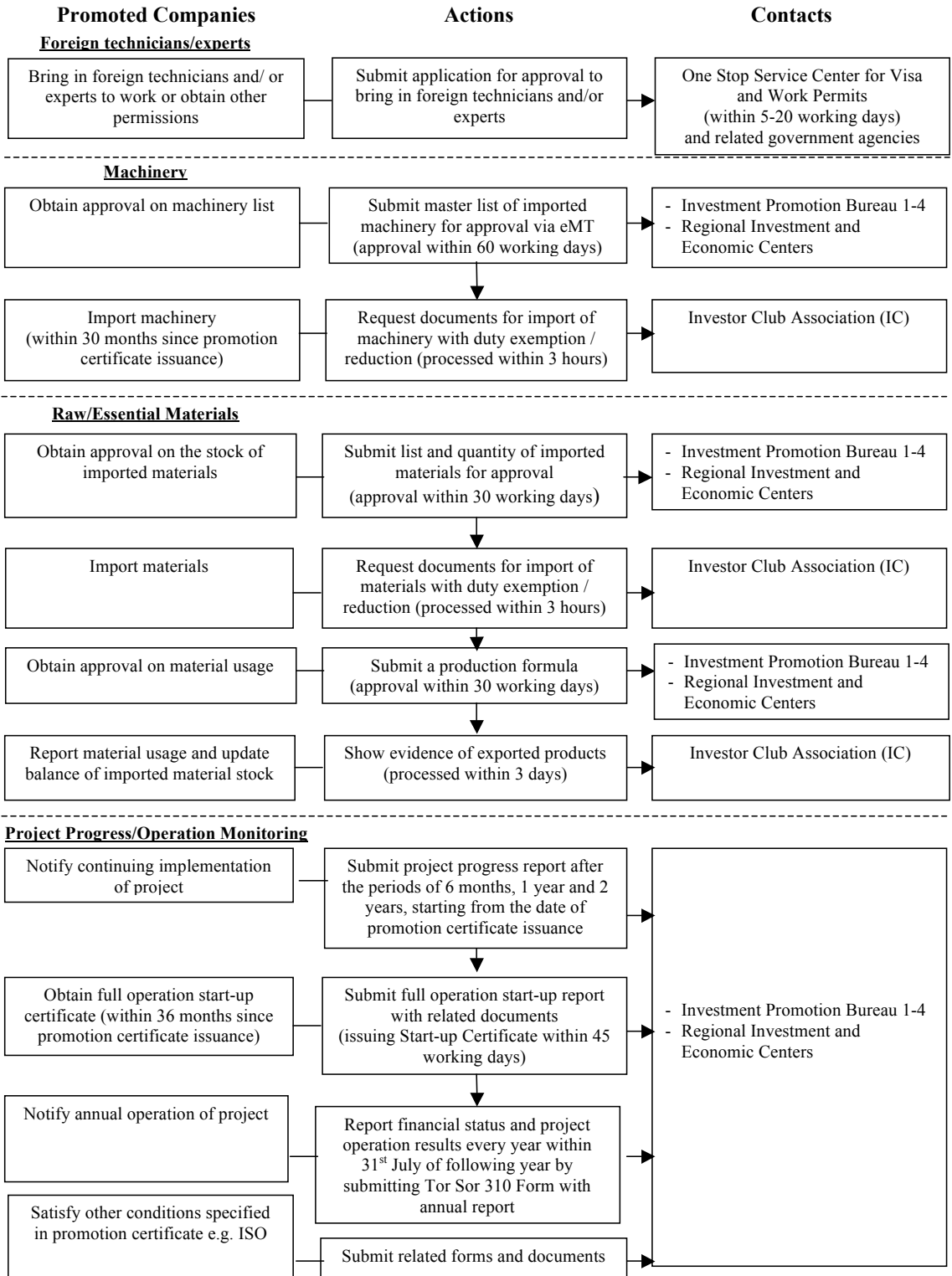
## Procedures of Applying for BOI Promotion



Note: \* excluding cost of land and working capital



# Project Implementation and Use of Promotion Privileges



# 1. APPLICATION

The application form and related publications can be obtained from the Office of the Board of Investment (OBOI), its overseas offices, or on the BOI website, where application can also be submitted online.

Two completed promotion application forms must be submitted to the OBOI at its headquarters, regional offices or overseas offices and will then be forwarded to the OBOI for consideration.

Please note that firms with projects engaging in the following areas and activities are required by the Ministry of Natural Resources and Environment to prepare environmental impact assessment reports (Please visit the website of Environmental Impact Evaluation Bureau, Office of Natural Resources and Environment Policy and Planning for full list of activities requiring EIA report: [www.onep.go.th/eia](http://www.onep.go.th/eia) ) These activities are such as:

- Mining operations
- Industrial estates
- Oil refinery
- Natural gas separation or processing
- Cement Industry
- Raw sugar, white sugar, refined sugar production
- Chemical fertilizers production
- Central waste treatment plant
- Commercial airport
- Mass transit system
- Rail transport system
- Hotels and resort with over 80 rooms or 4,000 sqm. area or more
- Hospitals
  - with 30 in-patient beds or more if located within 50 meters from river, coastline, lake or beach
  - with 60 in-patient beds or more if located elsewhere

For some activities, additional documents may be required. Also, for a project with investment capital over 80 million baht (excluding cost of land and working capital), the feasibility study of project must be submitted (please see the details of a feasibility study in CHAPTER 4).

## 2. APPROVAL

- Within 7 working days of the approval date, applicants will be notified in writing by the OBOI of the application outcome, detailing the conditions, privileges and benefits that have been granted. A promotion acceptance form will be attached along with the notification of approval.
- The applicant must then submit the promotion acceptance form back to the OBOI within one month. If any changes or special conditions and privileges are sought, they should be requested at that time.
- If the applicant is unable to respond within the stated time, a letter of explanation should be sent to the OBOI, which will then consider extending the deadline by not more than one month at a time, up to a maximum of three extensions.

## 3. CERTIFICATE ISSUANCE

- In order to receive the promotion certificate, the applicant must set up the company within six months of approval acceptance, and submit all of the following documents to the OBOI:
  - Promotion certificate application
  - Memorandum of association
  - Certificate of business registration
  - Certificate stating registered capital, a list of directors indicating those empowered to bind the company, and the head office address
  - List of shareholders and their nationalities
  - Document showing the transfer of funds from overseas, or a certificate of investment from overseas issued by the Bank of Thailand for foreign investors (at least 25 percent of total foreign registered capital)
  - Joint venture contract, licensing agreement, technical assistance contract and/or technology transfer contract (if any)
  - Form of utility and manpower requirements
- If the applicant is unable to submit the documents within the required timeframe, an explanatory letter must be sent to the OBOI, which will consider extending the deadline by four months at a time, up to a maximum of three extensions.
- After receipt of all specified documents, the OBOI will issue the promotion certificate, specifying the conditions that must be followed by the promoted company.

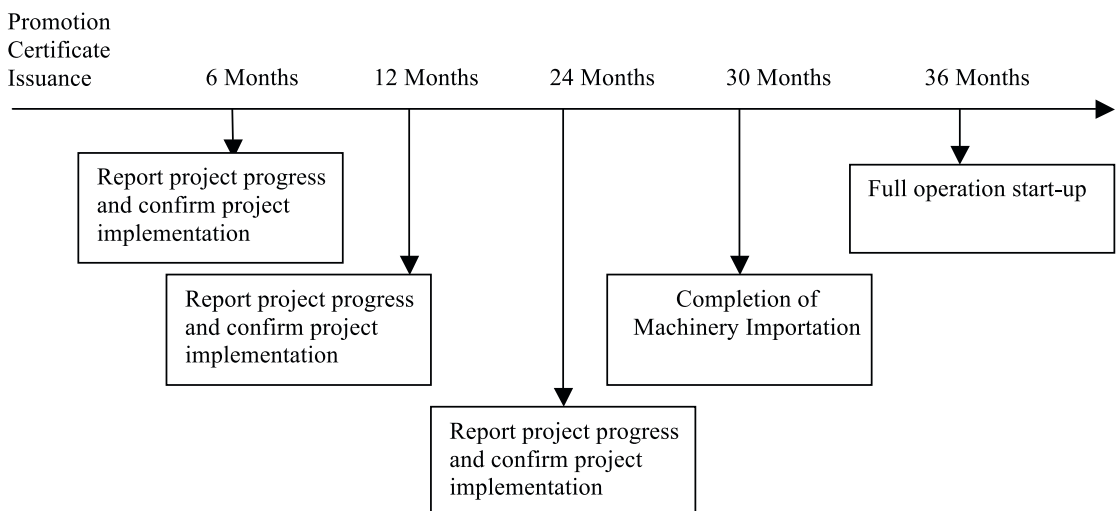
## 4. PROJECT IMPLEMENTATION

After the receipt of promotion certificate, the promoted companies must meet the following conditions and inform the OBOI at each stage:

- Within 6 months of the issuance date, the promoted companies must initiate the project by starting factory construction, purchasing machinery, etc. (use form F PM BL 01)
- Within 30 months, the machinery and equipment must be imported using BOI privileges on import duty exemption/reduction.
- Within 36 months, construction must be completed, the machinery and equipment installed, and the factory ready to start the operation (use form F PM OP 01).
- Promoted companies must notify the OBOI of any change in the office location so that all the OBOI documents and announcements will be dispatched to the notified address.
- Any changes such as factory relocation must also be reported and approved by the OBOI.
- The promoted companies must ask for a written permission from the OBOI if the operation has to be halted for more than 2 months.
- If an inspector finds that promoted company is not meeting the prescribed conditions, the OBOI will send as official warning note. If there are insufficient reasons why the conditions are not being met, the OBOI will recommend to the Board that the promotion certificate be withdrawn, and inform the Ministry of Finance and other related agencies accordingly.

### Required Actions under the Conditions Specified in the Promotion Certificate

Note: Time indicated below starts from the date of issuance of the promotion certificate issuance.



After the start-up of the full operation, the promoted companies are required to complete and submit F PM OP 10 form (an annual report) by July 31st of every year. Also, promoted companies must continue to follow the conditions specified in the promotion certificate:

- Size of the investment value
- Location of the project
- Registered capital/Thai shareholding proportion
- Products/services and capacity of production
- Production process
- Use of machinery
- Achievement of ISO certificate according to the required standards

The promoted companies are required to complete and submit F PM OP 10 form (an annual report) by July 31st of every year.

## 5. USE OF BOI INCENTIVES

- The rights and benefits will be according to Section 24-36 of the Investment Promotion Act B.E. 2520 amended by Investment Promotion Act (No. 2) B.E. 2534 and Investment Promotion Act (No. 3) B.E. 2544 (For further detail, please visit [www.boi.go.th/english/download/boi\\_forms/proact\\_eng.pdf](http://www.boi.go.th/english/download/boi_forms/proact_eng.pdf)).
- The required documents and process timeframe will be according to the Office of the Board of Investment Regulation No. 1/2553 regarding timeframe for investment promotion process
- Related application forms can be downloaded from the BOI website at [www.boi.go.th/english/services/boi\\_forms.asp](http://www.boi.go.th/english/services/boi_forms.asp)

### 5.1 VISAS AND WORK PERMITS

#### Rights and Benefits

**Section 24** Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities or other actions that will benefit investment in Thailand

**Section 25 & 26** Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities

## Section 24

- Foreign nationals may apply for permit to enter Thailand to conduct study on investment opportunities, feasibility studies or for other matters which might benefit investment but this permit will not extend to their family members.
- Prior to entering Thailand, the applicant should obtain a 90-day non-immigrant “B” visa from a Royal Thai Embassy or Thai consulate abroad, and must inform the One Stop Service Center for Visa and Work Permits in writing, giving details of the foreign national’s name, position, professional certificates and the type of business.
- Upon arrival, foreign nationals should contact the One Stop Service Center for Visa and Work Permits to apply for permission to stay in Thailand.
- Foreign nationals already in Thailand with non-immigrant “B” visas must contact the One Stop Service Center for Visa and Work Permits as stated above. It will grant permission to stay in Thailand for not more than six months at a time.

## Section 25 & 26

- Promoted companies may bring in foreign nationals as skilled technicians or experts, with their families, by contacting the BOI regional office or the One Stop Service Center for Visas and Work Permits. However, they must not work in a capacity other than prescribed.
- Prior to entering Thailand, skilled technicians or experts and their families should obtain 90-day non-immigrant “B” visas from a Royal Thai Embassy or Thai consulate abroad. On arrival they should contact the BOI regional office or the One Stop Service Center for Visas and Work Permits to get confirmation of the approved position.
- After permission is granted, technicians or experts, and their families, should submit their passports and letter of approval from the OBOI to the appropriate government agencies or the One Stop Service Center for Visas and Work Permits, within 30 days of the date of approval.
- When the technicians or experts would like to extend the duration of their visa, the application should be submitted one month before the expiration date of the visa. The same procedure must be followed if promoted companies wish to bring in a replacement for the technicians or experts.
- If technicians or experts, and their families would like to leave the country for a trip abroad, they should apply in advance for re-entry visas from the BOI regional office or the One Stop Service Center for Visa and Work Permits, otherwise the permit will expire.
- The promoted companies must inform the OBOI of termination of work of a particular foreign technician or expert not more than 15 days before or after the termination.
- Please note that promoted companies must expedite training of Thai nationals, so that they will be able to replace foreign experts or technicians within the time limit prescribed by the OBOI. Promoted companies must report the activity of the foreign experts or technicians detailing the training of Thai nationals according to the form, method, and condition specified by the OBOI.

One Stop Service Center for Visas and Work Permits is located at 18th Floor, Chamchuri Square Building, 319 Phayathai Road, Pathumwan, Bangkok 10330 Tel: +662-209-1100 ext. 1163-1176 Fax: +662-209-1194 E-mail: visawork@boi.go.th

## 5.2 LAND OWNERSHIP

### Rights and Benefits

#### Section 27 Permit to own land for foreign entities

#### Section 27

- A promoted company with 50 percent or more of its shares held by foreigners may apply for land ownership by submitting the appropriate application form with a map of location, a construction plan and a copy of the land title deed to the OBOI. Land ownership granted under the OBOI must be used for the promoted projects only.
- The OBOI will approve the size of land to be acquired, and will send a letter of approval to the applicant. If the land is in Bangkok, the OBOI will notify the Department of Land, and if in the provinces, the appropriate provincial Governor will be notified.
- After receipt of the approval letter, the promoted companies must contact the Land Office in the area in which the land is located and showing the promotion certificate in order to acquire the land.
- In case of termination of BOI promoted projects, the land must be sold within one year of the termination. If promoted companies wish to transfer the business to another company in which more than half of the shareholders are foreign, promoted companies must request permission from the OBOI prior to the transfer.

## 5.3 PRIVILEGES ON MACHINERY

### Rights and Benefits

#### Section 28 Exemption of import duty on machinery

#### Section 29 Reduction of import duty on machinery

### Definition

#### “Machinery”

The machinery which is essential for the promoted activity and those which are essential for the construction of a factory and includes component, parts, equipment, tools, implements, pre-fabricated factory structures to be assembled as a factory, jig, fixture, mold, die and spare parts.

## General Principles

- Promoted companies must use the exemption/reduction of import duty on machinery within the period specified in the promotion certificate.
- The exemption and reduction of import duty on machinery will not be granted to machinery that can be produced locally specified as in the OBOI's "Negative List". Please refer to the OBOI Announcement No. 46/2534 regarding the criteria for import duty exemption/reduction on machinery/equipment.
- Machines, which are previously used in I-EA-T Free Zones or Free Zones, will be classified as local used machinery, and can not be used in the promoted project.

## Importation Procedure

### 1. Master List of Machinery Approval by the OBOI

- Machinery that will be used in the promoted project must not be obtained or imported prior to the submission of investment promotion application.
- After the project approval, promoted companies must prepare "Master List" which is a complete list of machinery to be used in the project. This will be done through eMT system (Electronic Machine Tracking System). The companies have to apply for eMT users' accounts at the Investor Club Association (IC).

### 2. Machinery Release by the Investor Club Association (IC)

- After the Master List is approved, each lot of the machinery can be released via eMT system which will take no more than 3 hours for the IC to complete the process.
- For further information on eMT system, please contact the Investor Club Association (IC) Tel. 02 936 1429 ext. 202, 201 Fax. 02 936 1441 to 2 e-mail: [cus\\_service@ic.or.th](mailto:cus_service@ic.or.th), website: [www.ic.or.th](http://www.ic.or.th)

## Machinery Conditions

- New machinery is encouraged to be used in promoted projects. While used machinery that purchased locally is prohibited to be used in promoted projects, imported used machinery is allowed. This used machinery is eligible for import duty privileges if its service period does not exceed 10 years, counting from the year of manufacture to the year in which an investment promotion application is submitted. The used machinery must have a machinery performance certificate issued by a trusted institute.
- In case of used machinery whose service period exceeding 10 years, it may be eligible for privileges if the used machinery has been completely reconditioned to be in fully functional condition. Also, it must have a machinery performance certificate issued by a trusted institute and has been approved by the OBOI. Therefore, its certificate must be instantly provided on the submission of BOI Application Form or BOI Project Revision Form.



## Use of Bank Guarantee

If promoted companies wish to import machinery for promoted project after submitting BOI promotion acceptance form or obtaining investment promotion certificate but before the approval of machinery master list, they can use bank guarantee instead of paying import duty.

## Utilization for Other Purposes

Approved machinery for a promoted project can be used in that particular project only. Promoted companies must obtain the OBOI's written permission before mortgaging, leasing, selling, transferring, or donating the machinery. Similar permission must also be obtained from the OBOI in case of use of approved machinery for any other purposes.

## Extension of Privileges

Generally, the machinery importation period is within 30 months from the date of promotion certificate issuance and can be extended for 1 year each time, but in total not more than 3 times. If the extension is approved, the full operation start-up date will also be automatically extended for 1 year.

## Promotional Status Withdrawal/ Project Cancellation

If the OBOI withdraws promotional status or promoted companies cancel their promoted projects within 5 years from the machinery importation date, the companies may be subject to the machinery import duty, VAT, penalty, or surcharge according to the Customs regulations.

## 5.4 PRIVILEGES ON RAW MATERIALS AND ESSENTIAL MATERIALS

### Rights and Benefits

**Section 36 (1)** Exemption of import duty on raw or essential materials for use in production for export

**Section 36 (2)** Exemption of import duty on products for re-export such as samples

**Section 30** Reduction of import duty on raw or essential materials for domestic sale

- Project located in Zone 3 (75 percent reduction)
- Protection due to non-appropriated import duty structure e.g. import duty of finished goods is lower than raw materials (up to 90 percent reduction)

The privileges can be utilized after the BOI investment promotion approval date.

## Definition

### “Raw Materials”

An item used in manufacturing or mixing or assembling the finished product, including packaging materials and where its form may be changed after the production process

### “Essential Materials”

An item which is necessary to be used and which after using in the production or mixing or assembly process will ensure the efficiency, quality and standard, or reduce loss and enhance the capacity of the product.

### “Maximum Stock” (Max Stock)

A list and quantity of raw and essential materials used for producing the products calculated based on a dummy production formula and total production capacity as mentioned in the investment promotion certificate

## Section 36

### Importation Procedure

#### 1. Material List and Quantity Approval by the OBOI

- The list of materials containing names, units and quantity to be imported must be approved. A copy of machinery release form and a copy of the export entry form in case of imported machinery and a copy of machinery invoice in case of domestic machinery are required as supporting documents for approval of material list. These approved list and quantity of materials will then be recorded as the maximum stock. Please note that the maximum stock under Section 36 is revolving, calculated based on a dummy production formula and 6-month total production capacity. After export of finished products made from these materials, promoted companies have to submit export evidence (Export Entry Form in case of direct export and Vendor Report (Report-V) in case of indirect export where both direct and indirect exporters are BOI-promoted companies) and adjust the quantity of materials in maximum stock accordingly.

#### 2. Material Release Approval by the Investor Club Association (IC)

- Promoted companies must be trained for the material release procedures using RMTS (Raw Materials Tracking System) provided by the IC.
- The data of materials (shipment by shipment) must be submitted to the IC via RMTS.
- The IC will process an approval required for the Customs clearance within 3 hours.
- For further information on RMTS system, please contact the Investor Club Association (IC) Tel. 02 936 1429 ext. 202, 201 Fax. 02 936 1441 to 2 e-mail: [cus\\_service@ic.or.th](mailto:cus_service@ic.or.th), website: [www.ic.or.th](http://www.ic.or.th)

#### 3. Production Formula Approval by the OBOI

- An accurate production formula including the actual quantity of materials and the loss from production process must be submitted to the OBOI before exporting the products.
- Drawing, Bills of Material (BOM) or blueprints of the products are required.
- Each model of finished product can have only one formula.
- Maximum stock can be adjusted if there is change in material list or volume needed for production.

#### 4. Maximum Stock Balance Adjustment at the IC

- The amount of materials used for production must be deducted from the maximum stocks within 6 months after exporting finished products.
- The main document for adjusting the balance is the promoted company's Export Entry Form in case of direct export or Vendor Report (Report-V) in case of indirect export where both direct and indirect exporters are BOI-promoted companies.
- Since 2011, instead of RMTS, Electronics Raw-Material Tracking System (eRT) will be in full operation. This system will allow promoted companies to request an approval on material import duty exemption or reduction via internet at anytime.
- In case of expiry of privilege under Section 36, promoted companies must use the remaining materials to produce the products, export the products and clear the stock within 1 year after their privilege under Section 36 expires.

#### Material Import Duty Refund

If promoted companies wish to import materials for promoted project after the project approval but before the material list approval, they may pay import duty in advance and make a duty refund later.

#### Use of Bank Guarantee

Reasons for using the bank guarantee to import materials include waiting for the investment promotion certificate issuance, the approval list of materials, the renewal of import duty exemption privilege or the approval of the production process amendment. Also, this can be applied when the maximum stock is temporarily full. The duration of the bank guarantee must not exceed one year since the request is approved.

#### Domestic Sale of Finished Products

If promoted companies would like to sell finished products made from imported materials with import duty exemption for export production in the domestic market, they have to pay import duty on these imported materials to the Customs before delivering finished products to their customers by using the ex-factory price of finished products for calculation.

#### Import of finished goods for repair and re-export

After export, some products may be defective. Promoted companies can import their promoted products for repair and re-export. However, the maximum stock for importing these products must be not more than five percent of the production capacity as stated in the promotion certificate.

## **Return materials overseas**

If imported materials with import duty exemption have wrong specification or are not needed for further production due to excess amount, promoted companies can send them back overseas without duty. Otherwise, promoted companies may be subject to material import duty, VAT, penalty, or surcharge according to the Customs regulations.

## **Transfer Stock**

Promoted companies can transfer stocks between their projects. However, both transferor and transferee must have valid privileges under Section 36(1) of the Investment Promotion Act.

## **Material Loss**

Material loss can be categorized into two types: predictable and unpredictable. The first type is caused by the nature of production and can be predicted while the later cannot be known in advance e.g. defective goods. The loss can be destroyed, exported or donated upon the OBOI approval.

## **Extension of Material Import Duty Exemption**

Promoted companies should extend the material import duty exemption period at least 2 months prior to expiry date. Otherwise, promoted companies may request extension within 6 months from expiry date but have to pay import duty and make a refund after the request is approved. Each time, the OBOI will grant the extension period of not more than 2 years.

## **Promotional Status Withdrawal/ Project Cancellation**

In case the promotional status is withdrawn by the OBOI or the promoted project is cancelled, the companies have an obligation to export the imported materials and adjust the material import data within 1 year. The companies may be subject to import duty, VAT, penalty or surcharge on the remaining amount of materials according to the Customs regulations.

## **Section 30**

### **Importation Procedure**

Some procedures may be different from Section 36.

#### **1. Materials List and Quantity Approval by the OBOI**

- Imported materials must not be able to be produced in Thailand.
- Request for material list approval including materials specification must be submitted to BOI at least 2 months before the importation (every year).
- Evidence of the submission of machinery master list is required as supporting document for approval of material list.
- Amount of the maximum stock is based on a dummy production formula and the one-year total production capacity.

## 2. Material Release by the Investor Club Association (IC)

### 3. Production Formula Approval by the OBOI

- An accurate production formula including the actual quantity of materials and the loss from production process must be submitted to the OBOI before exporting the products.
- Drawing, Bills of Material (BOM) or blueprints of the products are required.
- Each model of finished product can have only one formula.
- Maximum stock can be adjusted if there is change in material list or volume needed for production.

### 4. Maximum Stock Balance Adjustment at the IC

- The imported materials under Section 30 must be used in the production process and promoted companies must summarize the material usage and adjust the stock within 1 month after the end of importation period of each year. The remaining materials can be carried forward to the following year as long as promoted companies still have the privilege under Section 30.
- Approved stock has to be offset by the amount of finished goods sold under the domestic sale invoices.
- In case the privilege under Section 30 expires, promoted companies must use the remaining imported materials to produce the products and clear the stock within 6 months after their privilege under Section 30 expires. If some imported materials still remain, they will be subject to import duty, VAT, penalty, or surcharge according to the Customs regulations.

## Extension of Material Import Duty Exemption

Promoted companies must submit the request for extending their import duty exemption period and the list of materials at least 2 months prior to expiry date. The extension period is only 1 year and the total is not more than 5 years for projects located in Zone 3.

## Electronics Raw-Material Tracking System (eRT)

Since 2011, instead of RMTS, Electronics Raw-Material Tracking System (eRT) will be fully operated. This system will help facilitate the raw material import procedures via internet at anytime.

Please note that all procedures related to the promoted projects must be approved by the OBOI prior to taking action. For other matters not mentioned above, please consult the BOI officers.

## 5.5 CORPORATE INCOME TAX PRIVILEGES

### Rights and Benefits

#### Exemption / reduction of corporate income tax

**Section 31** 3-8-year corporate income tax exemption and loss carry forward after tax holiday period

**Section 35(1)** 5-year 50-percent corporate income tax reduction as soon as section 31 expires

#### Additional deduction of certain expenses

**Section 35(2)** 10-year double deduction the costs of transportation, electricity and water supply

**Section 35(3)** 25 percent extra deduction on top of normal depreciation of construction of facilities

#### Others

**Section 34** Exemption of income tax on dividends derived from promoted projects throughout the corporate income tax exemption period under Section 31

#### Procedure

Promoted companies must submit a form for exercising corporate income tax privileges along with annual operating report audited by certified auditor within 120 days after the end date of each accounting period. The OBOI will issue a written confirmation on the privileges that must be submitted to the revenue department when promoted companies file for tax return.

#### Remark

- Promoted companies cannot use the corporate income tax privileges without submission of the form and a written confirmation from the OBOI.
- The investment capital of a project (excluding cost of land and working capital) must not be less than a minimum requirement of investment capital specified in the investment promotion certificate before promoted company can exercise the corporate income tax privileges.
- Promoted companies possessing more than one promotion certificates needs to submit only one single form for all promotion certificates in order to exercise the corporate income tax privileges.
- If promoted companies experience a net loss or a net profit but prefer not to exercise the privileges, no submission of the form is required.
- The income eligible for the corporate income tax exemption must be generated from approved products undergone approved production process and their by-products i.e. waste or refuse from the approved production process.
- New investment project or relocation of factory with investment value (excluding cost of land and working capital) of not less than 10 million baht must obtain ISO 9000, ISO 14000 or similar international certification within 2 years from the full operation start-up date, otherwise the period of corporate income tax exemption will be withdrawn for 1 year.
- The total amount of corporate income tax exempted shall be adjusted according to actual investment value (excluding cost of land and working capital) as of the date of full operation start-up of the project.

## 6. FULL OPERATION START-UP

A full operation start-up certificate is to ensure that the promoted project can be implemented in accordance with all conditions specified in the promotion certificate. The documents required for the issuance of the full operation start-up certificate include the following:

- 1) Application for project operation (Form F PM OP 01) with process chart and machinery layout
- 2) A copy of current shareholder list
- 3) A copy of current financial statement
- 4) Company registration
- 5) A copy of factory permit or other permit from related agencies regarding the project
- 6) For the project with a cap on the amount of corporate income tax exempted which needs to adjust the investment value (excluding cost of land and working capital) as of the date of full operation start-up of the project must submit additional documents as follows:
  - A copy of Company Income Tax Return (P.N.D. 50)
  - List of the project's assets as defined by the OBOI Announcement No. Por 1/2545
  - Supporting documents of asset registration

### Full operation start-up application guidelines

- The project has achieved the minimum required amount of investment for the promoted production or services. The project also is able to maintain the production process or procedure of services, facility, and to satisfy other main conditions as approved.
- The date of full operation start-up is the date when all conditions are satisfied or the date on which the company applies for a start-up certificate. The start-up date must not be later than the period specified in the promotion certificate.
- New investment project or relocation of factory with investment value (excluding cost of land and working capital) of not less than 10 million baht must obtain ISO 9000, ISO 14000 or similar international certification within 2 years from the full operation start-up

### Full operation start-up extension

- If machinery importation period is extended, the deadline for the full operation start-up will be automatically extended for 1 year.
- In case of an extension of full operation start-up is requested, only one extension for a period of 1 year will be granted.

## CHAPTER 4

# SELECTED BOI DOCUMENTS

**(Unofficial Translation)**  
**Board of Investment Announcement**  
**No. 1/2550**

**Subject: Measure to Promote Research and Development Collaboration Between  
the Industrial Sector and Academic Institutions**

.....  
For the purpose of enhancing the industrial sector's competitiveness, by means of strengthening its knowledge base and technological capability, and encouraging joint efforts between the public and private sectors in creating new innovations through fostering collaboration between the industrial sector and academic institutions ;

By virtue of Section 16, Paragraph 2, of the Investment Promotion Act B.E. 2520, the Board of Investment hereby announces the following criteria and conditions for granting promotional privileges to research and development joint projects between the industrial sector and academic institutions:

1. An eligible project must already be in operation regardless of whether or not it has received promotional privileges.
2. An eligible project must be within a target industry, activity or technology specified by the Board of Investment.
3. An eligible activity must belong to a category announced as being qualified for promotion by the Board of Investment.
4. Projects currently receiving investment promotion privileges may apply for promotion under this measure only after their current corporate income tax exemption or reduction period has expired.
5. Not less than 51% of the registered capital must be Thai shares.
6. Research and development undertakings must be carried out jointly with a research institute or an academic institution approved by the Board of Investment in accordance with the criteria and methods specified by the Board of Investment.
7. An application for promotion must be submitted under the existing activity, and must be accompanied by a research and development plan in accordance with the criteria and methods specified by the Board of Investment.
8. No claim may be made for research and development expenses if those deductions are allowed by the Revenue Department.
9. Corporate income tax is exempted on the revenue generated by the promoted activities, with the exemption duration commencing on the date revenue is generated after the promotion certificate has been received.
10. To exercise the corporate income tax exemption right, evidence certified by the partnering research institute or academic institution must be produced.

**Rights and benefits:**

1. Exemption of import duties on machinery and equipment used in the research and development activities
2. Three-year exemption of corporate income tax on 70% of the investment value and research and development costs not exceeding 10 million baht

Effective from 1 February 2007 onwards  
Announced on 9 April 2007

(Mr. Kosit Panpiemras)  
Deputy Prime Minister  
Chairman of the Board of Investment



**(Unofficial Translation)**  
**Board of Investment Announcement**  
**No. 3/2549**  
**Additional Rights and Privileges for Investment to Develop**  
**Skill, Technology & Innovation – STI**

To encourage the industrial sector to invest in the development of Skill, Technology & Innovation – STI, by virtue of Section 16 and Paragraph 2 of Section 31 of the Investment Promotion Act B.E. 2520, as amended by the Investment Promotion Act No. 3 B.E. 2544, the Board of Investment hereby declares the following:

1. The activities in the attachment of the Board of Investment Announcement No. 2/2543; dated August 1, 2000, shall be classified as Activities with Special Importance and Benefit to the Kingdom if there are investments or expenses to develop Skill, Technology & Innovation, as prescribed in 1.1.1 – 1.1.3 by the Office of the Board of Investment. All activities shall be entitled to the following Rights and Privileges:
  - 1.1 Corporate Income Tax exemption in addition to those received on the basis of the Board of Investment Announcement No. 1/2543 and 2/2543; however, the total duration of Corporate Income Tax exemption shall not exceed 8 years, as follows:
    - 1.1.1 One additional year of Corporate Income Tax exemption will be granted if there are investments or expenditures in research and development or design, in advance technology training, or supporting an educational or research institution, on the condition that such investments or expenditures are not less than 1% of the revenue from the investment project in the first 3 years, or not less than 150 million Baht, whichever is greater
    - 1.1.2 Two additional years of Corporate Income Tax exemption will be granted if there are investments or expenditures in research and development or design, in advance technology training, or supporting an educational or research institution, on the condition that such investments or expenditures are not less than 2% of the revenue from the investment project in the first 3 years, or not less than 300 million Baht, whichever is greater
    - 1.1.3 Three additional years of Corporate Income Tax exemption will be granted if there are investments or expenditures in research and development or design, in advance technology training, or supporting an educational or research institution, on the condition that such investments or expenditures are not less than 3% of the revenue from the investment project in the first 3 years, or not less than 450 million Baht, whichever is greater
  - 1.2 Exemption of Import Duty on machinery for all zones
2. Investments or expenditures by the promoted person to develop Skill, Technology & Innovation can be made throughout the duration of Corporate Income Tax exemption
3. The promoted person shall apply for the aforementioned rights and privileges according to the criteria prescribed by the Office of the Board of Investment
4. This Announcement is effective for all applications for Investment Promotion submitted from December 8, 2005 thereafter
5. A promoted investment project that has not yet generated revenue may apply for the aforementioned rights and privileges

Effective December 8, 2005  
Announced March 20, 2006

(Somkid Jatusripitak)  
Acting Chairman of the Board

**(Unofficial Translation)**  
**Board of Investment Announcement**  
**No. 3/2550**  
**Environmental Problem-Solving Measures**  
.....

As it is deemed appropriate to promote and stimulate factories to give priority to environmental management,

by virtue of section 16 of the Investment Promotion Act of B.E. 2520, the Board of Investment hereby announces incentive criteria for companies that carry out measures to solve environmental problems as follows:

1. Conditions
  - 1.1 Applicants must comply with the environmental management criteria and conditions as specified by the government with pollutant values less than the legal control rate and must be in the following industries :
    - oil refinery
    - natural gas separation
    - power generation
    - chemicals and petrochemicals
    - minerals and base metals
  - 1.2 Projects must already be operational, whether or not promoted by the Board of Investment.
2. Incentives
  - Promoted projects will be granted exemption from import duty on machinery for machinery improvement to reduce their environmental impact.
  - Promoted projects will be granted a 3-year corporate income tax exemption on the revenue of existing projects, accounting for 70% of the investment value of the improvement excluding cost of land and working capital.
  - The corporate tax exemption period will be counted from the date of income derivation after the issuance of investment promotion certificate onwards.
3. Projects must reduce their environmental impact according to criteria and methods specified by the Office of Board of Investment.
4. Applicants must submit the promotion application including a plan to reduce environmental impact according to the criteria and methods specified by the Office of Board of Investment by December 31, 2009 and complete the improvements by March 31, 2011. In case the improvements cannot be completed within the specified date, the Office of the Board of Investment is authorized to extend the timeframe as deemed appropriate.

Effective from March 29, 2007 onwards  
Announced on September 14, 2007

(Mr. Kosit Panpiamras)  
Deputy Prime Minister  
Chairman of the Board of Investment



**(Unofficial Translation)**  
**Explanatory Notes for Application for Additional Rights and Privileges for Investment in Development of Skills, Technology & Innovation (STI)**

.....  
This announcement supersedes and replaces the Board of Investment Announcement dated May 27, 2004, and is consistent with Board of Investment Announcement #3/2549 dated March 20, 2006 on the provision of Additional Rights and Privileges for Investment in Developing Skills, Technology, and Innovation.

**1. Procedures for Obtaining Additional Rights and Privileges**

- 1.1 Applicants for additional rights and privileges must submit the form, 'Application for Additional Rights and Privileges for Investment in Development of Skills, Technology, and Innovation'. This form may be submitted along with the Application for Investment Promotion, or at a later time.
- 1.2 Applications made at a later time must be submitted prior to the generation of revenue from the approved project, and the applicant must attach a letter confirming that the project has not yet begun to generate revenue.
- 1.3 In the calculation of the percentage of investment/expenditures on skills, technology and innovation as compared to sales, only the figures related to the approved project will be taken into account.
- 1.4 Any substantial revision of research and development plans, training in advanced technology, or support of educational institutions or research institutes related to the project approved for additional rights and privileges for the development of skills, technology, and innovation must be submitted to and approved by the Office of the Board of Investment.

**2. Types and Costs of Research and Development or Design Covered Under the Additional Rights and Privileges Criteria**

**2.1 'Types of Research and Development or Design'** include basic and applied industrial research as follows:

- (1) Research into practical applications, theory, or other operations aimed at generating new knowledge of economic value or of expanding current knowledge;
- (2) Research into developing practical applications of basic knowledge;
- (3) Development of formulas or designs for practical application;
- (4) Experiments to discover or evaluate alternative products, services or processes;
- (5) Design, construction, and experimentation of prototypes, models, and development kits;
- (6) Design of products, processes, services, or systems relating to new technologies or significant improvement of current ones;

- (7) Development of product prototypes;
- (8) Creation of pilot production processes;
- (9) Technological processes to correct defects or deficiencies in new products, new production processes arising from the development of prototypes, or from the creation of pilot production processes;
- (10) Industrial engineering work and new mechanical installations directly related to research in and development of new products and processes from prototypes or from pilot processes.
- (11) New product design or production processes arising from prototypes and new process development;

## 2.2 'Expenditures' consists of

### 2.2.1 Wages and Salaries

- 1) 'Wages and Salaries' refers to moneys paid to researchers, assistant researchers, technicians, staff, laboratory analysts, and/or academic specialists involved in the research and development or design project, and hired specifically to work on the project; including those trained for work on the project whose qualifications do not directly meet the requirements for the work.
- (2) Costs incurred in the hiring of consultants or specialists other than those hired to demonstrate equipment or apparatus;

2.2.2 Costs of equipment and apparatus purchased specifically for the research and development or design project, and not intended for use in other activities;

2.2.3 Cost of renovation or repair of buildings for use as research laboratories;

2.2.4 Expenses incurred in the operation of experimental laboratories;

2.2.5 Costs of raw materials and materials required for the research and development or design project;

2.2.6 Training costs;

2.2.7 Implementation costs (not exceeding 30% of the cost of the project before calculating the cost of operations and equipment/apparatus)

2.2.8 Cost of outsourcing research (if any);

2.2.9 Cost of required licenses or copyrights for the research.

### **3. Expenditures for and Types of Advanced Technology Training Covered Under the Additional Rights and Privileges Criteria**

3.1 'Costs of Training' refers to actual costs incurred in the training of Thai personnel, whether it be in-house training, or training undertaken in-country or abroad (excepting travel or accommodation costs);

3.2 'Types of Training' include any or all of the following:

- (1) Training directly related to the technology development and innovation project approved for STI rights and privileges, and not training to conduct regular work functions;
- (2) Advanced technology training directly related to the specific industry;
- (3) Training aimed at promoting and enabling the rapid transfer of technology to build the capacity of Thailand's private business sector; the knowledge gained must be new knowledge under the applicant's current operational conditions, and the advanced technology training must receive approval from the Office of the Board of Investment Screening Committee to ensure relevance and importance
- (4) Training aimed at enhancing specific technical capacities of Thai personnel and private business in each industry in the conduct of research and development or design, or to increase product quality;
- (5) Training aimed at preparing Thai personnel in the private business sector to effectively transfer knowledge and skills in new technologies or leading domestic or foreign technologies.

The Office of the Board of Investment will review the training plans on a case by case basis to consider their relevance to advanced technology training.

### **4. Expenses in Support of Educational Institutions or Research Institutes**

Expenses in support of educational institutions or research institutes refers to the provision of scholarships or equipment or apparatus to enable the institution or institute to conduct research and development or undertake other activities to develop capacities in skills, technology, and innovation, with the concurrence of the Office of the Board of Investment.

Board of Investment  
February 16, 2007

# A FEASIBILITY STUDY

## **A Feasibility Study for a Project with Investment Capital of over 80 Million Baht but not more than 500 Million Baht (Excluding Cost of Land and Working Capital)**

### **1. Demand of the Product(s) Applying for Promotion:**

- Import statistics for 5 preceding years
- Future demand and growth rate of the products
- Major export markets and future trends of these markets

### **2. Financial Feasibility of the Project:**

- Sources of fund: the quantity of equity and debt (both foreign and local) to be used.
- Cash flow at Net Present Value and Internal Rate of Return (IRR) in case of ... —year corporate income tax exemption and in case of not receiving corporate income tax exemption

## **A Feasibility Study for a Project with Investment Capital of over 500 Million Baht (Excluding Cost of Land and Working Capital)**

### **1. Summary of the Project**

Summary of the project in brief: The applicant's products, investment capital, factory location, the number of workers, raw materials in use, technology, etc

### **2. Industry Overview**

- 2.1 The linkage between the products for which investment promotion is requested with other industries. Explain the general situation of these industries both in Thailand and in foreign countries.
- 2.2 Demand for the product:
  - 2.2.1 Domestic demand:
    - Import statistics for the five preceding years
    - Production quantity of other manufacturers (if any)
    - The quantity and future trend of the industries which use the products for which investment promotion is requested, as their raw materials;
    - The demand and future trend of the products
  - 2.2.2 Major export markets and future trend of these markets
- 2.3 Local production capacity of similar products:
  - The number of non-promoted manufacturers, their product quality and productivity
  - The number of promoted manufacturers and utilization of production capacity(at full scale)

### 3. The Appropriateness of the project

#### 3.1 Investors:

- Explanation of business and industry experiences of Thai and foreign investors and the company's executive and investment ratio of all investors concerned;
- Progress in the negotiations between investors: in the initial stage of negotiation or where the contract is signed;
- In the case of utilizing an existing company by not setting up a new one, explanation of the shareholders, business, profit and loss, and the preceding balance sheets of the existing company.

#### 3.2 Financial aspects:

- Sources of funds: The amount of equity and/or debt from local and foreign countries
- Utilization of investment capital: For land construction, machinery, working capital, etc.
- Cash flow, net present value and internal rate of return (IRR) in the case of exempted corporate income tax and non-exempted corporate income tax;
- Progress in the financial institute's consideration of the application for debt; is it still under consideration or is the debt is approved?

#### 3.3 The Competitiveness:

- Suitability of import duties and business taxes on the products and the main raw materials;
- Average production cost at 50 percent, 80 percent and 100 percent of production capacity;
- CIF prices and cost of imported products;
- The advantages of manufacturing the products in Thailand;
- Sensitivity analysis: The effects of changes in the projection of the raw materials' selling price and changes in the rate of taxes and duties on the main raw materials on the viability of the project;

#### 3.4 Technical aspects:

- Available production techniques, the advantages and disadvantages of each technique, techniques used in various countries, the reasons why the project chose the specific technique;
- Explanations of technical supporters, aspects which they assist,
- Conditions and limitations of technology transfer, the cost of know-how;
- The appropriateness of production process;
- The appropriateness of production scales in comparison to those used in factories in other countries;
- Sources and adequacy of raw materials, including, opportunities to produce raw Materials in Thailand;
- Factory location, reasons for choosing the province as the factory location; the adequacy of water, electricity and other infrastructure;
- Utilization of labor at various levels; training courses.

3.5 Effects on the environment:

- Will the raw materials or the products or production process cause environmental problems?
- Measures to eliminate or control pollution; investment capital for machinery and for expenses of implementation of pollution control plans.

3.6 Research and development (R&D)

- Explanation of R&D plan
- Improvements on production quality and product design;
- Improvements on productivity in conserving raw materials and employees;
- Improvements on production process;
- Improvements on the quality of the raw materials in use.

## 4. Effects to the Overall Economy

4.1 How much will the Government lose in revenue by promoting the project?

- Corporate income tax;
- Import duties on machinery;
- Import duties on raw materials;

4.2 Benefits to the overall economy:

- Domestic value-added;
- Saving or bringing in net foreign currency;
- Increases in domestic employment;
- Factory establishment in provincial areas;
- Benefits to linked industries

## 5. The Assistance from the Government:

5.1 The necessity to apply for promotional privileges; the requested incentives;

5.2 The degree of necessity to adjust import duties on raw materials and finished products;

5.3 Is it necessary to request special protection from competition from foreign countries or is it necessary to limit the number of local manufacturers?

5.4 The government assistance in various aspects, such as electricity, water, infrastructure etc.