



# BOARD OF INVESTMENT

## INCENTIVES

## INCENTIVES UNDER THE INVESTMENT PROMOTION ACT

*In order to obtain investment promotion, the BOI applicant must follow the conditions prescribed by the Board of Investment as specified in the BOI promotion certificate in which the following incentives will be granted:*

# *INCENTIVES*

## Tax Incentives

- Exemption of corporate income tax up to 8 years
- A 50 percent reduction of income tax up to 5 years (Only Investment Promotion Zone)
- Exemption / Reduction of import duties on machinery
- Exemption of import duty on raw materials imported for use in production for export
- Reduction of import duties on raw materials for domestic sales (Up to 90%)

## Non-Tax Incentives

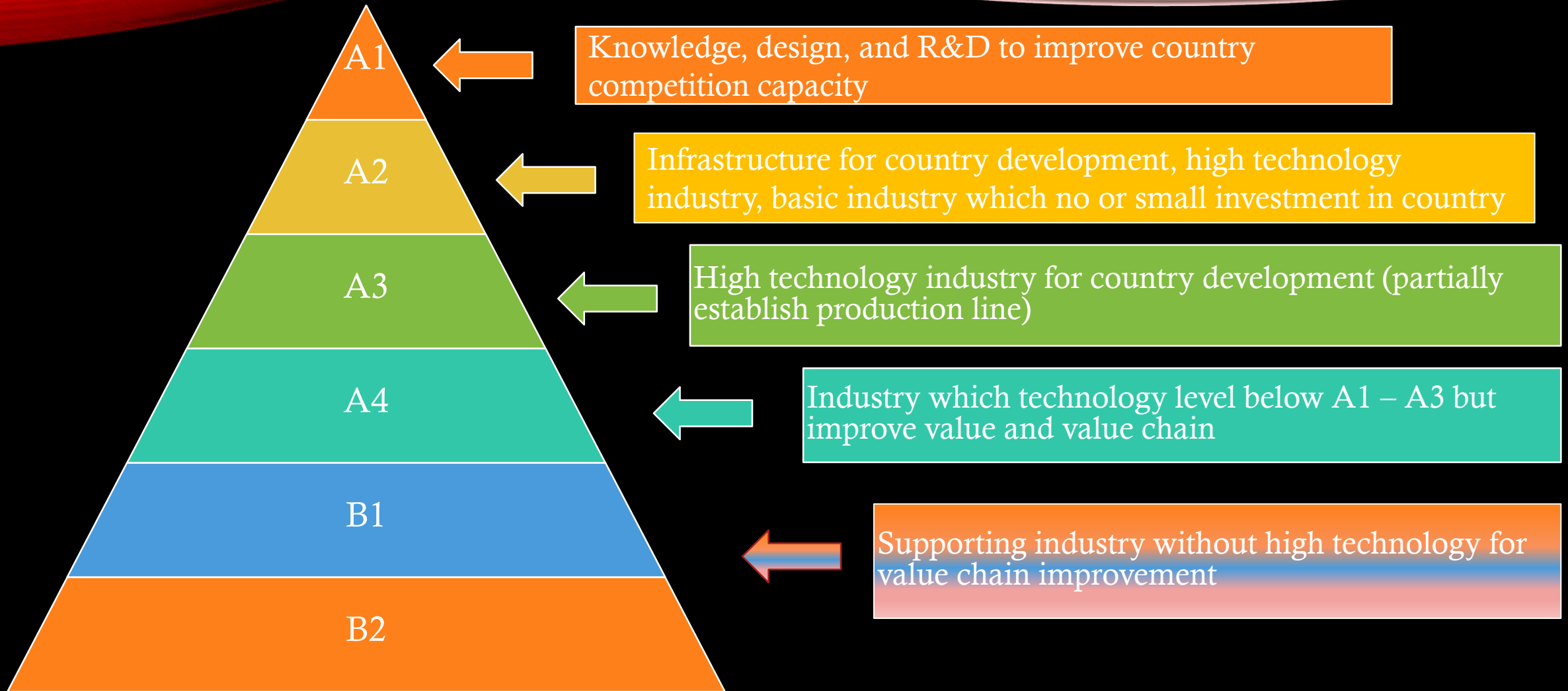
- Permit for foreign nationals to hold equity 100% (excluding agriculture, mining, business services and some public utilities)
- Permit to own land.
- Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities

# POLICIES FOR INVESTMENT PROMOTION

In order to achieve the vision, the Board of Investment has set investment promotion policies as follows:

1. Promote investment that helps enhance national competitiveness by encouraging R&D, innovation, value creation in the agricultural, industrial and services sectors, SMEs, fair competition and inclusive growth
2. Promote activities that are environment-friendly, save energy or use alternative energy to drive balanced and sustainable growth
3. Promote clusters to create investment concentration in accordance with regional potential and strengthen value chains
4. Promote investment in border provinces in Southern Thailand to help develop the local economy, which will support efforts to enhance security in the area
5. Promote special economic development zones, especially in border areas, both inside and outside industrial estates, to create economic connectivity with neighboring countries and to prepare for entry into the ASEAN Economic Community (AEC)
6. Promote Thai overseas investment to enhance the competitiveness of Thai businesses and Thailand's role in the global economy

# CRITERIA FOR GRANTING TAX AND DUTY PRIVILEGES AS INVESTMENT ZONES



# Criteria for Granting Tax and Duty Privileges as Investment Zones

## 1. Activity-based incentives

Groups	Exemption of corporate income tax	Exemption of import duties on machinery	Exemption of import duty on raw materials imported for use in production for export	Other non-tax incentives
A1	8-year corporate income tax exemption without being subject to a corporate income tax exemption cap	✓	✓	✓
A2	8-year corporate income tax exemption	✓	✓	✓
A3	5-year corporate income tax exemption	✓	✓	✓
A4	3-year corporate income tax exemption	✓	✓	✓
B1	×	✓	✓	✓
B2	×	×	✓	✓

## 2. Merit-based incentives

**In order to attract and stimulate more investment or spending on activities that benefit the country or industry at large, the Board stipulates additional incentives based on merits of the projects as follows:**

Investment / Spending	Additional Cap (% of Investment/ Costs)
Research and development in technology and innovation including in-house R&D, outsourcing R&D in Thailand or joint R&D with overseas institutes.	200%
Donations to Technology and Human Resources Development Funds, educational institutes, specialized training centers, research institutes or governmental agencies in the science and technology field in Thailand, as approved by the Board	100%
IP acquisition/licensing fees for commercializing technology developed in Thailand	100%
Advanced technology training	100%
Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance	100%
Product & Packaging Design; either in-house or outsourcing in Thailand, as approved by the Board Details shall be in accordance with criteria set by the Office of the Board of Investment.	100%

## ADDITIONAL INCENTIVES

(1) One additional year of corporate income tax exemption will be granted if qualified investments or expenditures are not less than 1% of the project's total revenue of the first 3 years combined, or not less than 200 million baht, whichever is less. However, the total period of corporate income tax exemption shall not exceed 8 years.

(2) Two additional years of corporate income tax exemption accounting will be granted if qualified investments or expenditures are not less than 2% of the project's total revenue of the first 3 years combined, or not less than 400 million baht, whichever is less. However, the total period of corporate income tax exemption shall not exceed 8 years.

(3) Three additional years of corporate income tax exemption will be granted if qualified investments or expenditures are not less than 3% of the project's total revenue of the first 3 years combined, or not less than 600 million baht, whichever is less. However, the total period of corporate income tax exemption shall not exceed 8 years.

The cap on additional corporate income tax exemption accounts for 200% of the investments and expenditures specified in No. 9.2.1(1) and 100% of the investments and expenditures specified in No. 9.2.1(2-6).



## MERIT ON DECENTRALIZATION

Projects located in investment promotion zones specified in No. 8.1 shall receive additional incentives as follows:

1. Three additional years of corporate income tax exemption shall be granted. However, the total period of corporate income tax exemption shall not exceed 8 years. Projects with activities in **Group A1** or **A2** which are already granted 8-year corporate income tax exemption shall instead receive a 50% reduction of corporate income tax on net profit derived from promoted activity for 5 years after the corporate income tax exemption period expires.
2. Double deduction for transportation, electricity and water costs for 10 years from the date of first revenue derived from the promoted activity shall be granted.
3. Deduction from net profit of 25 percent of the project's infrastructure installation or construction costs shall be granted in addition to normal depreciation. 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.

## MERIT ON INDUSTRIAL AREA DEVELOPMENT

Projects located within industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption. However, the total period of corporate income tax exemption shall not exceed 8 years.

This merit-based incentive shall not be granted to activities with conditions specifying that projects must be located within industrial estates or promoted industrial zones.

### PROJECTS ELIGIBLE FOR MERIT-BASED INCENTIVES APPLICATION

1. Projects with activities in Group A can apply for merit-based incentives at the time of applying for investment promotion or after being promoted.

If the application is submitted after being promoted, promoted projects can apply for merit-based incentives whether or not revenue has already been derived from the projects. On the date of the application for merit-based incentives, the projects must have remaining corporate income tax exemption incentives under Section 31 of the Investment Promotion Act, both in terms of period and amount of corporate income tax exemption.

2. Projects with activities in Group B can apply for merit-based incentives No. 9.2.1 merit on competitiveness enhancement and 9.2.2 merit on decentralization and must submit the application for merit-based incentives at the time of applying for investment promotion only. This excludes activities for which the list of activities eligible for investment promotion specifies that they are not entitled to merit-based incentives.