



Global Investment and Innovation Incentives (Gi3) Alert

Update on investment incentives in Thailand per the BOI Announcements

Introduction

The Thailand Board of Investment (“BOI”) introduces several announcements aiming at boosting investment in Thailand.

- to relieve the impact of the epidemic situation of contagious coronavirus 2019 (“Covid-19”)¹; and
- to amend rights and privileges of large enterprises and Small and Medium Enterprises (“SMEs”) for the merit-based incentives².

¹ Announcement No. Por. 5/2564

² Announcements No. 21/2564 and 22/2564

Who will benefit

The BOI’s latest announcements would benefit the followings: -

- Promoted projects which are required to obtain ISO 9002, CMMI, or other similar international standard certificates during 1 April – 31 December 2021 and promoted projects which have been ceased for more than 2 months during 1 April – 31 December 2021; and
- Investors who are interested in investing in the newly or existing promoted projects for merit-based incentives to obtain additional tax incentives.

What to know

1. Measure to relieve the impact of the epidemic situation of contagious coronavirus 2019

In order to assist the promoted person who has been impacted from the epidemic situation of Covid-19, the BOI has relaxed its requirements for the promoted projects as follows:

1.1 The BOI has extended the timeframe for obtaining ISO 9002, CMMI, and the similar standard certificates for the promoted projects during 1 April – 31 December 2021 for another 6 months from the due date of obtaining the aforementioned standard certificates.

2.1 In the case where the promoted project has been ceased for more than 2 months during 1 April – 31 December 2021, the BOI has relaxed its requirement that the promoted person does not need to obtain the permission from the BOI for cessation of business operation for more than 2 months but still needs to fill in an application via the online system.

In addition, the promoted person does not need to cancel visas and work permits of foreign employees during such temporary cessation of business operation. If the permitted period for work permit of foreign employee is expired, the promoted person can request the BOI to extend such period per regular criteria as prescribed by the BOI.

2. Amendment of rights and privileges of large enterprises and SMEs for merit-based incentives

In order to enhance the capability in competitiveness of entrepreneurs and SMEs, the BOI has amended the rights and privileges for merit-based incentives as follows: -

Type of eligible investment/expenditures	Investment/Expenditure for Additional CIT Exemption	
	Large Enterprises	SMEs
1. Research, technology development and innovation; in house, outsourced in Thailand or joint Research and Development ("R&D") with overseas institutes	300%	300%
2. Donations to technology and human resources development fund, educational institutes, specialised training centers, R&D institutes or government agencies in the science and technology as approved by the BOI	100%	100%
3. Organizing the training or training work to develop skills, technology, and innovation to students who are studying in science and technology, i.e. Work-integrated Learning (WiL) Program, Bilateral Vocational Education System Program or Cooperative Education Program as approved by the BOI	200%	200%
4. IP acquisition/licensing fees for commercializing technology developed in Thailand	200%	200%
5. Advanced technology training	200%	200%
6. Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance	200%	-
7. Product and packaging design: in-house or outsourced in Thailand as approved by the BOI	200%	200%

2.1 Large enterprises and SMEs shall be granted with the following rights and benefits if the above investment or expenditures incurred as compared to revenue of the first 3 years combined meet the ratio as prescribed by the BOI in the table below.

Ratio of Investment or Expenditures incurred to revenue of the first 3 years combined		Additional CIT exemption period
Large Enterprises	SMEs	
≥ 1% or 200 Million Baht whichever lower	0.5%	1 year
≥ 2% or 400 Million Baht whichever lower	1%	2 years
≥ 3% or 600 Million Baht whichever lower	1.5%	3 years

Remark:

- The total CIT exemption period must not exceed 8 years.
- In case of activity in group A1 and A2, the total CIT exemption period must not exceed 13 years.

2.2 In case there is only investment or expenditure on research, technology development and innovation, large enterprises and SMEs shall be granted with the rights and privileges as follows: -

Ratio of Investment or Expenditures incurred to revenue of the first 3 years combined		Additional CIT exemption period
Large Enterprise	SMEs	
≥ 1% or 200 Million Baht whichever lower	0.5%	1 year
≥ 2% or 400 Million Baht whichever lower	1%	2 years
≥ 3% or 600 Million Baht whichever lower	1.5%	3 years
≥ 4% or 800 Million Baht whichever lower	2%	4 years
≥ 5% or 1,000 Million Baht whichever lower	2.5%	5 years
Remark: The total CIT exemption period must not exceed 13 years.		

2.3 If the investment or expenditures are less than the minimum requirement as prescribed, promoted companies granted with additional CIT exemption benefit based on the investment or expenditure will not be eligible to the additional CIT exemption, and also any additional CIT exemption exceeds 8 years will also be forfeited.

2.4 If the investment or expenditures in R&D has minimum conditions to be met, promoted companies must have investment or expenditures in addition to the requirements as mentioned above to obtain additional benefits.

What's next?

Foreign and domestic investors are highly recommended to review your business and investment to see if there are eligible activities as promoted by the BOI to enjoy any non-tax and/or tax incentives. Our Deloitte's Gi3 professionals can advise whether your business and investment plan are eligible for existing and new investment incentives. We can help you with:

- Review of your business (activity) and investment and perform feasibility study for the eligibility of the promoted activities by the BOI;
- Preparation of the BOI application;
- Liaison with the BOI authorities and following up on the application to support application for the BOI's approval;
- Setting up of guidance and internal BOI compliance including trainings; and
- Assisting with new guidelines and practical issues.

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