



## Global Investment and Innovation Incentives (Gi<sup>3</sup>) Alert

### Update on investment incentives in Thailand per the BOI Press Release No.159/2563 (Or.68)

#### Introduction

The Thailand Board of Investment (“BOI”) approved the launch of investment incentives in Thailand as referred to Press Release No. 159/2563 (Or.68), aiming to accelerate investments and digital technology adoption. This offers a series of measure to further promote the investments in Thailand covering the investment in target industries, digital technology, investment in Thailand’s ten Special Economic Zones (“SEZ”) and five southernmost provinces, and the Genomics project located at Burapha University, a promoted zone for specific industries.

#### Who will benefit

Foreign investors and domestic companies who are interested in investing in the newly promoted projects for which non-tax and/or tax incentives will be granted by the BOI as well as companies that are currently being promoted by the BOI for which their corporate income tax exemption is about to be expired.

#### What to know

##### Accelerating Investments in Large Scales Project

To boost investment in target industries, the BOI has offered the special measure by providing an additional 50% Corporate Income Tax (“CIT”) reduction for a period of 5 years, in addition to the initial incentive package offered by the BOI (the standard CIT exemption period of five to eight years). The applicant must invest at least 1 Billion Baht within 12 months after the issuance of promotion certificate and comply with general conditions for the business promotion under the BOI. The type of incentive and application deadline are summarized as follows:

Type of incentive	50% CIT reduction for five years
Deadline	The submission is available from 4 January to 30 December 2021.

### Digital Technology under Measures to Promote Productivity Improvement

In order to support the use of digital technology implementation to leverage productivity, the BOI offers the special incentives for business which involves digital technology adoption program in systems and activities such as software integration, Artificial Intelligence (“AI”), machine learning or big data analytics with a capital investment of no less than 1 Million Baht (excluding the cost of land and working capital). However, the capital investment is required at 500,000 Baht for Small and Medium Enterprises (“SMEs”). Existing businesses, if approved by the BOI, will be granted a CIT exemption on their existing business for three years but capped at 50% of the investment. The type of incentive and application deadline are summarized as follows:

Type of incentive	CIT exemption for three years (capped at 50% of the investment)
Deadline	The application must be submitted within 30 December 2022.

### Extension of Investment Promotion Measure in SEZ

In reference to the Government’s policy to develop border areas, the BOI approved the extension for two years of the application period for projects located in SEZ (i.e. 10 provinces including Kanchanaburi, Chiang Rai, Trat, Tak, Nakhon Phanom, Narathiwat, Mukdahan, Songklah, Sa Kaew, and Nong Khai). If a company conducts the business in the 14 targeted industries such as agricultural industry, fishing, textiles, apparel and leather, furniture, gem and jewellery, medical equipment and tourist business, CIT exemption will be granted for eight years together with an additional 50% CIT reduction for the next five years. The application must be submitted within 30 December 2022.

On top of that, the BOI has encouraged the investor to conduct business in the given area by adding five new activities specifically eligible under the promotion in the given area only, which are:

- i) Manufacturing construction materials and pre-stressed concrete products for utilities
- ii) Manufacturing additives for body products such as soap, shampoo, toothpaste, cosmetics
- iii) Manufacturing plastic products for consumer goods such as plastic packaging
- iv) Manufacturing products from pulp or paper, such as paper boxes
- v) Building development for industrial and/or warehouse factories

### Extension of Investment Promotion Measure in Southernmost Provinces

The BOI also granted the two-year extension of the application period for the project located in five provinces of southern Thailand which consists of the following measures:

- i) Investment Promotion Measures in Southern Border Provinces
- ii) Investment Promotion Measures under the Model City Project in Southern border provinces.

It shall be noted that the applicant will be granted with the tax and non-tax incentives according to the regulations set out by the BOI and the minimum investment is no less than 500,000 Baht with the use of used machinery. It is applicable to both the existing activity and the new project. Similarly with the

promotion in SEZ, the five new activities are recognized as an eligible activity for promotion. The application must be submitted within 30 December 2022.

### Incentives for Promoting Genomics Center of Burapha University, Bangsaen Campus

The BOI granted the Genomics Thailand project located at Burapha University as a promoted zone in the Eastern Economic Corridor (“EEC”) with the similar status as Eastern Airport City (“EECa”) Eastern Economic Corridor of Innovation (“EECI”), Digital Park Thailand (“EECd”), and Eastern Economic Corridor of Medical Centre (“EECmd”), which are dedicated to specific targeted industries. The type of incentive and application deadline are summarized as follows:

Type of incentive	<ul style="list-style-type: none"><li>• Additional 50% CIT reduction for 2 years on top of the normal CIT exemption for a period of five to eight years and above</li><li>• Additional exemption on CIT for 1 year on top of the normal CIT exemption for a period of 10 years of CIT exemption in case of targeted technology projects and their supporting activities</li></ul>
Deadline	The application must be submitted within 30 December 2022.

### What’s next

The Thailand BOI is currently preparing the official Announcements with detailed incentives and conditions for each eligible activity. We will keep you updated once the Announcements are released. In the meantime, foreign and domestic investors are recommended to review your business and investment plan to see if there are eligible activities as promoted by the BOI to enjoy any non-tax and/or tax incentives. For more information or support, do not hesitate to reach out to our Deloitte’s Gi3 professionals.

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