



Global Investment and Innovation Incentives (Gi3) Alert

Update on new policies, conditions, and investment incentives in Thailand per the BOI Announcements

Introduction

The Thailand Board of Investment (“BOI”) recently issued new announcements to revise the existing investment promotion policies and conditions and to implement the new 5-year investment promotion strategy. The BOI issued Announcement No. 8/2565 introducing new policies and conditions for investment promotion. Moreover, the Announcement No. 9/2565 was released to provide the updated measures to promote investment in industries that are considered important to further develop the country.

What to know?

1. New Policies and Conditions for Investment Promotion

In order to implement the new 5-year investment promotion strategy and to be in line with the framework of Thailand’s current National Economic and Social Development Plan, the BOI revised the conditions for project approval and foreign shareholding as follows: -

1.1 Key conditions for project approval

The BOI specifies the following key criteria for project approval: -

- The value added of the project must not be less than 20 percent of revenues. However, for projects related to the activity of agriculture and food, electronic products and parts, and coil centers, these projects must have value added of at least 10 percent of revenues.
- Modern production process or servicing procedure in accordance with the BOI’s approval must be used.

- New machinery must be used. Import of used machinery is possible subject to meeting certain conditions. Projects that have investment capital of THB 10 million or more (excluding cost of land and working capital) must obtain ISO 9000 or ISO 14000 certification or similar international standard certification within 2 years from the date of official commencement of project operation, otherwise corporate income tax exemption shall be reduced by one year.
- Adequate and efficient guidelines and measure to protect environmental quality and to minimize environmental impact must be installed.
- Minimum capital investment requirement of each project is THB 1 million (excluding cost of land and working capital). For knowledge-based activities, the minimum capital investment required is based on the minimum annual salaries expenses as specified in the list of activities eligible for investment promotion as announced by the BOI.
- For newly established projects, the debt-to-equity ratio must not exceed 3 to 1. For the case of expansion project, it shall be considered on a case-by-case basis.
- Any projects with investment value of over THB 2,000 million (excluding cost of land and working capital), the project's feasibility study report must be submitted with details as specified by the BOI.

1.2 Condition for foreign shareholding

The BOI provides the following conditions for foreign shareholding in projects that would like to apply for investment promotion: -

- For projects in activities under List One annexed to the Foreign Business Act (B.E. 2542), Thai nationals must hold shares totaling not less than 51 percent of the registered capital.
- For projects in activities under List Two and List Three annexed to the Foreign Business Act (B.E. 2542), there are no restrictions on equity for foreign investors.
- The BOI may set foreign shareholding limits for some activities eligible for investment promotion as deemed appropriate.

Moreover, the BOI also revised the granted incentives based on the importance of eligible activities as follows: -

2.1 Activity-based incentives

According to the Announcement No. 9/2565 on the updated measures to promote investment in industries that are considered important to develop the country, there are several subgroups of incentives as follows:

Groups of incentive					
Group A1+	Group A1	Group A2	Group A3	Group A4	Group B
<ul style="list-style-type: none"> • 10-13-year of corporate income tax exemption without the limitation on the amount of investment • Other non-tax incentives 	<ul style="list-style-type: none"> • 8-year of corporate income tax exemption without the limitation on the amount of investment • Other non-tax incentives 	<ul style="list-style-type: none"> • 8-year of corporate income tax exemption with the limitation on the amount of investment • Other non-tax incentives 	<ul style="list-style-type: none"> • 5-year of corporate income tax exemption with the limitation on the amount of investment • Other non-tax incentives 	<ul style="list-style-type: none"> • 3-year of corporate income tax exemption with the limitation on the amount of investment • Other non-tax incentives 	<ul style="list-style-type: none"> • Non-tax incentives

Non-tax incentives
<ul style="list-style-type: none"> • Permit to operate the restricted business under the majority foreign-owned structure • Work permit for skilled worker/expert • Right to own land for the promoted activity • Visa for foreign skilled worker/expert, spouse and dependent • Relaxation to receive or remit foreign currencies abroad

2.2 Investment Promotion Zones

The BOI has stipulated the investment promotion zones as follows: -

- 2.2.1 Eastern Economic Corridor
- 2.2.2 Special Economic Zones according to the regulations of the Office of Prime Minister on the development of Special Economic Zones B.E. 2564
- 2.2.3 Southern border provinces and the area of Model City Project in the southern border provinces
- 2.2.4 Twenty provinces with low per capita income including Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phatthalung, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasathon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Surin, Nong Bua Lamphu, Odon Ratchatani, and Amnatcharoen
- 2.2.5 Science and Technology Parks including Innovation Districts that are promoted or approved by the BOI.

2.3 Additional incentives in targeted areas

2.3.1 Additional incentives for industrial area development

Any projects located in industrial estates or promoted industrial zones will be granted one additional year of corporate income tax exemption. Please note that this incentive will not be granted to activities with specific conditions specifying that projects must be located in industrial estates or promoted industrial zones.

2.3.2 Additional incentives for decentralization

Any projects located in investment promotion zones in No. 2.2 will obtain additional incentives as follows: -

- The promoted project will be granted 3 additional years of corporate income tax exemption. Projects with activities in Group A1 or A2 will receive a 50 percent reduction of corporate income tax on net profit derived from the promoted activity for 5 years after the corporate income tax exemption period expires.
- The promoted project will be granted double deduction for the cost of transportation, electricity, and water for 10 years from the date of the first income derived from the promoted project.
- The promoted project will be granted deduction from net profit of 25 percent of the project's infrastructure installation or cost of construction in addition to normal depreciation. These deduction can be made from the net profit of one or several years within 10 years from the date of first income derived from the promoted project.

2.3.3 Additional condition for granting incentives

- For the case of manufacturing consecutive products in the continual production process of the same project, the BOI will consider to grant premium incentives based on the activity condition for manufacturing upstream products.
- Altogether the combined period of a project's corporate income tax exemption under measures which provides additional incentives, activity-based incentives and other measures must not exceed 8 years, except Group A1+. Please note that in any case the maximum period of corporate income tax exemption must not exceed 13 years.
- A project will be eligible for a corporate income tax reduction under Section 35(1) granted by measure which provides additional incentives combined with granted incentives under other measures must not exceed 5 years in total.
- Any investments, expenses, and implementations necessary to obtain investment promotion incentives based on the condition of activity or extra incentives under any measures will not be reapplied for further incentives under other measures.

2.4 Import duty exemption incentives

The BOI will grant an exemption of import duty throughout the period of being promoted for the following project: -

2.4.1 Import duty exemption on machinery

- 2.4.1.1 Promoted project that uses machineries for research
- 2.4.1.2 Promoted project that uses machineries for pollution prevention or treatment
- 2.4.1.3 Promoted project that uses machineries to manufacture electronic products and parts for improving or replacing existing machinery or for increasing production capacity in existing projects, regardless of whether the projects have started their full operation or not

2.4.2 Import duty exemption on goods imported for research and development

- The BOI will grant import duty exemption on goods imported for research and development and all related experimentation for a period of 1 year for each occasion. Please note that import tax exemption will be in accordance with the requirements on the type, quantity, time period, conditions, and procedures prescribed and notified by the Board.

These new policies and conditions for investment promotion will be applicable for all applications submitted **from 3 January 2023 onwards**.

2. Updated Measures to Promote Investment in Industries that are important to develop the Country

In order to enhance Thailand's competitiveness and achieve sustainable development in the long term, the BOI released new list of activities eligible for investment promotion as follows: -

1. Agricultural, Food and Biotechnology Industries
2. Medical Industries
3. Machinery and Vehicles Industry
4. Electrical Appliances and Electronics Industries
5. Metal and Material Industry
6. Chemical and Petrochemical Industry
7. Public Utilities
8. Digital Industry
9. Creative Industry
10. High Value Service

Please note that the new list of eligible activities for investment promotion under these 10 significant industries will be available for submitting applications **from 3 January 2023 onwards**.

What's next?

Foreign and domestic investors who are interested in applying for the investment promotion under the new list of eligible activities entitled to the BOI incentives are highly recommended to review their business activities and investment to see if they are eligible for the BOI incentives. Our Deloitte's Gi3 professionals can advise whether your business and future investment plan are eligible for these new investment incentives.

For further information or support, do not hesitate to reach out to our Deloitte Gi³ professionals.

Contacts

- Nu To Van, Partner, Tax & Legal Services
Tel: +66 (0) 2034 0163
Email: ntovan@deloitte.com
- Nont Nijanantra, Manager, Global Investment and Innovation Incentives (GI³)
Tel: +66 (0) 2034 0000 ext. 12967
Email: nnijanantra@deloitte.com



Dbriefs

A series of live, on-demand and interactive webcasts focusing on topical tax issues for business executives.



Power of With

Focus on the power humans have with machines.



Tax@hand

Latest global and regional tax news, information, and resources.

Get in touch



Deloitte Thailand | [Add as safe sender](#)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Thailand

In Thailand, services are provided by Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and its subsidiaries and affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

