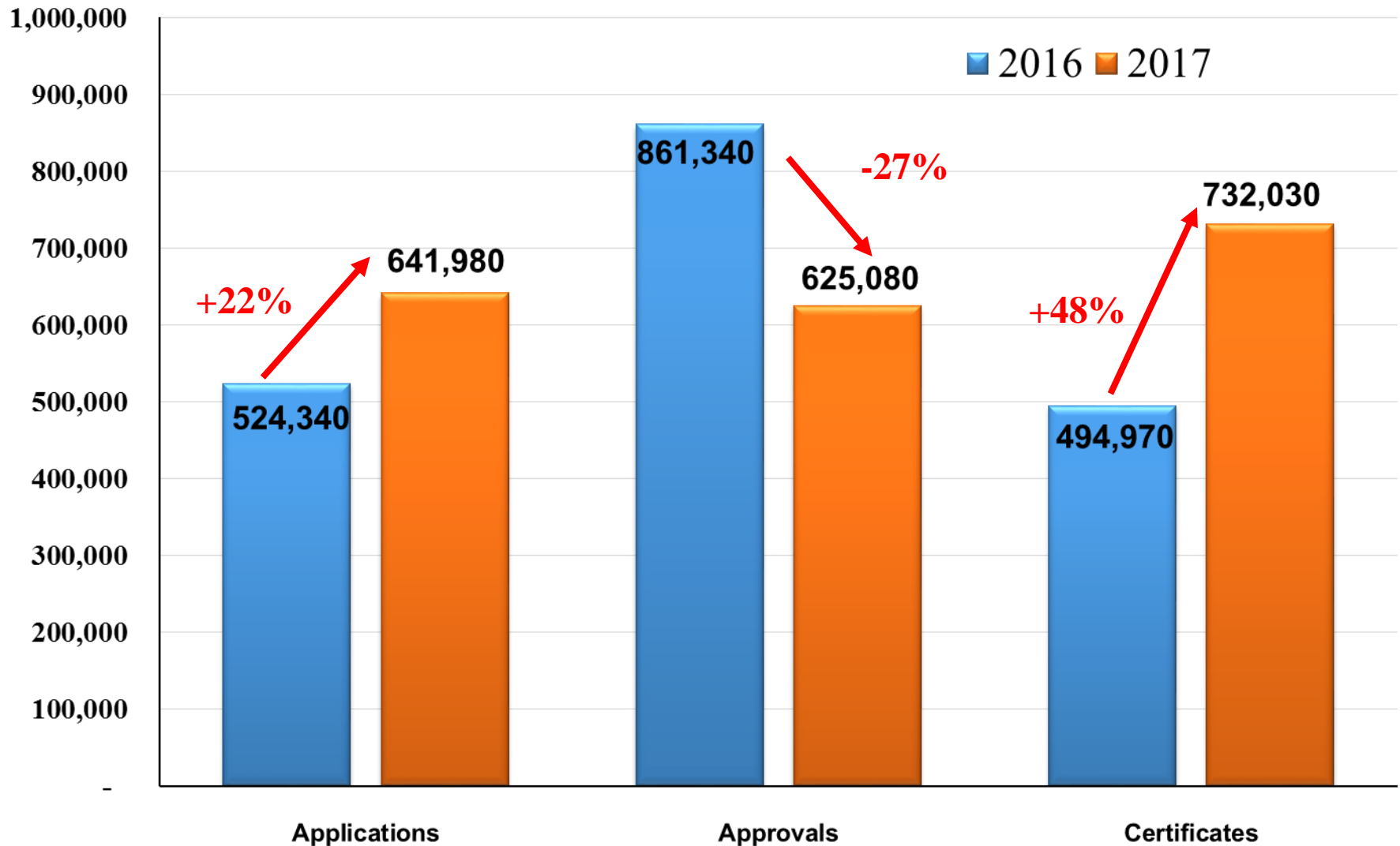

BOI Policies and Plans for attracting Investment in 2018

Duangjai Asawachintachit
Secretary General
Office of the Board of Investment

February 23, 2018
duangjai@boi.go.th

Investment Value (MB)



Key Tax Incentives under the Revised Investment Promotion Act

Exemption of import duties on

- machinery
- raw or essential materials imported for use in production for export
- **Materials for R&D activities**

Corporate income tax exemption up to **13** years

Maximum 50% CIT reduction for up to 10 years (in case of no CIT exemption)

50% CIT reduction for up to 5 years in case of investments located in the designated areas

Deduction up to 70% of the invested capital from net profits derived within 10 years (ITA- Investment Tax Allowance)

Double deduction of public utilities costs (for investments located in the designated areas)

25% additional deduction of infrastructure construction and installation (for investments located in the designated areas)

Focus of Current Investment Promotion Policies

- **Technology and Innovation**
 - Research and development
 - Targeted industries/services
- **People**
 - Human capital
 - Foreign talents
- **Productivity Enhancement**
 - Upgrading of existing companies
 - Digitalization among companies
- **Development of targeted areas**
 - Eastern Economic Corridor
 - Border Special Economic Zones

BOI Investment Incentive Scheme

Activity-based

- **Bio Industries**
- **Creative & Digital Industries**
- **High Value Business & Service**
- **Advanced Manufacturing**
- **Basic & Supporting Industries**

Technology-based

- **Biotechnology**
- **Nanotechnology**
- **Advanced Material Technology**
- **Digital Technology**

+

Area-based

- **EEC 3 provinces**
- SEZ 10 provinces
- Southern Border (4 provinces, 4 districts)
- 20 Provinces with the Lowest per Capita Income
- Industrial Estates/Zones
- Science and Technology Parks
(**Science Park, Food Innopolis, Space Krenovation Park: SKP**)

Merit-based

- R&D
- Support academic/research institutes, or technology and human resource development funds
- IP licensing fee
- Advanced technology training
- Development of Local suppliers
- Product and packaging design

Agenda-based

Promotion Measures for Enhancement of Production Efficiency



1

Sector-Based Incentives

Activity-based Incentives



Bio Industries



**Advanced
Manufacturing**



**Basic & Supporting
Industries**



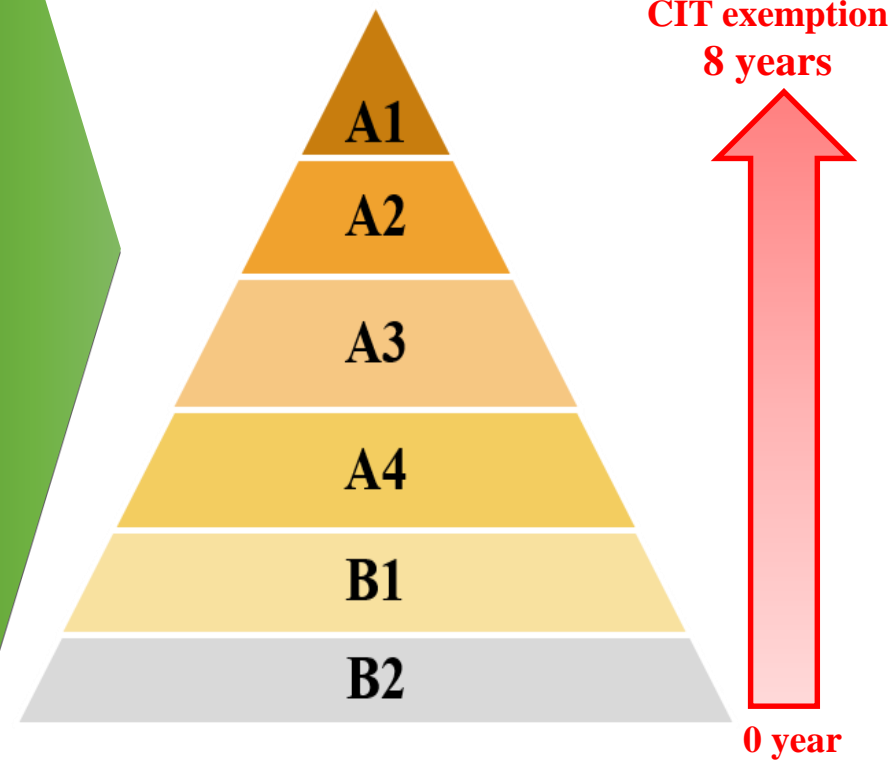
**High Value Business
& Service**



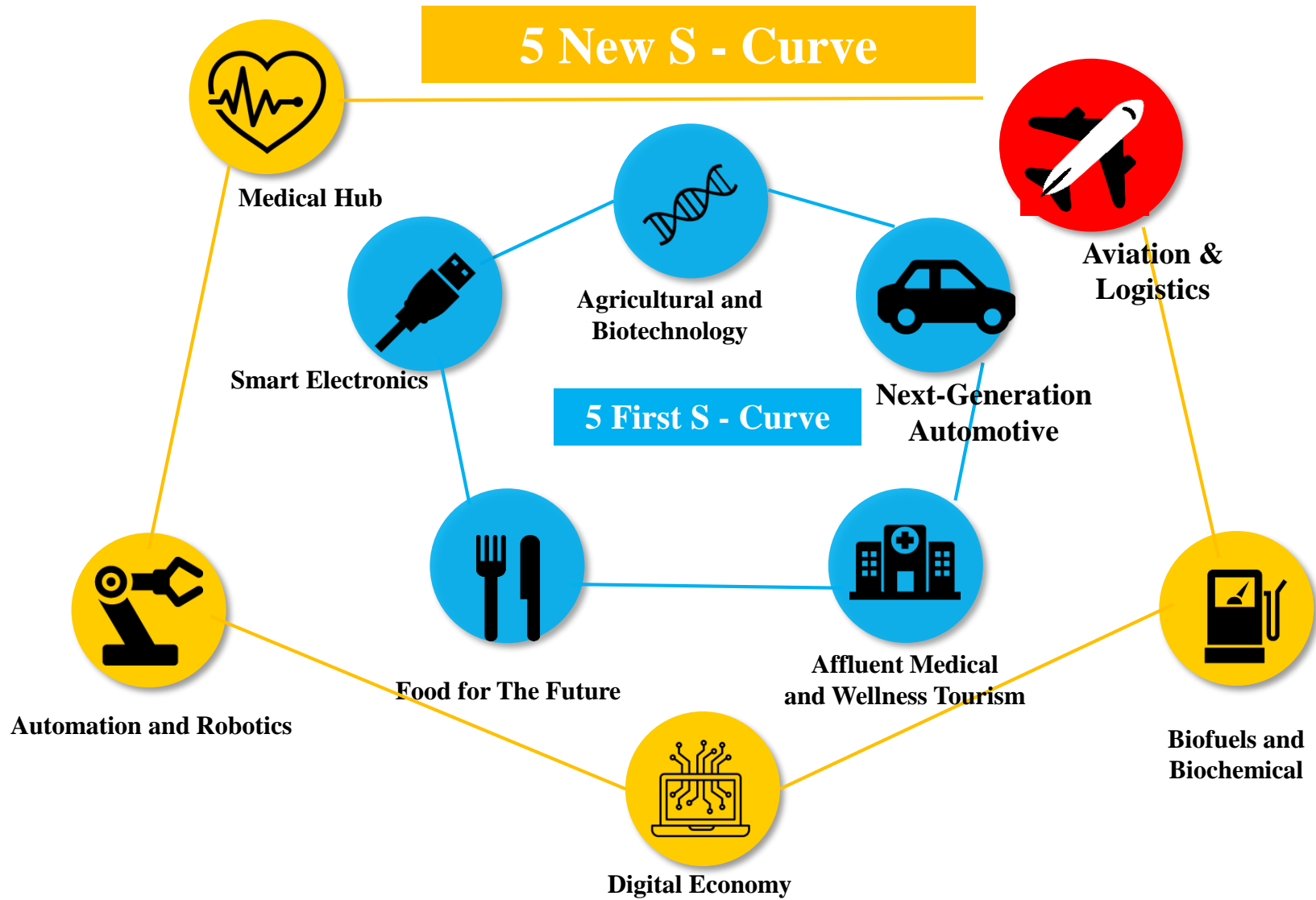
**Creative & Digital
Industries**

Incentives

Incentives are largely based on several key factors
i.e. level of technology, role in supply chain



10 Targeted S-curve Industries



Merit-Based Incentives - Competitiveness Enhancement Measures (Optional)

Types of eligible investments/expenditures	Additional Cap (% investment capital /expenditure incurred)	% of qualified investments/expenditures to combined revenue for the first three years	Additional CIT exemption
	New		
1. R&D: In-house, outsourced in Thailand or joint R&D with overseas institutes	300%		
2. Donations to technology and human resource development funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in the S&T field	100%	1% or ≥ 200 MB.	1 year
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	200%	2% or ≥ 400 MB.	2 years
4. Advanced technology training, including digital training such as IoT	200%		
5. Development of local suppliers with at a least 51% Thai shareholding in advanced technology training and technical assistance	200%	3% or ≥ 600 MB.	3 years
6. Product & packaging design: In-house or outsourced in Thailand	200%		

Dashboard of Activity-Based Basic Incentives

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
A1	8 years (No cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit (max 3 years)	✓	✓	✓
B2	-	-	✓	✓



2

Technology-Based Incentives



Tax Incentives for Technology-Based Investments

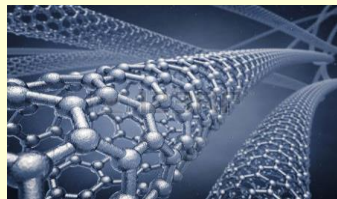
Additional incentives for investment in the development of Core Technologies in which Thailand has potential to enhance the country's overall competitiveness and industries. Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research Consortium

CIT Exemption for 10 years + Merit (1-3 years) = Maximum of 13 years

Targeted Core Technologies



Biotechnology



Nanotechnology



**Advanced Material
Technology**



Digital Technology

Enabling Services

- 1. Research and Development**
- 2. Vocational Training Centers (only in S&T)**
- 3. Electronics Design**
- 4. Engineering Design**
- 5. Scientific Laboratories**
- 6. Calibration Services**

* For 2-6, only projects that utilize advanced technology, as approved by the Board



3

EEC Incentive Scheme

01/1 Mini-MOD
AM 414

New Investment Promotion Measures in the EEC—starting January 1, 2018



- Applications must be submitted by the end of 2019
- Must have cooperation with academic institution / research institution / Center of Excellence to develop human resource and improve the level of technology
- Incentives for targeted industries

Area-based	Additional incentives on top of the normal package (Only targeted Industries)	Condition
1. Eastern aviation city or Aeropolis, EECi, EECd	CIT exemption for 2 years and 50% CIT reduction for 5 years	No of apprentices: ≥ 10 % of all employees hired or at least 50
2. Industrial Estates for Specific Targeted industries	An additional 50% CIT reduction for 5 years	
3. Other Industrial Estates/ Industrial Parks in EEC	An additional 50% CIT reduction for 3 years	No of apprentices: ≥ 5 % of all employees hired or at least 25

Robust Human Resource Development Program

HRD Program	
Talent Mobility Program (TM)	Provides collaborative research-matching services between the public and private sector.
Work Integrated Learning (WiL)	Provides collaborative educational services between educational institutes and the private sector in the form of Public Private Partnerships (PPP).
Dual Vocational Training (DVT)	Vocational educational institutes forming agreements with private firms, to create effective curriculums, training, testing, and evaluation for students to gain practical working experiences
Co-operative Education (for gradate study, university and college)	structured method of combining classroom-based education with practical work experience. provides academic credit for structured job experience.



4

Productivity Enhancement Support



Measures to Promote Productivity

- Replace or upgrade machinery for **energy conservation, alternative energy utilization, reduction of environmental impacts**
- Replace or upgrade machinery for efficiency enhancement, e.g. **automation, digitalization**
- Invest or spend in **R&D/advanced engineering designs**
- Upgrade production line to acquire **agricultural industrial standard.**



Measures to Promote Productivity

Eligibility

- Applicants must be existing businesses, whether BOI or non-BOI promoted (except certain businesses).
 - In the case of non-BOI status, the company must conduct a BOI-eligible activity.
 - In case of BOI status, corporate income tax exemption must have already expired or has never been granted.
- Minimum investment of 1 million Baht (excluding cost of land and working capital) or 0.5 million for SMEs*

Measures to Promote Productivity

Incentives

- Exemption of import duties for machinery
- 3-year corporate income tax exemption on the revenue of an existing project with the total tax exemption amount capped at 50% of investment in productivity enhancement (In case of investment in automation, the cap will be raised to 100% if minimum 30% local industrial linkages are reached.)
- Corporate income tax exemption period starts from the date of investment promotion certificate.

Requirements

- Investment must be completed within 3 years from the date the promotion certificate is issued.
- Required KPIs include such productivity indicators as reduced unit direct costs, reduced processing time, reduced waste and reduced cycle time.
- Applications must be submitted by **the end of 2020**

Other Additional Incentive Measures

- Opening of a new BOI category
 - Smart Farming System Manufacture or Service
 - Trading and product development center
- Measure to support the listing of companies on Market for Alternative Investment
 - Applications to be submitted by December 30, 2020
 - If approved, tax exemption ceiling will be doubled for all projects with remaining corporate income tax benefits.
- Support to community enterprises
 - Companies (BOI or non-BOI) providing support (i.e. in the form of machinery, building, etc) to small investment projects in the selected agricultural activities will be entitled to 3-year tax holidays with the ceiling equivalent to the value of their support
 - Cooperation with local municipalities or community enterprises is required.



5

New Services

New Services

- Single window for visas and work permits
- SMART Visa



Smart Visa launched on February 1, 2018



The **Smart Visa** Program is intended to attract experts, senior managers, and investors to work or invest in technology companies to help develop the 10 targeted industries which will, in turn, drive technology and innovation in Thailand.

Eligibility and Benefits of SMART Visa

Eligibility

Rights and Benefits

SMART “
T”



- Science and technology experts
- Salary \geq 200,000 baht/month
- Employment contract with remaining validity of \geq 1 year
- Employing companies being in the targeted industries

- Maximum 4-year visa, but not exceeding the employment contract term
- No work permit required for working in the endorsed companies
- 90-day reporting to the Immigration extended to 1 year
- No re-entry permit required
- Spouse and children granted permission to stay and work in Thailand with no work permit required

SMART “
I”





- Minimum direct investment of 20 million baht
- Investing in companies using technology in manufacturing or delivering services and being in the targeted industries

- Maximum 4-year visa
- No work permit required for working in the endorsed companies
- 90-day reporting to the Immigration extended to 1 year
- No re-entry permit required
- Spouse and children granted permission to stay in Thailand
- Spouse granted permission to work with no work permit required

INVESTOR

Eligibility and Benefits of SMART Visa

	Eligibility	Rights and Benefits
SMART “E”  EXECUTIVE	<ul style="list-style-type: none">• Holder of Bachelor’s degrees or higher with work experience ≥ 10 years• Salary $\geq 200,000$ baht/month• Employment contract with remaining validity of ≥ 1 year• High-levels executives• Working for companies using technology in manufacturing or delivering services and being in the targeted industries	<ul style="list-style-type: none">• Maximum 4-year visa, but not exceeding the employment contract term• No work permit required for working in the endorsed companies• 90-day reporting to the Immigration extended to 1 year• No re-entry permit required• Spouse and children granted permission to stay in Thailand• Spouse granted permission to work with no work permit
SMART “S”  STARTUP	<ul style="list-style-type: none">• Fixed deposit of $\geq 600,000$ baht with the remaining maturity term of ≥ 1 year• Health insurance• Participating in an endorsed incubation, accelerator program or a similar program/or obtaining joint venture with or being endorsed by a relevant government agency• Must set up a company in the targeted industries in Thailand within 1 year with at least 25% ownership or being a board member	<ul style="list-style-type: none">• 1-year visa for the first time, renewable for ≤ 2-year if requirements are met• No work permit required for working in the endorsed companies or projects• 90-day reporting to the Immigration extended to 1 year• No re-entry permit required• Spouse and children granted permission to stay in Thailand• Spouse granted permission to work with no work permit

SMART Visa Application Process

Foreigners

Apply for *

Qualification
endorsement

**SMART Visa Unit @ One-Stop
Service Center for Visas and Work
Permits**

Information check and qualification
Endorsement process

- BOI
- NSTDA
- NIA
- DEPA
- NRCT
- TISTR
- MFA
- Immigration
- MOL

Qualification endorsement
notification

**Embassies/
Consulates/
Immigration @ One Stop
Center for Visas and
Work Permits**

Apply for visa

Foreigners

**Immigration,
MFA, Dept of
Employment**

*Applications can be lodged at the Thai Embassies/ Consulates which will then forward to the Smart Visa Unit @ One-Stop Center for Visas and Work Permits.

Qualification endorsement process takes up to 30 working days.

Where to contact?

SMART Visa Unit

One-Stop Service Center for Visas and Work Permits

18th Floor, Chamchuri Square Building, 319
Phayathai Road, Pathumwan Bangkok 10330



0-2209- 1100 ext. 1109-1110



smartvisa@boi.go.th

http://www.boi.go.th/newboi/un/smart_visa



Starting from
1st February 2018

What's next?

- **Service improvement**
 - Second phase of single window for visa and work permits
 - Improvement of e-investment operations
 - Introduction of new services i.e. more interactive mode of information dissemination
- **Assessment of the current scheme (already in place for 3 years since the major revamp in January 2015)**
- **Modifications of the BOI scheme**
- **Introduction of e-monitoring system to collect info on promoted projects**

2018 Big Event

Seminar Thailand Taking Off to New Heights

Date March 19, 2018

Venue Royal Jubilee Ballroom, Impact Muang Thong Thani

See you on March 19, 2018!





Thank you!