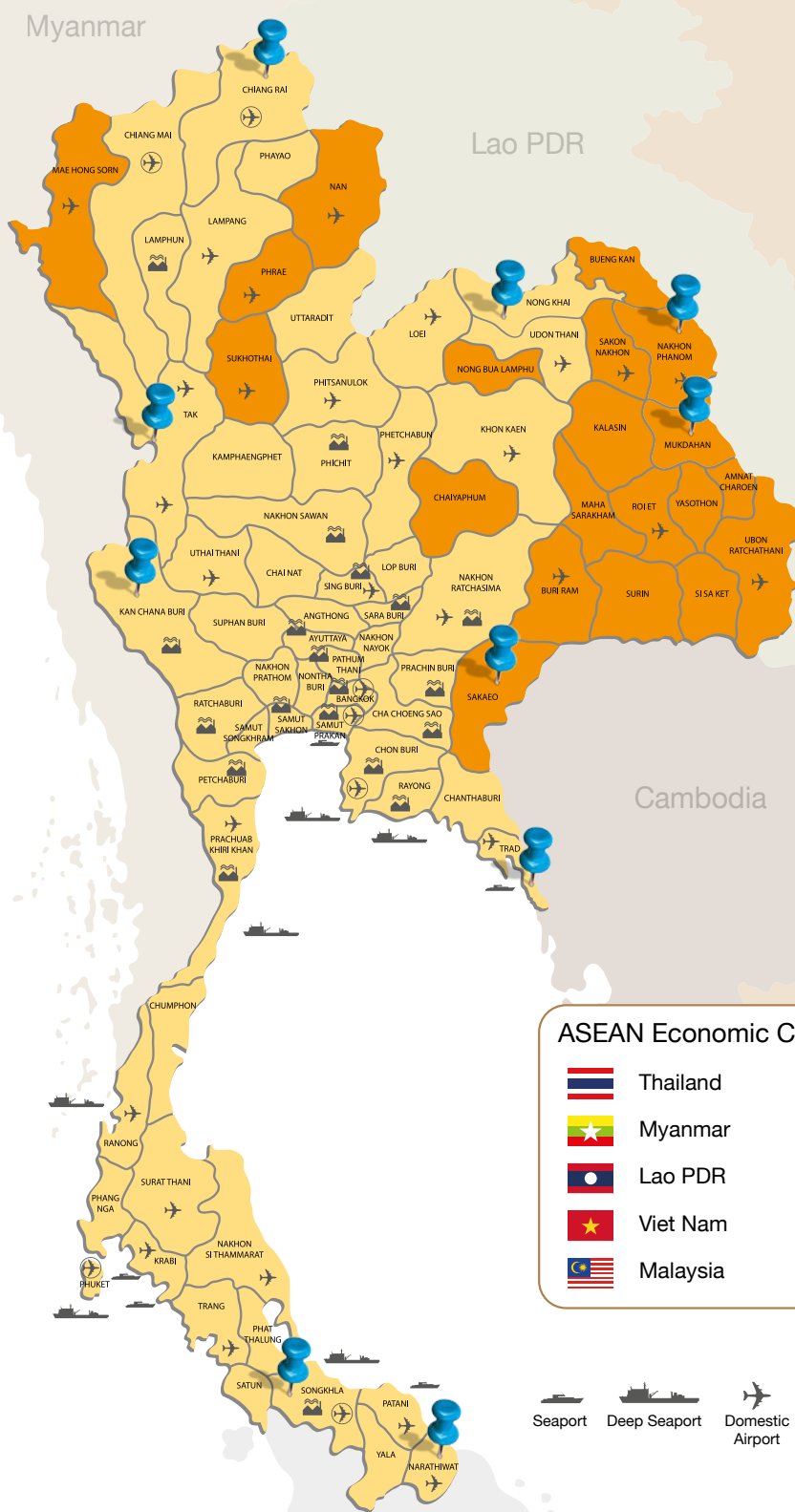




Thailand Board of Investment
www.boi.go.th

A Guide to the Board of Investment 2016





ASEAN Economic Community (AEC)



Thailand



Singapore



Myanmar



Indonesia



Lao PDR



Philippines



Viet Nam



Cambodia



Malaysia



Brunei



Seaport



Deep Seaport

Domestic
Airport

International
Airport



Industrial
Estate / Zone

Malaysia

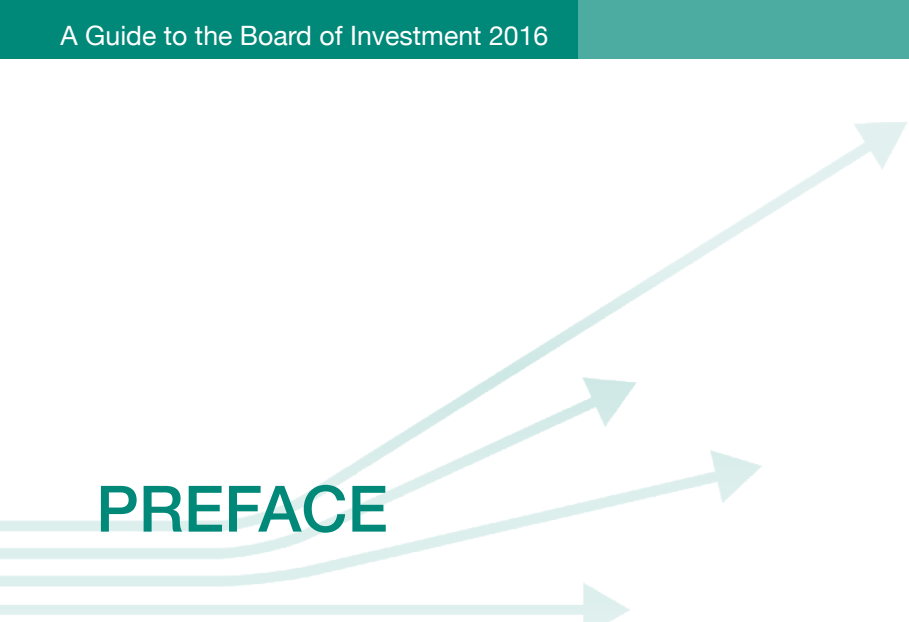


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A Guide to the Board of Investment 2016

September 2016 Revision





PREFACE

This Guide to the Board of Investment was prepared by the Office of the Board of Investment to provide basic information on BOI investment promotion for applications submitted from January 1, 2015, onward. This guidebook comprises investment promotion incentives and privileges, the list of activities eligible for investment promotion and related announcements including essential rules and criteria for applying investment promotion.

Since the policies and criteria for granting privileges and the list of the eligible activities for investment promotion are subject to change over time, investors can access updated information from the BOI's website at www.boi.go.th or send their enquiries to head@boi.go.th or contact the Investment Services Center Tel:+66(2) 553-8111 and 0-2553-8216

Office of the Board of Investment
September 2016

Disclaimer: Contents of this publication are for informational purposes only and should not be seen as complete or legally binding. For clarification and/or confirmation of information, please contact appropriate BOI officials.

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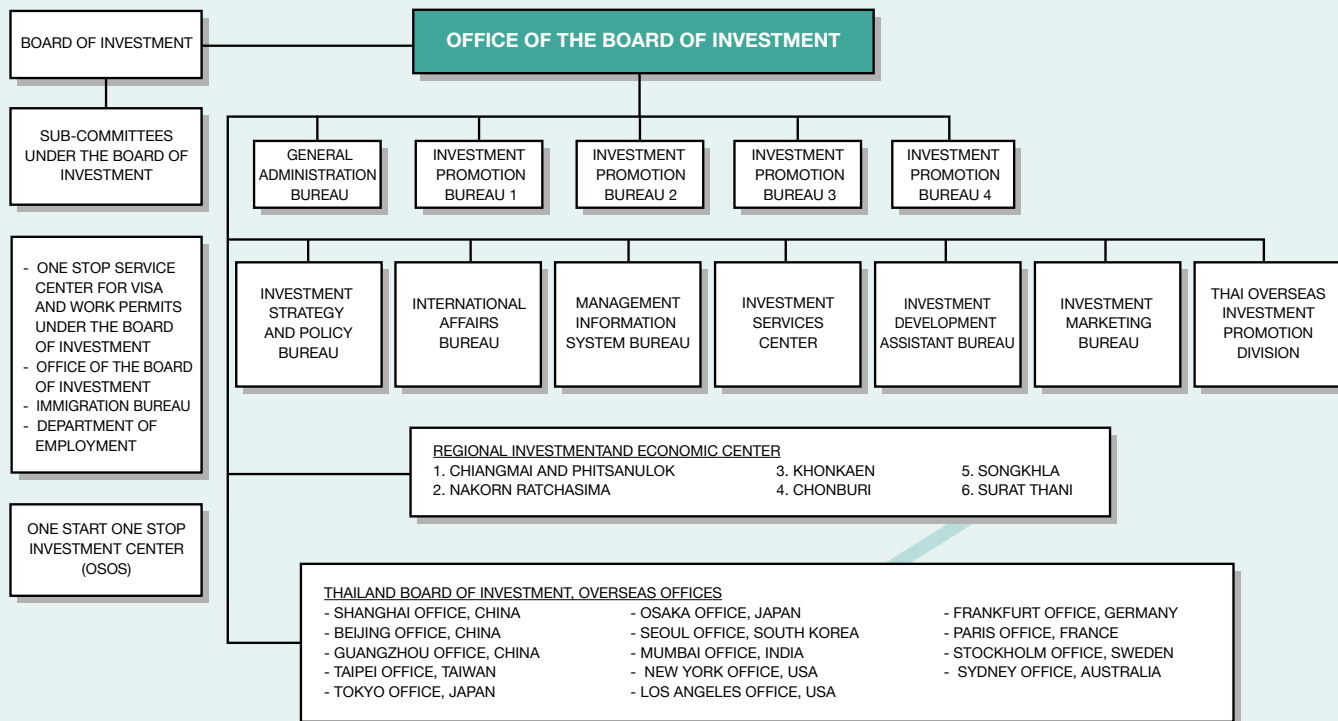
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CHAPTER 1 CRITERIA AND POLICIES

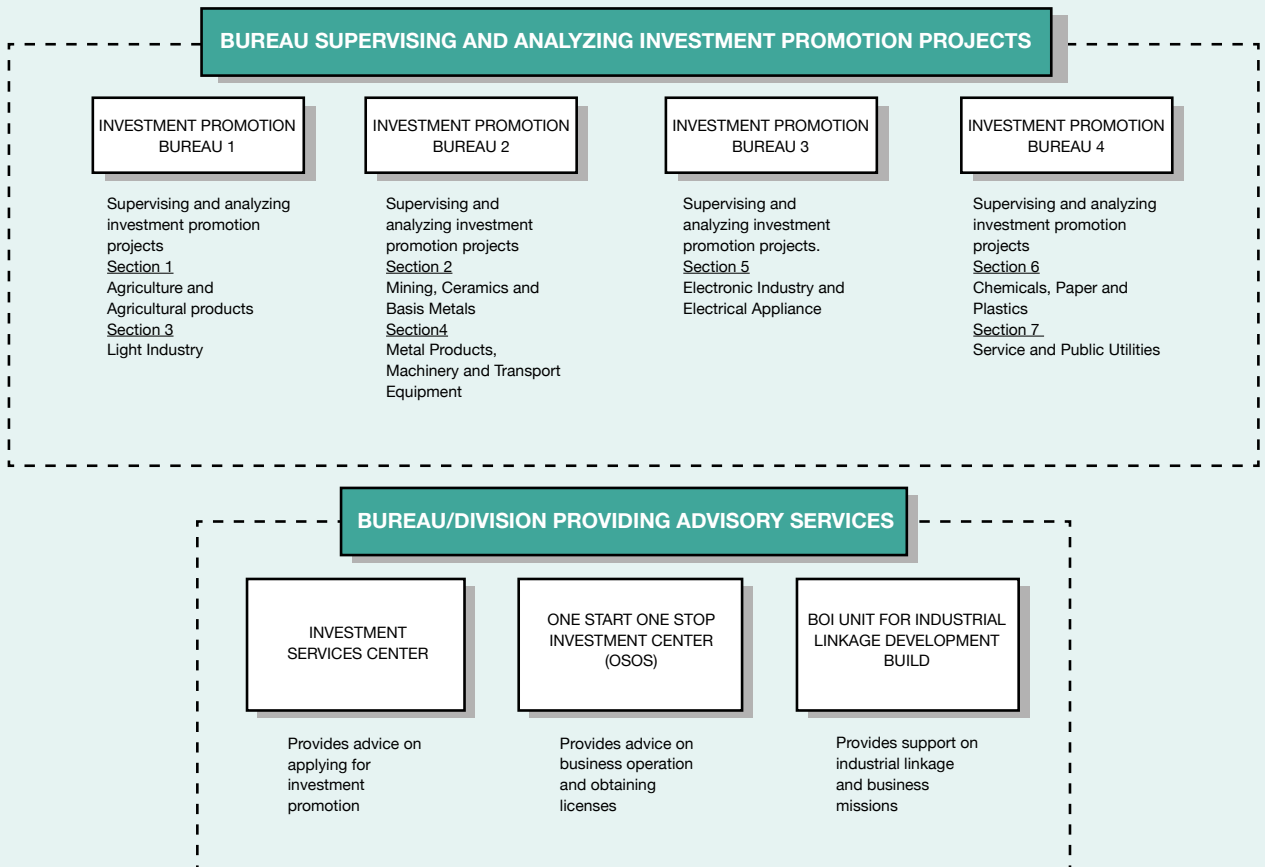
ABOUT THE OFFICE OF THE BOARD OF INVESTMENT

The Office of the Board of Investment is a government agency under the Office of the Prime Minister. Its main roles and responsibilities are to promote investment. The Board of Investment prescribes the investment promotion policies under Investment Promotion Act B.E. 2520 and Amendment Acts No. 2 B.E. 2534 and No. 3 B.E. 2544.

Organization Chart of Office of the Board of Investment



Bureau Supervising and Analyzing Investment Promotion Projects and Bureau/Division Providing Advisory Services



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	Non-Tax Incentives
• Exemption/reduction of import duties on machinery (Section 28/29) • Reduction of import duties for raw or essential materials (Section 30) • Exemption of corporate income tax on the net profit and dividends derived from the promoted activity (Section 31 and 34) • A 50 percent reduction of the corporate income tax (Section 35(1)) • Double deduction from the costs of transportation, electricity and water supply (Section 35(2)) • Additional 25 percent deduction of the cost of installation or construction of facilities (Section 35(3)) • Exemption of import duty on raw or essential materials imported for use in production for export (Section 36)	• Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities. (Section 24) • Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities (Section 25 and 26) • Permit to own land (Section 27) • Permit to take out or remit money abroad in foreign currency (Section 37)

SEVEN-YEAR INVESTMENT PROMOTION STRATEGY (2015 – 2021)

According to the Announcement of the Board of Investment No.2/2557 Policies and Criteria for Investment Promotion announced on December 3, 2014 which is enforced on BOI applications submitted from January 1, 2015, onward:

Vision

To promote valuable investment, both investment in Thailand and Thai overseas investment to enhance Thailand's competitiveness, to overcome the "*Middle Income Trap*" and to achieve sustainable growth in accordance with the sufficiency economy philosophy.

Investment Promotion Policies

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 reduce social and economic disparity.
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 to 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 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 Project Approval

1. In order to develop competitiveness in the agricultural, industrial and service sectors, projects submitted for BOI promotion must have the following qualifications:
 - 1.1 The value-added of the project must not be less than 20% of revenues, except for projects in agriculture and agricultural products, electronic products and parts, and coil centers, all of which must have value-added of at least 10% of revenues.
 - 1.2 Modern production processes must be used.
 - 1.3 New machinery must be used. In case of imported used machinery, the criteria for consideration will be classified into 3 cases, as follows:

1) General Case

Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption	Conditions
New Machinery	✓	✓	✓	
Used Machinery not exceeding 5 years. (from manufacturing year to import year)	✓	✓	x	The machinery performance certificate must be submitted on the same date in which the master list of machinery is submitted
Used Machinery exceeding 5 years but not exceeding 10 years.	✓	x	x	

2) Factory Relocation Case

Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption	Conditions
New Machinery	✓	✓	✓	
Used Machinery not exceeding 5 years.	✓	✓	x	The machinery performance certificate must be submitted on the same date in which the BOI application and master list of machinery are submitted
Used Machinery exceeding 5 years but not exceeding 10 years.	✓	✓ (investment cap shall be based on 50% of the machinery value from the list of machinery)	x	
Used Machinery exceeding 10 years	✓	x	x	

3) Other Cases

Type of Machinery	Allowed to be used in the project	Counted as investment capital for calculation of CIT exemption cap (If Section 31 is granted)	Import Duty Exemption
Sea and Air Transport Services* Mold and Dies	✓	✓	✓

Remarks

- 'Relocation of factory' refers to the relocation of the production line either partially or in its entirety from a foreign country where the machinery to be used in the project belongs to affiliates or related companies.
- Machinery Performance Certificate refers to a certificate issued by a trusted institute that grants a machinery performance certificate, which includes a certified report on reconditioned machinery together with detailed documentation of the reconditioning. The inspection of certified machinery and equipment shall include a full test run of the machinery to evaluate its capacity and functionality, as prescribed by requirements of the testing procedure. An environmental impact report, a safety standards check and an energy consumption report must be compiled in accordance with the acceptable criteria. A certified report must identify 6 significant details, as follows:
 - 1) Details on reconditioning and an analysis of the remaining lifecycle of the machinery;
 - 2) Year of manufacture;
 - 3) Test-run results;
 - 4) An environmental impact report, safety standards check and an energy consumption report;
 - 5) Appropriate price estimation (the price estimation certificate can be submitted separately);
 - 6) Inspection report with date and place of inspection.

* note: Planes in the Air Transportation Services project must be no more than 14 years old. (Please see condition under activity 7.3.4)

- 1.4 Projects that have investment capital of 10 million baht 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 full operation start-up date, otherwise the corporate income tax exemption shall be reduced by one year.
- 1.5 For a concession project and the privatization of a state enterprise project, the Board's criteria shall be based on the Cabinet's decisions dated May 25, 1998 and November 30, 2004.

2. Environmental protection

- 2.1 Adequate and efficient guidelines and measures to protect environmental quality and to reduce environmental impact must be installed. The Board will give special consideration to the location and pollution treatment of a project with potential environmental impact.
- 2.2 Projects or activities with type and size that are required to submit environmental impact assessment reports must comply with related environmental laws and regulations or Cabinet resolutions.
- 2.3 Projects located in Rayong must comply with Office of the Board of Investment Announcement No. Por 1/2554 dated May 2, 2011, on Industrial Promotion Policy in Rayong Area.

3. Minimum capital investment and project feasibility

- 3.1 The minimum capital investment requirement of each project is 1 million baht (excluding cost of land and working capital) unless specified otherwise on the list of activities eligible for investment promotion that is attached to this announcement. As for knowledge-based services, the minimum capital investment requirement is based on the minimum annual salaries expense specified in the list of activities eligible for investment promotion.
- 3.2 For newly established projects, the debt-to-equity ratio must not exceed 3 to 1. Expansion projects shall be considered on a case-by-case basis.
- 3.3 For projects with an investment value over 750 million baht (excluding cost of land and working capital) the project's feasibility study must be submitted with details as specified by the Board.

Criteria for Foreign Shareholding

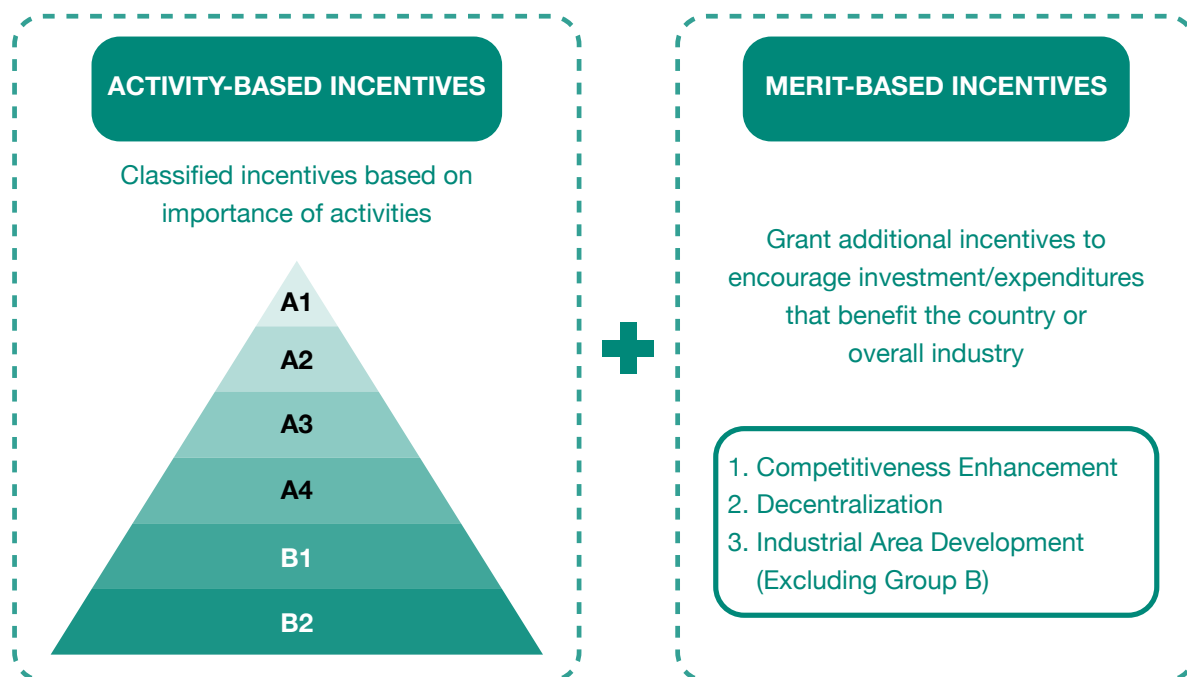
The Board stipulates the following criteria for foreign shareholding in projects that apply for investment promotion:

1. 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% of the registered capital.
2. For projects in activities under List Two and List Three annexed to the Foreign Business Act, B.E. 2542, there are no equity restrictions for foreign investors except as specified in other laws.
3. The Board may set foreign shareholding limits for certain activities eligible for investment promotion, as deemed appropriate.

Criteria for Granting Investment Incentives

The Board of Investment classifies 2 groups of incentives, as follows:

Activities – based Incentives



The Board of Investment classifies 2 groups of activities, A and B, with incentives based on the importance of activities, as follows:

Group A

Summary Table of Group A Activity-based Incentives

Group	Section 31 Exemption of corporate income tax	Section 28 Exemption of import duties on machinery	Section 36 Exemption of import duties on raw materials for use in production for export	Non-tax incentives
A1 Knowledge-based activities focusing on R&D and design to enhance the country's competitiveness	8-year CIT exemption (without cap) + Merit based incentives	✓	✓	✓

Group	Section 31 Exemption of corporate income tax	Section 28 Exemption of import duties on machinery	Section 36 Exemption of import duties on raw materials for use in production for export	Non-tax incentives
A2 Activities in infrastructure for the country's development, activities using advanced technology to create value-added, with no or very few existing investments in Thailand	8-year CIT exemption + Merit based incentives	✓	✓	✓
A3 High technology activities which are important to the country's development, with a few investments already existing in Thailand	5-year CIT exemption + Merit based incentives	✓	✓	✓
A4 Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain	3-year CIT exemption + Merit based incentives	✓	✓	✓

Group B**Summary table of Group B Activity-based Incentives**

Group	Section 31 Exemption of corporate income tax	Section 28 Exemption of import duties on machinery	Section 36 Exemption of import duties on raw materials for use in production for export	Non-tax incentives
B1 Supporting industry that does not use high technology, but is still important to the value chain	Granted additional incentives for merit on competitiveness enhancement and decentralization (for some activities)	✓	✓	✓

Group	Section 31 Exemption of corporate income tax	Section 28 Exemption of import duties on machinery	Section 36 Exemption of import duties on raw materials for use in production for export	Non-tax incentives
B2 Supporting industry that does not use high technology, but is still important to the value chain.	x	x	✓	✓

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 the merits of the project, as follows:

Merit-based Incentives

Additional incentives will be granted to attract and stimulate more investment or spending on activities that benefit the country or industry at large

1
Merit on Competitiveness Enhancement

2
Merit on Decentralization

3
Merit on Industrial Area Development

1. Merit on Competitiveness Enhancement

In case there is any investment or expenditure on competitiveness enhancement, the following investment capital and expenditure will be counted:

Types of Eligible Investments/Expenditures	Additional Cap
1. Research, Technology Development and Innovation: In-house, outsourced in Thailand or joint R&D with overseas institutes	200%
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 in Thailand, as approved by the Board	100%
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	100%
4. Advanced technology training	100%
5. Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance	100%

Types of Eligible Investments/Expenditures	Additional Cap
6. Product & packaging design: In-house or outsourced in Thailand, as approved by the Board	100%

See explanatory note available from BOI

Additional CIT incentives will be granted depending on investment/expenditure ratio (%)

Percentage of qualified Investment/Expenditures to combined revenue of the first 3 years	Additional CIT Exemption (with additional cap)
1% or not less than 200 million baht	1 year
2% or not less than 400 million baht	2 years
3% or not less than 600 million baht	3 years

2. Merit on Decentralization

(See map on the inner front cover)

Projects located in 20 provinces with lowest per capita income—Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen (excluding border provinces in Southern Thailand and Special Economic Development Zones which have separate special incentive packages)—shall receive additional incentives, as follows:

- Three additional years of corporate income tax exemption shall be granted. Projects with activities in Group A1 or A2 which are already granted an 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.

Table of Incentives for Merit on Decentralization

	A1	A2	A3	A4	B1	B2
Activity-based corporate income tax exemption	8 yrs. (no cap)	8 yrs.	5yrs.	3 yrs.	x	x
Additional corporate income tax exemption	x	x	3 yrs.	3 yrs.	3 yrs.	x
Total of CIT exemption period	8 yrs. (no cap)	8 yrs.	8 yrs.	6 yrs.	3 yrs.	x
Additional 50% CIT reduction for 5 years	✓	✓	x	x	x	x

	A1	A2	A3	A4	B1	B2
Double deductions from the costs of transportation, electricity and water supply for 10 years	✓	✓	✓	✓	✓	×
Additional 25% deduction of the cost of installation or construction of facilities	✓	✓	✓	✓	✓	×

3. 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.

Table of Additional Incentives under Merit on Industrial Area Development

	A1	A2	A3	A4	B1	B2
Activity-based corporate income tax exemption	8 yrs. (no cap)	8 yrs.	5yrs.	3 yrs.	×	×
Additional corporate income tax exemption	×	×	1 yr.	1 yr.	×	×
Total CIT exemption period	8 yrs. (no cap)	8 yrs.	6 yrs.	4 yrs.	×	×

Applying for Merit-based Incentive

1. Must submit application prior to the expiry date of the CIT exemption; before applying, CIT exemption must be inspected to ensure its continuity. If the application for merit-based incentives is approved, it will be retroactive to the date of its submission. If the investment and expenditure for which the merit based incentive is being applied has already been made it will then be counted as an additional right and privilege.
2. Applicants can choose to apply for one type or many types of merit-based incentives, but they must be in accordance with the prescribed criteria. Total CIT exemption cannot exceed 8 years as prescribed in section 31 under the Investment Promotion Act and no request to amend the 8-year exemption can be made under any circumstance.
3. Projects not entitled to CIT exemption (B1) must submit the request for merit-based incentives together with the application for investment promotion.

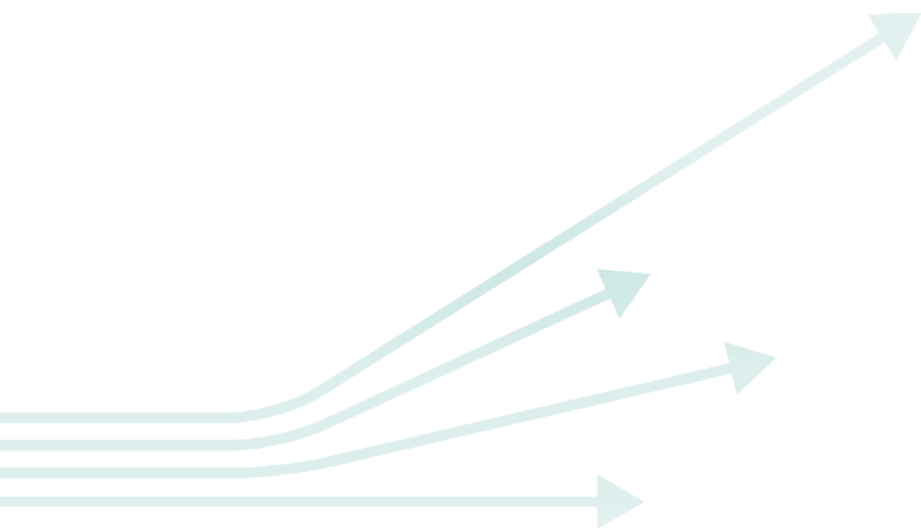
Incentives for Production Efficiency Improvement

In order to improve production efficiency and develop competitiveness, the Board grants promoted projects an exemption on import duty for the following machinery, as long as the project is promoted:

1. Machinery used for research and development
2. Machinery used for pollution prevention or treatment
3. Machinery used in the promoted projects that 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.

Use of Corporate Income Tax Incentives

To ensure that the incentives are granted effectively and exercised correctly in accordance with promotion conditions and to ensure the clear cost-and-benefit evaluation of investment promotion, promoted persons must report operating results for their projects to the Office of the Board of Investment for review prior to being granted corporate income tax incentives for that year. The reporting criteria and method shall be as prescribed by the Office of the Board of Investment



General List of Activities Eligible for Promotion

Investors applying for BOI promotion should be well-prepared with information of the activities eligible for promotion and in particular the specific conditions under each activity.

Updated information of types, sizes and conditions of activities eligible for promotion is assembled from the various announcements, details of which an investor is encouraged to thoroughly review before applying for BOI promotion.

Section 1: Agriculture and Agricultural Products

Activities	Conditions	Incentives
1.1 Manufacture of biological fertilizers, organic fertilizers, nano-coated organo chemical fertilizer and bio-pesticides	1. Biological fertilizers, organic fertilizers and nano-coated organo chemical fertilizer must be registered and obtain license for manufacturing fertilizer for trade from the Department of Agriculture. 2. Bio-pesticides must be registered and obtain certificate of permission to produce from the Department of Agriculture. 3. Projects must use inoculants or innovations that have supporting academic reference.	A 3
1.2 Plant or animal breeding (only those that are not eligible for biotechnology activity)	1. Projects must have research and development activities. 2. For breeding of sensitive plants according to the policy of the Ministry of Agriculture and Cooperatives, projects must have Thai nationals holding shares totaling not less than 51 percent of the registered capital. 3. Revenue derived from plant propagation after plant breeding in the project shall be regarded as revenue of promoted projects, except for the propagation of cassava. 4. Projects located in the science and technology park promoted by BOI or one that is approved by the Board will receive an additional 50 percent reduction in corporate income tax for 5 years after the end of its corporate tax exemption period. 5. Projects must have expenses for salaries for R&D personnel of at least 1,500,000 baht per year.	A 3
1.3 Economic forest plantation (except for Eucalyptus)	1. Total plantation area in close proximity must not be less than 300 rai, at least 50 rai of which must be adjacent. 2. Projects must have research and development activity. 3. Projects must receive approval from the Ministry of Natural Resources and Environment.	A 1
1.4 Crop drying and silo facilities		B 1

Activities		Conditions	Incentives
1.5	Animal propagation or animal husbandry		
1.5.1	Livestock and aquatic animal propagation	1. Projects must use modern technology, e.g. closed house system, evaporative cooling system, automatic watering and feeding system, vector control measure and system, sensor system for tracking and counting animals. 2. Projects must have traceability system. 3. Hatching eggs without breeder-raising process shall not be promoted.	A 4
1.5.2	Livestock husbandry or aquaculture (except for shrimp)	1. Projects must have propagation process. 2. Projects must use modern technology, e.g. closed house system, evaporative cooling system, automatic watering and feeding system, vector control measure and system, sensor system for tracking and counting animals and effective environmental protection and impact reduction system. 3. Projects must have traceability system.	A 4
1.6	Slaughtering	1. Projects must use modern technology, e.g. stunning method, shackle, cold storage, chilling system, meat quality and contaminant inspection. 2. Projects must have traceability system.	A 4
1.7	Deep sea fishery	1. Surrounding net boat must be at least 500 gross tons. 2. Long line boat must be at least 150 gross tons. 3. Boats must have navigation equipment, fish finder and embedded tracking unit.	A 3
1.8	Grading, packaging and storage of plants, vegetables, fruits or flowers	1. Projects using advanced technology, e.g. fruit ripeness sensor, radio frequency pest control, nuclear magnetic resonance. 2. Projects using modern technology, e.g. color sorter, vapor heat treatment to kill fruit fly eggs, seed coating. 3. Rice grading must use advanced technology only.	A 2 A 3

Activities	Conditions	Incentives
1.9 Manufacture of modified starch or starch made from plants that have special properties		A 3
1.10 Manufacture of oil or fat from plants or animals (except for soybean oil)	1. Manufacture of crude or semi-refined oil from plants must start from agricultural produce. 2. Manufacture of refined oil from plants must start from agricultural produce or crude oil.	A 3
1.11 Manufacture of natural extracts or products from natural extracts (except for medicine, soap, shampoo, toothpaste and cosmetics)		A 4
1.12 Manufacture of active ingredients from natural raw materials	Projects must be supported by academic study on action and toxicity.	A 2
1.13 Tanneries or leather finishing	1. Projects must use environment-friendly technology, e.g. reduction of chemical use, use of enzyme or biological catalysts instead of chemicals. 2. Tanneries must be located in industrial estates or promoted industrial zones.	A 3
1.14 Manufacture of natural rubber products (except for rubber bands, rubber balloons and rubber rings) 1.14.1 Manufacture of primary processed rubber 1.14.2 Manufacture of rubber products		A 4 A 2
1.15 Manufacture of products from agricultural by-products or agricultural waste (except for those with uncomplicated production processes, e.g. drying, dehydration)		A 4

Activities	Conditions	Incentives
1.16 Manufacture of fuel from agricultural products, including agricultural scrap or garbage or waste 1.16.1 Manufacture of fuel from agricultural products 1.16.2 Manufacture of fuel from agricultural scrap or garbage or waste, e.g. biomass to liquid (BTL), biogas from wastewater 1.16.3 Manufacture of biomass briquettes and pellets		A 2 A 2 A 3
1.17 Manufacture or preservation of food, beverages, food additives or food ingredients using modern technology (except for drinking water, ice cream, candy, chocolate, gum, sugar, carbonated soft drinks, alcoholic beverages, caffeinated beverages and flour or starch made from plants, bakery products, instant noodles, essence of chicken and bird's nest)	1. Projects with only mixing or dilution process shall not be promoted. 2. Projects with fermentation process must use starter cultures that have supporting study or research.	A 3
1.18 Manufacture of medical food or food supplements	1. For the manufacture of medical food, products must be registered as "medical food" by Food and Drug Administration Thailand or other agencies with internationally accepted standards. 2. For the manufacture of food supplements, 2.1 Products must be registered as "food supplements" by the Thai Food and Drug Administration or other agencies with internationally accepted standards. 2.2 Projects must have an active ingredient extraction process.	A 2
1.19 Cold storage, or cold storage and cold storage transportation		B 1

Activities	Conditions	Incentives
1.20 Trading Center for agricultural goods	1. Total area must not be less than 50 rai. 2. The area for operations and services related to agricultural goods must not be less than 60% of the total land area. Space must be allocated for agricultural exhibition or trade, auction center, cold storage and silos. 3. Inspection, grading and pesticide residue inspection services for agricultural products must be provided.	A 3

Section 2: Mineral, Ceramics and Basic Metals

Activities	Conditions	Incentives
2.1 Prospecting of minerals	1. Prospecting licenses (Prospecting Atchaybat: PA or Exclusive Prospecting Atchayabat: EPA or Special Atchayabat: SA) must be obtained prior to submission of investment promotion application. 2. Not eligible for merit-based incentives.	B 1
2.2 Potash mining and/or dressing	Mining licenses (Prathanabat) or mining sublease licenses must be obtained prior to submission of investment promotion application.	B 1
2.3 Manufacture of advanced or nano materials or products produced from advanced or nano materials 2.3.1 Manufacture of Advanced or Nano Materials or products produced from Advanced or Nano Materials with continued manufacturing process from Advanced or Nano Materials within the same project	Projects must be approved by the National Science and Technology Development Agency (NSTDA).	A 2
2.3.2 Manufacture of Products produced from Advanced or Nano Materials		A 3

Activities		Conditions	Incentives
2.4	Manufacture of glass or ceramic products		
2.4.1	Manufacture of Special Quality Glass Products	Project must have melting and/or annealing process.	A 3
2.4.2	Manufacture of Glass Products	Project must have melting and/or annealing process.	B 1
2.4.3	Manufacture of Ceramic Products (except earthenware and ceramic tiles)	Project must have firing process.	B 1
2.5	Manufacture of fire-resistant materials or heat insulation (except aerated, and lightweight brick)	Not eligible for merit-based incentives.	B 2
2.6	Manufacture of gypsum board or gypsum products	Not eligible for merit-based incentives.	B 2
2.7	Manufacture of up-stream steel, i.e. Hot Metal, Pig Iron, Sponge Iron, Direct Reduction Iron (DRI) and Hot Briquetted Iron (HBI)		A 2
2.8	Manufacture of intermediate steel, i.e. Slab, Billet and Bloom	1. Intermediate steel with continuous production process from manufacturing of up-stream steel in the same project.	A 2
		2. Intermediate steel production only.	A 4
2.9	Manufacture of down-stream steel	The value of Ultimate Tensile Strength (UTS) of product must exceed 700 MPa.	
2.9.1	Manufacture of High Tensile Strength Steel		A 2
2.9.2	Manufacture of down-stream steel with continuous production process from manufacturing of upstream and intermediate steel within the same project		A 2
2.9.3	Manufacture of long steel products for industrial use i.e. steel wire rods, wires, shafts and bars		A 4
2.9.4	Manufacture of long steel products for construction use, i.e. steel wire rods, wires, shafts and bars		B 1

Activities	Conditions	Incentives
2.9.5 Manufacture of flat rolled steel products for industrial use, i.e. hot or cold rolled stainless steel sheets, steel plates, hot or cold rolled steel sheets and coated steel sheets	Non-oriented (NO) and Grain-Oriented (GO) only.	A 4
2.9.6 Manufacture of flat rolled steel products for construction use, i.e. hot or cold rolled stainless steel sheets, steel plates, hot or cold rolled steel sheets and coated steel sheets		B 1
2.9.7 Manufacture of Tin Mill Black Plate		A 3
2.9.8 Manufacture of Cold-Rolled Electrical Steel Sheet		A 3
2.10 Manufacture of steel pipes or stainless steel pipes		A 3
2.10.1 Seamless steel pipes and semi-seamless steel pipes		
2.10.2 Other steel pipes		B 1
2.11 Manufacture of metal powder (except Shot Blasting)		A 3
2.12 Manufacture of ferro-alloy		A 4
2.13 Manufacture of cast iron/steel parts	Projects must use induction furnace in the production process.	A 2
2.13.1 Ductile cast steel parts		
2.13.2 Other cast steel parts		A 3
2.14 Manufacture of forged iron/steel parts		A 3
2.15 Rolling, drawing, casting or forging of non-ferrous metals		A 4
2.16 Coil center	Not eligible for merit-based incentives.	B 2

Section 3: Light Industry

Activities	Conditions	Incentives
3.1 Manufacture of textile products or parts 3.1.1 Manufacture of natural or synthetic fibers 3.1.1.1 Manufacture of technical fiber or functional fiber 3.1.1.2 Manufacture of recycled fiber 3.1.1.3 Manufacture of other fibers 3.1.2 Manufacture of yarn or fabric 3.1.2.1 Manufacture of functional yarn or functional fabric 3.1.2.2 Manufacture of other yarn or fabric 3.1.3 Bleaching, dyeing and finishing, or printing and finishing, or printing	Projects must be approved by related agencies, e.g. Thailand Textile Institute, National Innovation Agency. Projects must use domestic scraps or waste only. Projects must be approved by related agencies, e.g. Thailand Textile Institute, National Innovation Agency. 1. Projects with investments or expenditures on research, design or product development of not less than 0.5% of the project's total revenue of the first 3 years combined. 2. Projects with no investment or expenditures on research, design or product development or if the investment on research, design or product development is less than 0.5% of the project's total revenue of the first 3 years combined. 1. Projects must be located or expand in industrial estates or promoted industrial zones that have waste treatment and environmental protection and control systems according to the announcement of the Ministry of Industry. 2. In case projects are not located in 1., only expansion of existing projects will be permitted. Projects must also have measures to reduce environmental impact. 3. As for the textile industry, digital printing businesses can be located in all areas.	A 2 A 4 B 1 A 3 A 4 B 1 A 3

Activities	Conditions	Incentives
3.1.4 Manufacture of garments, clothing accessories, and household textiles	4. Projects applying for investment promotion under the Measure to Promote Improvement of Production Efficiency by reducing environmental impact are allowed to be located in the existing business area, whether the business is located in industrial estates or promoted industrial zones according to Section 30 of the announcement of the Ministry of Industry or not. 5. Environment-friendly technology must be used in all cases.	A 4
	1. Projects with investments or expenditures on research, design or product development of not less than 0.5% of the project's total revenue of the first 3 years combined. 2. Projects with no investment or expenditures on research, design or product development or if the investment on research, design or product development is less than 0.5% of the project's total revenue of the first 3 years combined.	B 1
3.2 Manufacture of non-woven fabric or hygienic products made of non-woven fabric		A 4
3.3 Manufacture of bags or shoes or products made of leather or artificial leather	1. Projects with investments or expenditures on research, design or product development of not less than 0.5% of the project's total revenue of the first 3 years combined. 2. Projects with no investment or expenditures on research, design or product development or if the investment on research, design or product development is less than 0.5% of the project's total revenue of the first 3 years combined.	A 4
		B 1
3.4 Manufacture of sports equipment or parts		B 1
3.5 Manufacture of musical instrument		B 1

Activities	Conditions	Incentives
3.6 Manufacture of furniture or parts	1. Projects with investment or expenditures on research, design or product development of not less than 0.5% of the project's total revenue of the first 3 years combined.	A 4
	2. Projects with no investment or expenditures on research, design or product development or if the investment on research, design or product development is less than 0.5% of the project's total revenue of the first 3 years combined.	B 1
3.7 Manufacture of toys	1. Projects with investments or expenditures on research, design or product development of not less than 0.5% of the project's total revenue of the first 3 years combined.	A 4
	2. Projects with no investment or expenditures on research, design or product development or if the investment on research, design or product development is less than 0.5% of the project's total revenue of the first 3 years combined.	B 1
3.8 Manufacture of gems and jewelry or parts including raw materials and prototype		A 4
3.9 Creative product design and development center	- Projects must consist of 2 components, as follows: - Information system for design - Conceptual design and creation system. - Projects must consist of one of the following components: - Engineering design system - Prototype design creation and performance testing system - Prototype standard testing and user acceptance testing system. - At least 70% of total employees in the project must be Thai. - Projects must have expenses for salaries for creative product design and development personnel of at least 1,500,000 baht per year.	A 1

Activities	Conditions	Incentives
	5. Project located in the science and technology park promoted by BOI or one that is approved by the Board will receive an additional 50 percent reduction in corporate income tax for 5 years after the end of its corporate tax exemption period.	
3.10 Manufacture of lenses 3.10.1 Manufacture of lenses that are not medical devices, sunglass lenses or cosmetic lenses, e.g. camera lenses 3.10.2 Manufacture of sunglass lenses, cosmetic lenses, eyeglass frames and parts		A 4 B 1
3.11 Manufacture of medical devices or parts 3.11.1 Manufacture of high-risk or high-technology medical devices, (e.g. x-ray machine, MRI machine, CT scan machine and implants) or medical devices that are commercialized from public sector research or collaborative public-private sector research 3.11.2 Manufacture of other medical devices (except for medical devices made of fabrics or fibers) 3.11.3 Manufacture of medical devices made of fabrics or fibers, e.g. gowns, drapes, caps, face masks, gauze and cotton wool	1. In case projects include R&D and innovation 2. In case projects include R&D and innovation Manufacture of gauze or cotton wool must start from raw cotton fabric or cotton yarn.	A 1 A 2 A 3 A 4

Section 4: Metal Products, Machinery and Transport Equipment

Activities	Conditions	Incentives
4.1 Manufacture of metal products including metal parts		
4.1.1 Products from metal or alloy powder	Project must have sintering process.	A 3
4.1.2 Metal products or metal parts	Project must have metal forming process continuing from iron/steel casting process (using induction furnace) or iron/steel forging process, i.e. machining and stamping within the same project.	A 3
4.1.3 Other metal products including other metal parts	1. Continuous forming process from pressing, pulling casting or forging of non-ferrous metal within the same project. 2. Forming process, i.e. machining and stamping.	A 4 B 1
4.2 Surface treatment or anodized surface treatment (except coating or coloring treatment for decoration purpose)	For anodized surface treatment, project must have the following process, e.g. anodizing, etching and engraving.	B 1
4.3 Heat Treatment	Cyanide is prohibited in the process of heat treatment.	A 4
4.4 Manufacture of multi-purpose engines and equipment	1. Project must have forming process of main engine parts, e.g. cylinder head, crank case, crankshaft, camshaft, connecting rod, piston and flywheel. 2. Assembling of multipurpose engine or equipment.	A 4 B 1
4.5 Manufacture of machinery, equipment and parts		
4.5.1 Automation machinery and/or automation equipment with engineering design	Projects must design control system using an embedded system.	A 2
4.5.2 Machinery, equipment and parts and/or repair of mould and die	Projects must have part forming process and/or with engineering design.	A 3
4.5.3 Assembling of machinery and machinery equipment	Projects must have assembling process as approved by the Board.	A 4
4.5.4 Assembling of Robots or Automation Equipment and/or Automation Parts		A 3

Activities	Conditions	Incentives
4.6 Manufacture of general automobile	Not eligible for merit-based incentives.	B 1
4.7 Manufacture of automobile engines	1. Project must have part forming, not less than 4 out of 5 parts, as follows: Cylinder Head, Cylinder Block, Crankshaft, Camshaft and Connecting Rod.	A 3
	2. Assembling of engine.	A 4
4.8 Manufacture of vehicle parts 4.8.1 Manufacture of vehicle parts using high technology including: 4.8.1.1 Substrate for Catalytic Converter 4.8.1.2 Electronic Fuel Injection System 4.8.1.3 Automotive Transmission 4.8.1.4 Electronic Control Unit (ECU) 4.8.2 Manufacture of automobile safety and energy-saving parts 4.8.2.1 Anti-Lock Brake System (ABS) or Electronic Brake Force Distribution (EBD) 4.8.2.2 Electronic Stability Control (ESC) 4.8.2.3 Regenerative Braking System 4.8.2.4 Idling Stop System 4.8.2.5 Autonomous Emergency Braking System 4.8.3 Manufacture of parts for Hybrid, Electric Vehicle (EV) and Plug-in Hybrid Electric Vehicles (PHEV) 4.8.3.1 Battery		A 2
		A 2
		A 2

Activities	Conditions	Incentives
4.8.3.2 Traction Motor		A 2
4.8.3.3 Air-condition system		
4.8.4 Manufacture of rubber tires for vehicles		
4.8.5 Manufacture of Fuel System Parts including		
4.8.5.1 Fuel Pump	Projects must have part forming process and assembling process as approved by the Board.	A 3
4.8.5.2 Injection Pump		
4.8.5.3 Injector		
4.8.5.4 Fuel Pipe/Tube		
4.8.6 Manufacture of Transmission System Parts including		A 4
4.8.6.1 Sun Gear		
4.8.6.2 Ring Gear		
4.8.6.3 Shift Gear		
4.8.6.4 Transfer Case	Projects must have part forming process and assembling process as approved by the Board.	A 3
4.8.6.5 Torque Converter	Projects must have part forming process and assembling process as approved by the Board.	
4.8.6.6 Carrier	Projects must have part forming process and assembling process as approved by the Board.	
4.8.6.7 Propeller Shaft	Projects must have part forming process and assembling process as approved by the Board.	
4.8.6.8 Driver Shaft	Projects must have part forming process and assembling process as approved by the Board.	
4.8.6.9 Universal Join	Projects must have part forming process and assembling process as approved by the Board.	

Activities	Conditions	Incentives
4.8.6.10 Differential	Projects must have part forming process and assembling process as approved by the Board.	
4.8.6.11 Transmission Case		
4.8.7 Manufacture of Engine System Parts including	Projects must have part forming process and assembling process as approved by the Board.	
4.8.7.1 Turbocharger		A 3
4.8.7.2 Turbocharger Parts including Turbine Blade, Turbine Housing and Bearing Housing		A 4
4.8.7.3 Cylinder Head		A 4
4.8.7.4 Cylinder Block		A 4
4.8.7.5 Crankshaft		A 4
4.8.7.6 Camshaft		A 4
4.8.7.7 Connecting Rod		A 4
4.8.7.8 Valve		A 4
4.8.7.9 Piston		A 4
4.8.7.10 Gear		A 4
4.8.8 Manufacture of Safety Parts including		
4.8.8.1 Air Bags/Safety Belts		A 4
4.8.8.2 Air Bags Inflator, Gas Generators, Gas Generant		A 3
4.8.8.3 Parts for Air Bags, i.e. Initiators and Coolant Filters		A 4

Activities	Conditions	Incentives
4.8.8.4 Parts for Safety Belts, i.e. Interlock and Retractor		A 4
4.8.9 Manufacture of Brake System Parts including		
4.8.9.1 Brake Booster		A 4
4.8.9.2 Brake Caliper		A 4
4.8.9.3 Brake Master Cylinder		A 4
4.8.9.4 Brake Wheel Cylinder		A 4
4.8.9.5 Wheel Hub		A 4
4.8.9.6 Brake Pipe Tube		A 4
4.8.9.7 Brake Set		A 4
4.8.10 Manufacture of Suspension System Parts including		
4.8.10.1 Shock Absorber	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.10.2 Ball Joint	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.11 Manufacture of Steering System Parts including		
4.8.11.1 Power Steering Pump	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.11.2 Rack and Pinion Steering		
4.8.12 Manufacture of Cooling System Parts including		
4.8.12.1 Water Pump	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.13 Manufacture of Exhaust System Parts including		
4.8.13.1 Catalytic Convertor	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.13.2 Exhaust Catalyst		

Activities	Conditions	Incentives
4.8.14 Manufacture of Air Conditioning System Parts including 4.8.14.1 Air Compressor	Projects must have part forming process and assembling process as approved by the Board.	A 4
4.8.15 Manufacture of Ultimate Tensile Strength Steel	Projects must use Ultimate Tensile Strength (UTS) Steel higher than 700 MPa.	A 4
4.8.16 Manufacture of Ball Bearing for Vehicles	Projects must manufacture steel ball.	A 4
4.8.17 Manufacture of other vehicle parts		B 1
4.9 Building or repair of ships 4.9.1 Building or repair of ships not less than 500 tons gross	Projects must obtain ISO 14000 within 2 years from starting date of operation.	A 2
4.9.2 Building or repair of ships less than 500 tons gross (only steel or fiber glass ships with installed engine and equipment)		A 2
4.10 Manufacture of trains or electric trains or equipment or parts (only rail system)		A 2
4.11 Manufacture or repair of Aircraft, or Aerospace Devices and Equipment 4.11.1 Manufacture of Aircraft or Aircraft Parts such as airframe, critical parts (e.g. Engine and parts, Propeller), appliance (e.g. Flight recorder, Radar), equipment and other components		A 1
4.11.2 Manufacture of Onboard devices and equipment (except disposable and reusable aircraft utilities and supplies) such as seats, life vests, trolley, galley, etc.		A 3
4.11.3 Repair of Aircraft or Aircraft parts.		A2

Activities	Conditions	Incentives
4.11.4 Repair of Onboard Devices and Equipment (except disposable and reusable aircraft utilities and supplies)		A 4
4.11.5 Manufacture of Aerospace Devices and Equipment such as devices or equipment related to rockets/spacecraft/ space vehicles/propulsion units and auxiliary equipment, etc.	Must be approved by related agencies such as Geo-Informatics and the Space Technology Development Agency (Public Organization).	A 1
4.11.6 Aerospace Operating Systems such as search, detection, navigation, guidance, aeronautical, nautical systems and instruments, etc.	Must be approved by related agencies such as Geo-Informatics and the Space Technology Development Agency (Public Organization).	A 1
4.12 Manufacture of motorcycles (except less than 248 cc engine displacement)	- Project must have forming process of engine parts, as follows: Cylinder Head, Cylinder Block, Crankshaft, Crankcase, Camshaft and Connecting Rod - For manufacturing motorcycles with more than 248 cc engine displacement but less than 500 cc, project must have forming of not less than 4 out of 6 parts. - For manufacturing of motorcycles with more than 500 cc engine displacement, project must have forming of 2 out of 6 parts. - Project must have structural welding process and spray painting process. - Investment plan for manufacturing and utilization of parts must be submitted and approved by the Board of Investment.	A3 (must follow conditions 1-3) B1 (must follow conditions 2-3)
4.13 Manufacture of Fuel Cells		A 2
4.14 Fabrication industry or platform repair for petroleum industry 4.14.1 Fabrication industry or platform repair with engineering design		A 3

Activities	Conditions	Incentives
4.14.2 Fabrication industry or platform repair for petroleum industry		A 4
4.15 Manufacture of science equipment 4.15.1 Scientific equipment using high technology	Scientific equipment must be able to measure parameter value, process data and self-report the result or automatically measure and control the parameter.	A 2
4.15.2 Other scientific equipment		A 3

Section 5: Electronics and Electrical Appliances Industry

Activities	Conditions	Incentives
5.1 Manufacture of electrical products 5.1.1 Manufacture of advanced technology electrical products	- The electrical products must be able to connect to Internet of Things; or - The electrical products must have circuits or operation control systems, processing systems, embedded systems or embedded software to allow for more complex or variety of functions	A 3
5.1.2 Manufacture of air conditioners, refrigerators, freezers, washing and drying machines		A 4
5.1.3 Manufacture of other electrical products		B 1
5.2 Manufacture of parts and/or equipment used for electrical products 5.2.1 Manufacture of power inverters 5.2.1.1 Manufacture of power inverters for industrial use	Product design must be included in the manufacturing process.	A 3
5.2.1.2 Manufacture of other power inverters		A 4

Activities		Conditions	Incentives
5.2.2	Manufacture of LED lamps	1. The compressors must be for air conditioners, freezers, refrigerators that meet the Energy Efficiency Standards and have the High Energy Efficiency Label (Label No. 5) from the Ministry of Energy or other equivalent standards from acknowledged institutions. 2. For the production of motors, product design must be included in the manufacturing process.	A 4
5.2.3	Manufacture of compressors and/or motors for electrical appliances		A 4
5.2.4	Manufacture of wire harnesses		B 1
5.2.5	Manufacture of parts and/or equipment for other electrical products		B 1
5.3	Manufacture of electronic products		A 2
5.3.1	Manufacture of organic and printed electronics (OPE)		A 2
5.3.2	Manufacture of telecommunication products		A 2
5.3.2.1	Manufacture of emission, transmission and reception devices used in fiber-optic and wireless communication systems		A 2
5.3.2.2	Manufacture of other telecommunication products		A 3
5.3.3	Manufacture of electronic control and measurement instruments for industrial/agricultural use		A 2
5.3.4	Manufacture of security control equipment		A 2
5.3.5	Manufacture of audio visual products		A 4

General List of Activities Eligible for Investment Promotion

Activities	Conditions	Incentives
5.4.6 Manufacture of hard disk drive and/or parts for hard disk drive		
5.4.6.1 Manufacture of advanced technology hard disk drives and/or parts (excluding top covers, base plates or peripherals)	1. The areal density of hard disk drives must not be less than 2,000 gigabits per square inch. 2. The cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap. The original cost of existing machines shall not be regarded as an investment.	A 2
5.4.6.2 Manufacture of hard disk drives and/or parts (excluding top covers, base plates or peripherals)	The cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap. The original cost of existing machines shall not be regarded as an investment.	A 3
5.4.6.3 Manufacture of top covers, base plates or peripherals for hard disk drives		A 4
5.4.7 Manufacture of solid state drives and/or parts for solid state drives	The cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap. The original cost of existing machines shall not be regarded as an investment.	A 2
5.4.8 Manufacture of parts and/or equipment for solar-powered products		A 3
5.4.9 Manufacture of semiconductors and/or parts for semiconductors	For the production of integrated circuits, the cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap. The original cost of existing machines shall not be regarded as an investment	A 3

Activities	Conditions	Incentives
5.4.10 Manufacture of equipment and/or parts for photonic devices and/or for photonic integrated systems		A 3
5.4.11 Manufacture of flat panel displays	The manufacturing processes must be approved by the Board.	A 3
5.4.12 Manufacture of flexible printed circuits and/or multi-layer printed circuit boards and/or parts	The manufacturing processes must be approved by the Board.	A 3
5.4.13 Manufacture of other memory storage equipment		A 4
5.4.14 Manufacture of printed circuit board assembly (PCBA)		A 4
5.4.15 Manufacture of electro-magnetic products		A 4
5.4.16 Manufacture of passive components		A 4
5.4.17 Manufacture of parts for audio visual products		A 4
5.4.18 Manufacture of parts for office electronics		A 4
5.4.19 Manufacture of parts for other electronic products		B 1
5.5 Manufacture of material for microelectronics	1. The manufacturing processes must be approved by the Board.	A 2
5.5.1 Manufacture of wafers	2. The cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap.	A 3
5.5.2 Manufacture of material based	The original cost of used machines shall not be regarded as an investment.	

Activities	Conditions	Incentives
5.6 Electronics design 5.6.1 Microelectronics design 5.6.2 Embedded system design	1. Projects must have expenses for salaries for electronics design personnel of at least 1,500,000 baht per year. 2. Revenue derived from sales or the provision of services that are directly related to a promoted business or which are from downstream production for commercial purposes, either carried by the promoted companies or sub-contractors, shall be regarded as revenue of such promoted businesses. 3. If located in a science and technology park promoted by the Board, 50 percent of the corporate income tax shall be reduced for 5 years after the expiration of the regular tax exemption period.	A 1 A 1
5.7 Software 5.7.1 Embedded software 5.7.2 Enterprise software and/or digital content 5.7.3 High Value-Added Software - Develop and provide analysis and data	1. Projects must have expenses for salaries for IT-personnel of at least 1,500,000 baht per year. 2. Projects must include software development processes specified by the Software Industry Promotion Agency (SIPA). 3. Projects with an investment of 10 million baht or more (excluding cost of land and working capital) must obtain a quality standard certificate from SIPA or receive a Capability Maturity Model Integration (CMMI) quality standard certificate or any equivalent standard within two years from the full operation start-up date. If the project fails to meet such conditions, one-year of the corporate income tax exemption shall be withdrawn. 4. Revenue derived from sales or the provision of services that are directly related to a promoted software business shall be regarded as revenue of such promoted businesses. 1. Projects must have expenses for salaries for IT-personnel of at least 1,500,000 baht per year.	A A 3 (not subject to the corporate income tax exemption cap) A 1

Activities	Conditions	Incentives
management software services, including big data, data analytics and predictive analytics software - Develop information security and cyber security software - Develop system software for advanced-technology devices, including business process management - Develop industrial software used to support manufacturing	- Projects must include software development processes as specified or approved by the Software Industry Promotion Agency (SIPA). - Projects with an investment of 10 million baht or more (excluding cost of land and working capital) must obtain a quality standard certificate from SIPA or receive a Capability Maturity Model Integration (CMMI) quality standard certificate or any equivalent standard within two years from the full operation startup date. If the project fails to meet such conditions, one-year corporate income tax exemption shall be withdrawn. - Revenue derived from sales or the provision of services that are directly related to a promoted software business shall be regarded as revenue of such promoted businesses.	
5.8 E-commerce	Not eligible for merit-based incentives.	B 2
5.9 Digital Services - Software platform - Managed service - Digital architecture design service - Digital services such as FinTech, DigiTech, MedTech, AgriTech, etc.	- Projects must hire digital specialists and have capital investment (excluding cost of land and working capital) not less than 1,000,000 baht. - Projects must include digital service processes as approved by the Board. - Projects with an investment of 10 million baht or more (excluding cost of land and working capital) must be certified with ISO 20000 or other quality standard certificate as approved by the Ministry of Information and Communication Technology within 2 years from the full operation start-up date, otherwise the corporate income tax exemption shall be reduced by 1 year. - Revenue derived from sales or the provision of services that are directly related to a promoted digital service business shall be regarded as revenue of such promoted businesses. - Projects must gain approval from the Ministry of Information and Communication Technology before applying for investment promotion.	A 3

General List of Activities Eligible for Investment Promotion

General List of Activities Eligible for Investment Promotion

Activities	Conditions	Incentives
6.7.2 Aseptic plastic packaging	Must be certified with ISO 14611 level 7 (Clean Room) or Federal Standard 209 E Class 10000 or above or an equivalent international standard within 2 years from the full operation start-up date.	A 3
6.7.3 Antistatic plastics packaging	Must be certified with ISO 14611 level 7 (Clean Room) or Federal Standard 209 E Class 10000 or above or an equivalent international standard within two years from the full operation start-up date.	A 3
6.8 Manufacture of plastic products from recycled plastic.	Must have plastic forming process using domestic plastic raw materials only.	A 4
6.9 Active pharmaceutical ingredients	Must be for production of active or raw materials of active pharmaceutical ingredients (APIs).	A 2
6.10 Manufacture of medicine	1. For conventional medicine projects, such promoted projects must achieve GMP standard prescribed by PIC/S within two years from the full operation start-up date. 2. For traditional medicine projects, such promoted projects must achieve GMP standard within two years from the full operation start-up date. 3. For the improvement of existing projects, existing machinery can be used in the promoted project but its value shall not be included in the investment amount eligible for corporate income tax exemption.	B 1
6.11 Manufacture of chemical fundamental fertilizers		A 2
6.12 Manufacture of pulp or paper		
6.12.1 Hygienic pulp or hygienic paper	Must be certified with ISO 14611 level 5 (Clean Room) or Federal Standard 209 E Class 100 or above or an equivalent international standard two years from the full operation start-up date.	A 2
6.12.2 Specialty pulp or specialty paper	Must be certified with relevant standards such as GMP or Food Grade within two years from the full operation start-up date.	A 3

Activities	Conditions	Incentives
6.13 Manufacture paper articles		
6.13.1 Manufacture of products from hygienic paper	Must have a hygienic production process and must be certified with relevant standard such as GMP or Food Grade within two years from the full operation start-up date.	A 4
6.13.2 Manufacture of paper container coated with bio-plastics	The production process must contain product coating process using biodegradable plastic.	A 4
6.13.3 Manufacture of high performance paper products	Must have an engineering design process such as special load-bearing capacity or shockproof capacity, etc.	A 4
6.14 Production of printed matter		
6.14.1 Production of digital printed matter	Must have printing and designing process using Digital Media Software in the project.	A 3
6.14.2 Production of printed matter		B 1

Section 7: Service and Public Utilities

Activities	Conditions	Incentives
7.1 Public utilities and basic services		
7.1.1 Production of electricity or electricity and steam	Must be approved by relevant government agencies.	
7.1.1.1 Production of electricity or electricity and steam from garbage or refuse derived fuel		A 1
7.1.1.2 Production of electricity or electricity and steam from renewable energy, such as solar energy, wind energy, biomass or biogas, etc. except from garbage or refuse derived fuel		A 2

Activities	Conditions	Incentives
7.1.1.3 Production of electricity or electricity and steam from other energy sources 7.1.2 Production of tap water, industrial water or steam 7.1.3 Container yards or inland container depots 7.1.4 Loading/unloading facilities for cargo ship 7.1.5 Commercial airports	1. In case of cogeneration. 2. If the project uses coal, it must only use clean coal technology. Must use modern technology approved by the Board.	A 4 A 4 A 3 A 3 A 3 A 2
7.2 Natural gas station		B 1
7.3 Mass transit systems and transportation of bulk goods 7.3.1 Rail transport 7.3.2 Pipeline transportation (except for water pipeline) 7.3.3 Maritime transportation services 7.3.4 Air transportation services	Must be approved by relevant government agencies. Planes in the project must be no more than 14 years old from their manufacturing date to BOI application submission date.	A 2 B 1 A 2 A 3
7.4 Logistics service centers 7.4.1 Distribution centers: DC 7.4.2 International distribution centers – IDC	1. The paid-up registered capital must not be less than 10 million baht. 2. Must provide a goods storage facility that is controlled by a modern computerized system. 3. International distribution center projects will have additional conditions, as follows: 3.1 Must have a minimum investment (excluding cost of land and working capital) of at least 100 million baht. 3.2 The center must distribute goods to at least 5 countries. 4. Distribution Center (DC) projects are not eligible for merit-based privileges.	B 1 A 3

Activities	Conditions	Incentives
7.5 International headquarters – IHQ	1. Paid-up registered capital must not be less than 10 million baht. 2. Must supervise associated enterprises in foreign countries or its foreign branches in at least one country. 3. Must have business plan and scope of business, as follows: 3.1 Organizational administration and management and business planning 3.2 Procurement of raw materials and parts 3.3 Research and development 3.4 Technical support 3.5 Marketing and sales promotion 3.6 Human resources and training and development 3.7 Business advisory services, e.g. financial management, marketing, accounting system, etc. 3.8 Economic and investment analysis and research 3.9 Credit management and control 3.10 Treasury center 3.11 Other services as approved by the Board 4. IHQ projects are not eligible for merit-based privileges.	B 1 (Only machinery for R&D and training activities)
7.6 International trading centers: ITC	1. The paid-up registered capital must not be less than 10 million baht. 2. ITC projects are not eligible for merit-based privileges.	B 1
7.7 Trade and investment support offices: TISO	1. Annual selling and administrative expenses must be at least 10 million baht. 2. Must have a business plan and scope of business approved by the Board, as follows: 2.1 Monitoring and/or servicing associated enterprises including providing or letting office or factory building to company's associated enterprises. 2.2 Advisory services on business operations, except those engaged in buying and selling securities and foreign currency exchange. Accounting, legal,	B 2

Activities	Conditions	Incentives
	advertising, architecture and civil engineering businesses must obtain business licenses from the Department of Business Development or related government agencies prior to submitting the investment promotion application. 2.3 Information services on goods sourcing. 2.4 Engineering and technical services, except those related to architecture and civil engineering services. 2.5 Business activities related to machinery, engines, tools and equipment, such as: (1) Importing for wholesaling (2) Training services (3) Installation, maintenance and repair (4) Calibration 2.6 Wholesaling products manufactured in Thailand. 2.7 International business process outsourcing whose services are provided through telecommunication networks, such as administrative services, finance & accounting services, human resource services, sales & marketing services, customer services, data processing, etc. 3. Trade and investment support office projects are not eligible for merit-based privileges.	
7.8 Energy Service Company (ESCO)	Must be approved by Ministry of Energy before submitting an investment promotion application.	A 1
7.9 Real estate development for industrial use 7.9.1 Industrial zones or industrial estates 7.9.1.1 Industrial zones or industrial estates	1. Projects in Bangkok and Samut Prakarn are not eligible for promotion. 2. Total land area of the project must not be less than 500 rai. 3. Factory-designated area must not be less than 60 percent and not more	B 1

Activities	Conditions	Incentives
	than 75 percent of the total area, except projects with a total area of over 1,000 rai, whose factory-designated area must be approved by the Board of Investment. 4. Other conditions as specified by the Board are as follows: 4.1 The main road (1) If the total area is over 1,000 rai, the road must have four lanes of not less than 30 meters wide, including road surface of not less than 14 meters wide, traffic island and pavement of not less than 2 meters wide each side and road shoulder or surface wide enough for an emergency stop. (2) If the total area is over 500 and up to 1,000 rai, the road must have two lanes with road not less than 20 meters wide, including road surface of not less than 7 meters wide and pavement of not less than 2 meters wide each side and a road shoulder or surface wide enough for an emergency stop. 4.2 The minor road must have a surface of not less than 8.5 meters wide and a shoulder of not less than 2 meters wide each side. 4.3 Wastewater treatment must be suitable for wastewater characteristics and according to legal effluent standards. Projects must have a post-treatment effluent pool. 4.4 Wastewater discharge system must be completely separate from rainwater discharge system. 4.5 Projects must have an approved system of collection and elimination of garbage, as approved by the Board.	

Activities	Conditions	Incentives
	4.6 Factories located in industrial zones must be according to target industries, and not on the list of forbidden industries, specified in the environmental impact assessment report approved by the Expert Review Committee of the Office of Natural Resources and Environmental Policy and Planning (ONEP). 4.7 The zone must provide factories located in the zone with sufficient public utilities, electricity, water, telephone service and post office. 4.8 The zone must develop about 25 percent of its total land area, or as approved by the Board, for public utility services within two years from the date of investment promotion certificate issuance.	
7.9.1.2 Gem and jewelry industrial zones	1. The total area must not be less than 100 rai. 2. Area for operations related to gems or jewelry must not be less than 40 percent of the total area. 3. Projects must have a sales area for gems and jewelry. 4. Projects must provide appropriate security systems. 5. Projects must have meeting rooms, exhibition halls and business centers.	A 3
7.9.1.3 Logistics Park	1. The total area must not be less than 200 rai and the project must invest in establishing a warehouse for lease or sale with a total area of not less than 50,000 square meters. 2. Must be located either within 50 kilometers of a port, an airport, a customs checkpoint and an inland container depot (ICD) or in a Free Zone. 3. Projects must designate some or the entirety of its area as a Free Zone.	A 3

Activities	Conditions	Incentives
	4. Projects must have a station to load and unload containers, or a truck terminal and a container depot that can handle at least 50 containers. 5. Projects must install main telecommunication infrastructure that provides hi-speed communications that link the logistics park to domestic and international communication hubs. 6. Thai nationals must hold not less than 51 percent of the total registered capital. 7. Projects must be approved by relevant government agencies.	
7.9.1.4 Industrial zone for motion picture production (Movie Town)	Must provide the following facilities: 1. Indoor studio and outdoor studio 2. Post production services, i.e. film developing and duplicating, special effects, computer animation, sound lab	A 3
7.9.1.5 Industrial estate or industrial zone for environmental protection	Must be approved by the Ministry of Industry before submitting the investment promotion application.	A 3
7.9.1.6 Rubber industrial zones (Rubber City)	As specified by the Board.	A3
7.9.1.7 Aircraft or Aerospace Industrial Zones or Industrial Estates	1. The total area must not be less than 100 rai. 2. Projects must allocate some or all of its area for bonded warehouses or free zones. 3. Projects must have an area for aircraft and parts maintenance and repair centers. 4. Projects must have sufficient public utilities and facilities such as roads, rainwater drainage and flood prevention systems, waterworks, wastewater treatment system, telecommunications and electricity systems, fire protection system, industrial waste management system and an appropriate security system as approved by the Board. 5. Projects must be approved by related agencies.	A 3

Activities	Conditions	Incentives
7.9.2.3 Data center	1. Must provide complementary services for customers located in project, e.g. server co-location, managed service, customer's server backup service, disaster recovery services (DRS), etc. 2. Area of data center must not be less than 3,000 square meters. 3. Must have a main hi-speed telecommunications system linking the data center with domestic and international telecommunication centers for at least 4 systems. The domestic telecommunication system must have a speed of at least 10 Gbps each, for at least 3 systems, and the total speed of the whole system must be at least 60 Gbps. 4. Must be able to service clients during maintenance or during equipment replacement in the system. (concurrently maintainable). 5. Must have a "Continuous Rating" generator, which is capable of supporting the entire electricity needs of the Data Center, with a backup generator that can support the need for electricity when one of the generators doesn't function properly. 6. Must have equipment or backup system for UPS IT Cooling and UPS Cooling. This system or equipment needs to be able to function immediately after a main system fails to function properly and this must ensure the failure in the main system does not affect service. 7. Must have backup independent distribution paths in electricity distribution system. 8. Must have a failure prevention system to prevent risks from damage or any malfunction in any equipment. 9. Must have a highly efficient air conditioning system, with backup system. 10. Must have fire prevention system for the entire area. 11. Must have a 24-hour security system. 12. Must be certified with ISO/IEC 27001 (data center).	A 1

Activities	Conditions	Incentives
7.9.2.4 Innovation Incubation Center	1. Projects must have high-speed fiber optic (FTTX) main communications systems. 2. Continuous back-up of an electricity supply must be installed. 3. Projects must have mentors to provide business consultation. 4. Projects must have plans to establish a technology ecosystem or technology community. 5. The total service area must not be less than 300 square meters. 6. Projects must have technical or technology development training sessions as approved by the Board.	A 1
7.10 Cloud Service	1. Must be located in at least 2 data centers in Thailand that are certified with ISO/IEC 27001 (data center). 2. Must have connections among all related data centers with speed of at least 10 Gbps for each connection, with backup connections at the same speed. 3. Must be certified with ISO/IEC 27001 (cloud security) and ISO/IEC 20000-1 (cloud service).	A 1
7.11 Research and development	1. Must have scope of business, as follows: 1.1 Basic research refers to theoretical or operational activities that are conducted to explore new knowledge from basic natural phenomena and factual observation, without initially considering the application. 1.2 Applied Research refers to research that applies basic knowledge to solve or develop a concept for commercial purpose, with the objective to obtain a new product or process. Applied research includes related activities such as formula development, product design, and production process design for use at an industrial or commercial level.	A 1

Activities	Conditions	Incentives
	1.3 Pilot development refers to activities performed to magnify a production scale from basic research and applied research. Pilot development is the development of a prototype and/or production process testing at a semi-industrial level to test the market and/or collect information on suitable conditions for a production process to use a product design at an industrial level. 1.4 Demonstration development refers to research and development that further develops results from a pilot development in order to test a production process at an industrial level to verify a technology and production process and to demonstrate the level of integrity of such process and viability on a commercial scale production in both quality control and cost estimation. 2. Must provide the Board with the details and scope of such research and development projects, information on projects' researchers, including number of researchers, academic profiles and work experiences. 3. Revenues derived from sale of the provision of services that are directly related to a promoted business or which are from downstream production for commercial purposes, either carried by the promoted company or sub-contractor, shall be regarded as revenue of the promoted business. 4. Projects located in a promoted science and technology park or one that is approved by the Board will receive an additional 50 per cent reduction in corporate income tax for 5 years after the end of its corporate tax exemption period. 5. Must have expenses for salaries of research and development personnel of at least 1,500,000 baht per year.	

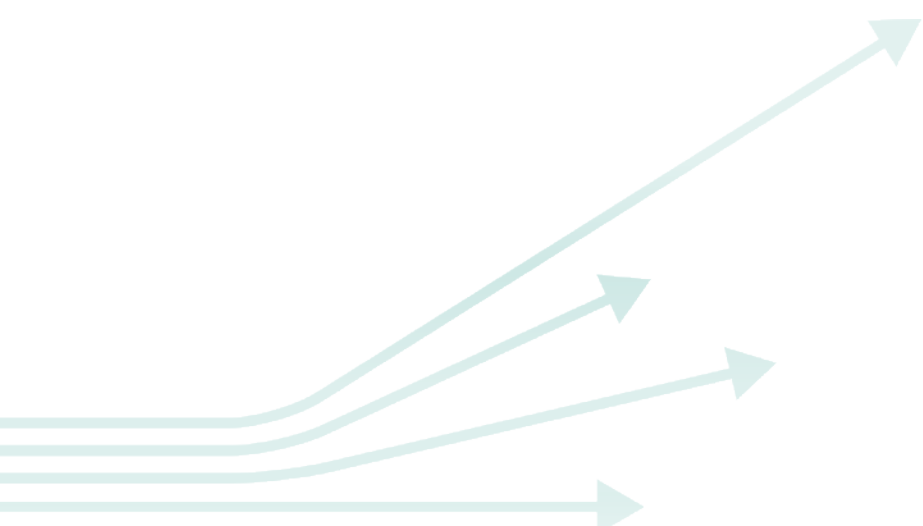
Activities	Conditions	Incentives
7.12 Biotechnology 7.12.1 Research and development (R&D) activity and/or manufacturing of seed industry, improvement of plants, animals or microorganisms using biotechnology. 7.12.2 R&D activity and/or manufacturing of biopharmaceutical agents using biotechnology 7.12.3 R&D and/or manufacturing of diagnostic kits for health, agriculture, food and environment 7.12.4 R&D and/or manufacturing of bio-molecules and bioactive substances using microorganisms, plant cells and animal cells 7.12.5 Manufacture of raw materials and/or essential materials for molecular biological research and development, experiment, testing or quality control services and/or production of biological substances 7.12.6 Biological substance analysis and/or synthesis services and/or quality control services and/or product validation services	1. Projects must use modern biotechnology approved by the National Science and Technology Development Agency (NSTDA) or the Thailand Centre of Excellence for Life Sciences (TCELS). Projects located in a science and technology park promoted by BOI or one that is approved by the Board will receive an additional 50 per cent reduction in corporate income tax for 5 years after the end of its corporate tax exemption period.	A 1 A 1 A 1 A 1 A 1 A 1
7.13 Engineering design	1. Projects located in a promoted science and technology park or one that is approved by the Board will receive an additional 50 percent corporate income tax reduction from net profits for 5 years after the end of its corporate income tax exemption period. 2. Must have expenses for salaries of engineering personnel of at least 1,500,000 baht per year.	A 1

Activities	Conditions	Incentives
7.14 Scientific laboratories	Projects located in a promoted science and technology park or one that is approved by the Board will receive an additional 50 percent corporate income tax reduction from net profits for 5 years after the end of its corporate income tax exemption period.	A 1
7.15 Calibration services	Projects located in a promoted science and technology park or one that is approved by the Board will receive an additional 50 percent corporate income tax reduction from net profits for 5 years after the end of its corporate income tax exemption period.	A 1
7.16 Product sterilization services		A 2
7.17 Recycling and reuse of unwanted materials	1. Must be approved by relevant government agencies. 2. Must be located in an industrial estate or promoted industrial zone. Exceptions to this requirement may be granted by the Board on a case-by-case basis. 3. Unwanted materials in the project must be generated from domestic sources only. 4. Must have separation or processing of unwanted materials using modern technology, as approved by the Board. 5. Promoted projects will receive rights and privileges, as follows: - Sorting/separation - Sorting/separation with additional processing of recycling or recovery of valuable substances.	A 3 A 2
7.18 Waste treatment or disposal	Projects must be approved by relevant government agencies.	A 2
7.19 Vocational training centers	1. Must teach or train technical courses in specific fields, including design training center, as approved by the Board. 2. Must have necessary equipment, vocational training lab, and others. 3. Projects located in a promoted science and technology park or one that is approved by the Board will	A 1

Activities	Conditions	Incentives
	receive an additional 50 percent corporate income tax reduction from net profits for 5 years after the end of corporate income tax exemption period.	
7.20 Thai motion picture production	1. Thai motion picture production shall include production of movies, documentaries or television programs, but does not include production of an advertisement. 2. Revenue exempt from tax shall include: 2.1 Revenue obtained from the sale of copyright, including sale of motion pictures in other forms such as CD, video CD, DVD, etc. 2.2 Revenue obtained from a revenue sharing scheme from movie theaters and motion picture distributor.	A 3
7.21 Motion picture support services	Motion picture support services shall include documentaries, television programs, animation and commercials, which have a scope of business, as follows: 1. Rental services of movie production equipment and/or movie production props must have main equipment machinery, such as camera, grip equipment, light set, etc. 2. Film development and duplication services must have main equipment/ machinery, such as film development machine, film duplication machine, digital film duplication machine, etc. 3. Sound recording services must have main equipment/machinery, such as digital sound recorder, digital sound editing machine, digital sound mixing machine, etc. 4. Picture technical services must have machines and equipment capable of creating special pictures that are not possible with cameras. The service providers must have main equipment and machinery, such as standard definition/high definition digital recorders, editing suites, digital compositing and special effect creation, etc.	A 3

Activities	Conditions	Incentives
	- Coordination services for foreign movie production in Thailand must include coordinating with related government agencies for permits, location scouting and sourcing of staff and movie equipment. - Studio rental services for movie and television program production.	
7.22 Tourism promotion services		
7.22.1 Ferry services or tour boat services or tour boat renting	Must be approved by relevant government agencies	B 1
7.22.2 Tour boat port services	Must have facilitating equipment, such as boat lifting equipment, inland boat deck, or boat garage for maintenance purpose.	B 1
7.22.3 Amusement parks	- Must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht. - The project details must be approved by the Board.	A 3
7.22.4 Cultural centers or arts and crafts centers	Must have a minimum investment (excluding cost of land and working capital) of not less than 30 million baht.	A 3
7.22.5 Open zoos	- Must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht, with a total area of not less than 500 rai. - Project details must be approved by the Board. - Fifteen percent of the total area must be allocated as green area and another fifteen percent as car park.	A 3
7.22.6 Aquariums	- Projects must have a minimum investment (excluding cost of land and working capital) of not less than 100 million baht. - An environmental impact assessment report must be submitted within 12 months after the issuance of its investment promotion certificate.	A 3
7.22.7 Race tracks	- Projects must be approved by relevant government agencies. - Projects must obtain a standard certificate from FIA (Federation	A 3

Activities	Conditions	Incentives
7.22.8 Cable cars	Internationale de L' Automobile) or FIM (Federation Internationale de Motocyclisme). 3. Projects must have appropriate preventive and controlling measures against environmental damage or against danger or trouble to neighbors. 4. An environmental impact assessment report must be submitted within 12 months from the date of issuance of its investment promotion certificate. Projects must be approved by relevant government agencies.	A 3
7.23 Activities to support tourism 7.23.1 Hotels	1. Each hotel must have at least 100 rooms or a minimum investment (excluding cost of land and working capital) of not less than 500 million baht. 2. A promoted hotel will receive its rights and benefits, as follows: - Promoted hotels located in one of the 20 special investment promotion provinces. - Hotels in other provinces are not eligible for merit-based incentives.	A 4 B 2
7.23.2 Convention halls	1. Total convention area must not be less than 4,000 square meters. Total area of the largest hall must not be less than 3,000 square meters. 2. Must have suitable facilities and equipment. 3. Project's blueprints must be approved by the Board.	A 3
7.23.3 International exhibition centers	1. Indoor exhibition area must not be less than 25,000 square meters. 2. Every hall must have a business meeting room.	A 3
7.23.4 Health rehabilitation centers	1. Must use medical technology for medical treatment and health rehabilitation. 2. Must have continuous rehabilitation programs, including overnight treatment. 3. Projects are not eligible for merit-based incentives.	B 1



OTHER POLICIES AND SPECIAL MEASURES

1
**Measure for
Improvement of
Production Efficiency**

2
**Investment Promotion
Policy for Industrial
Development in Border
Provinces in Southern
Thailand**

3
**Investment Promotion
Policy for Investment in
Special Economic
Development Zones**

Measure for Improvement of Production Efficiency

BOI Announcement No.1/2557, regarding promoting and upgrading technology and machinery for energy conservation, alternative energy utilization or reduction of environmental impacts, as well as to encourage research and development and advanced engineering design involvement to improve production efficiency.

This measure is used with:

1. Existing projects, whether BOI or non-BOI promoted. In the case of non-BOI promoted projects the activity must be eligible for investment promotion by the Board of Investment.
2. BOI promoted projects can also apply for this measure when the corporate income tax exemption or reduction period expires, or in case the respective project(s) does not receive a corporate income tax exemption.

Conditions

1. The minimum capital investment must not be less than 1 million Baht (excluding cost of land and working capital).
2. The application must be submitted by December 31, 2017, and project must complete implementation within three years from the date the promotion certificate is issued.

Incentives

1. Exemption of import duty for machinery.
2. 3-year corporate income tax exemption on the revenue of an existing project, accounting for 50 percent of the investment under this measure (excluding cost of land and working capital).
3. Corporate income tax exemption period shall start from the date of revenue derivation after promotion certificate is issued.

1. Measure to promote energy conservation, alternative energy utilization or reduction of environmental impact

The applicant must submit an investment plan for machinery change or upgrade to save energy, to introduce alternative energy into the project, or to reduce environmental impact by implementing one of the following:

1. Project must invest in upgrading machinery to modern technology that reduces energy consumption at the stipulated ratio.
2. Project must invest in upgrading machinery to use alternative energy at the stipulated ratio to total energy consumption.
3. Project must invest in upgrading machinery to reduce environmental impact; namely, reducing waste, waste water or exhaust air, according to the stipulated criteria.

Explanatory (BOI Explanatory No. 4/2557 announced on Nov 25, 2014)

1. Must submit 'the investment promotion application together with the Supplemental Form for the Application for Investment Promotion in Accordance to Measures to Promote Energy Conservation Alternative Energy Utilization or Reduction of Environmental Impact, based on Board of Investment Announcement No. 1/2557 (F PA PP 28).

2. Projects with investment capital over 200 million Baht (excluding cost of land and working capital) must prepare additional information for consideration, as follows:
 - Test result and certificate of machinery and equipment for energy conservation, alternative energy utilization or reduction of environmental impact by a trusted institute, e.g. Department of Science Service or Test results of machinery and equipment that have been used in the operation.
 - Plan and measurement method for energy conservation or reduction of environmental impact.
3. Must submit the application before the machinery investment.
4. Projects which apply for this measure must not be promoted under the Board of Investment's Announcement Nos. 3/2550, 2/2552, 4/2552 (except investment promotion measures for target industries), 3/2554, 6/2554 and 1/2556 (except investment promotion measures for target industries)
5. Must follow the investment promotion criteria, as follows:
 - 5.1 Indicator

	Indicator
Energy Conservation	• Energy Consumption must be reduced to stipulated ratio • The value of conserved energy must not be less than the value of corporate income tax exemption
Alternative Energy Utilization	• Alternative energy must be utilized in accordance with the type specified to substitute the use of fossil fuel
Environmental Impact	• The amount of air pollution emission, amount of waste water drainage, or amount of pollutants in waste water must be reduced in the appropriate ratio, according to the technology

The year before the application is submitted will be considered the base year. The calculation will start after one year of operation and the production capacity during the base year.

- 5.2 Scope of Alternative Energy
 - 5.2.1 Identifying the type of alternative energy that creates less environmental impact, e.g. renewable energy
 - 5.2.2 Utilizing the alternative energy within the identified scope instead of fossil fuels (e.g. oil, coal, natural gas)
- 5.3 Stipulated Ratio for Implementation
 - 5.3.1 **1st Indicator:** Reducing energy consumption to the stipulated ratio whereby the value of energy conservation must not be less than the amount of the corporate income tax exemption. The guideline for consideration is as follows:
 - (1) Duration used in calculating the value of energy conservation in the promoted project is 5 years.
 - (2) Duration used in calculating the value of the corporate income tax exemption is 3 years.
 - 5.3.2 **2nd Indicator:** Introducing the use of alternative energy in the project in a significant ratio to total energy consumption.

- 5.3.3 **3rd Indicator:** Reducing the quantity of contaminated water or air in accordance with the criteria set for each case in terms of appropriate technology use, while not specifying a minimum level.
- 5.4 Ratio of Unit Quantity
 - 5.4.1 The ratio of air pollutant loading
Reduction of air pollutant loading: The condensate of each parameter, i.e. dust, sulfur dioxide, etc. and reduction in air contamination will be considered.
 - 5.4.2 The ratio of water pollutant loading
Reduction of air pollutant loading: The condensate of each parameter i.e. BOD, COD, each type of heavy metal etc. and reduction of wasted water.
- 5.5 Scope of Machinery Upgrade
 - 5.5.1 Only new machinery will be counted as a change of machinery, in which the request can be submitted with the investment promotion application of the company or only the part where change in machinery is requested, if the project is in accordance with the criteria and specified indicators.
 - 5.5.2 The change of machinery will be considered in 2 cases:
 - (1) Change of machinery in the manufacturing line e.g. changing equipment or fuel for furnaces in glass products manufacturing line, steam boiler for fiber steaming in continuing manufacturing line, and food processing oven, etc.
 - (2) Change of supporting machinery e.g. steam boiler used for generating electricity in plants, waste water treatment system, solar cell installation to generate electricity used within the plant instead of buying from electricity distribution system, etc.
- 5.6 Qualifications of Project Applying for Incentives
 - 5.6.1 The promoted project must not already receive tax incentives for its operation for the same purpose from other agencies
 - 5.6.2 The promoted project must operate its activity in accordance with the criteria and conditions on environmental control and in accordance to those specified by the relevant government agency in which the value of toxins must not exceed that allowed by law.

2. Measure to promote improvement in production efficiency by upgrading technology and machinery for manufacturing

Must submit an investment plan for machinery change or upgrade according to the stipulated criteria; for instance by upgrading a production line to an automated system in order to improve its efficiency.

Explanatory (BOI Explanatory No.3/2557 announced on Nov 25, 2014)

1. Must submit the investment promotion application together with the “Supplemental Form for the Application for Investment Promotion in Accordance to Measures to promote improvement in production efficiency by upgrading technology and machinery for manufacturing” (F PA PP 30).
2. Must submit the application before investment in the machinery. The machinery to be upgraded must be new machinery. Also, this includes upgrading machinery in case no change in production capacity or the production capacity has increased from the improvement in production efficiency.

3. Projects which apply for this measure must not be promoted under the Board of Investment's Announcement nos. 3/2550, 2/2552, 4/2552 (except investment promotion measures for target industries), 3/2554, 6/2554 and 1/2556 (except investment promotion measures for target industries)
4. Project must be on the current list of eligible activities for investment promotion for which tax incentives shall be granted.
5. Must follow the criteria for investment promotion under this measure, as follows:

- 5.1 The scope of upgrading machinery will consider the issue on machinery upgrading together with technology upgrading, as follows:

- 5.1.1 Upgrading machinery

The project must upgrade machinery or install additional machinery to improve production efficiency, e.g. robotic installation and autoloader. Additional equipment or supporting machinery will be considered as necessary and appropriate, e.g. automated silo system. Also, these shall include:

- (1) Automated quality inspection equipment installation to improve manufacturing efficiency, e.g. the installation of x-ray equipment in an iron sheet manufacturing line to inspect iron sheet quality faster.
- (2) Managing and supporting manufacturing system (only for manufacturing industry), e.g. manufacturing planning and control system (Including hardware and software), warehouse management system, handling equipment, raw material preparation system, packaging system, e.g. automated goods handling systems installation in warehouse and using automated machinery in goods packaging. In case of upgrading management systems, the upgrade must improve the manufacturing line to become more efficient. This will not include service activities, such as warehouse service.
- (3) The change of machinery must be included in the investment capital, excluding the change of equipment/spare parts/ and replaceable parts, which is included in the implementation capital and will not include change of machinery or spare parts in case of machinery deterioration.

- 5.1.2 Upgrading Technology

- (1) New technology in manufacturing must be introduced in order to improve production efficiency.
- (2) In case the promoted project is using a new model under the same production technology/same line production with automatic machinery, the production must be in accordance with the specified performance index.
- (3) In case the promoted project changed the machinery to improve the production efficiency of the promoted product, the change must be in accordance with the specified indicator and can be clearly inspected.

- 5.2 Key indicator for improving production efficiency

	Indicator
Upgrading machinery in manufacturing line e.g. robotic installation and autoloader or updating technology to improve products.	• Direct Capital per production unit • Yield ratio • Amount of Processing per Employee • Overall Equipment Effectiveness (OEE)

The machinery upgrade must be in accordance with the key performance index, which shows the production capabilities or efficiency in manufacturing resources utilization. The indicators are prescribed, as follows:

5.2.1 Direct Capital per production unit

5.2.2 Yield Ratio, e.g. reduction of production loss and reduction in production cycle time

5.2.3 Production efficiency in value and Overall Equipment Effectiveness (OEE)

(1) Amount of processing per employee

(2) Efficiency of machinery investment ratio

(3) Overall Equipment Effectiveness (OEE)

(4) Equipment Operating Ratio (EOR)

(5) Mean Time between Failures (MTBF) of parts, equipment and machinery

(6) Actual Production Rate as a Percentage of the Maximum Capable Production Rate

6. The operation plan must provide information both before and after the upgrade, which must be in accordance with the specified indicators and can be clearly inspected.

3. Measure to promote investment in research and development and advanced engineering designs for efficiency improvement

- The applicant must submit an investment plan for research and development or advanced engineering designs according to the stipulated criteria. Project must invest in research and development or advanced engineering designs no less than 1 percent of the total revenue for the first three years from the date of application submission. And for SMEs, projects must invest in research and development or advanced engineering designs no less than 0.5 percent of the total revenue for the first three years from the date the application is submitted.
- Projects with investment capital reaching the specified criteria will be granted 3 years corporate income tax exemption starting from the date the revenue begins after obtaining the promotional certificate. The amount of corporate income tax which will be exempted must not exceed 50 percent of the investment capital in efficiency improvement.
- Further information on types of eligible investment capital and expenditure on efficiency improvement will appear in Explanatory 1/2558 Explanatory Notes on Application to Receive Additional Rights and Privileges from Merit-based Activities, announced on 28 January 2015 in points 2.1 to 2.5.

Investment Promotion Policy for Industrial Development in Border Provinces in Southern Thailand

To promote investment in the Southern Border Provinces, the Board hereby issues BOI Announcement No.3/2557 setting the criteria for investment promotion, as follows:

Southern Border Provinces refers to Narathiwat, Pattani, Yala, Satun and four Districts in Songkhla (Jana District, Natawee District, Saba Yoi District and Taypa District).

1. **General case** all activities eligible for promotion will receive the maximum tax incentives, as follows:
 - Exemption of import duty on machinery
 - 75% import duty reduction on raw materials used in manufacturing for domestic sale for 5 years
 - 8-year corporate income tax exemption (without cap)
 - Additional 50% reduction of corporate income tax for a period of 5 years
 - Double deductions on the costs of transportation, electricity and water supply for a period of 15 years
 - Additional 25% deduction of the cost of installation or construction of facilities

Conditions

- Minimum capital investment requirement is at least 500,000 baht (excluding cost of land and working capital).
 - Projects are allowed to utilize domestic used machinery in the promoted project with a value not exceeding 10 million baht and required investment in new machinery must account for at least one fourth of the value of the used machinery.
 - Applications must be submitted within December 31, 2017
2. **Special case** Existing projects, whether or not located in border provinces in Southern Thailand, will receive tax incentives for both the existing project and new project in one of the 4 border provinces in Southern Thailand and 4 districts in Songkhla.

Existing project refers to all implemented projects, whether promoted or not, located in other areas or in the Southern Border Provinces, in which the activity must be eligible for investment promotion.

Incentives: 3-year corporate income tax exemption (subject to cap which accounts for 100% of investment capital in new projects)

New projects refers to a new investment project applying for investment promotion in the Southern Border Provinces, which is an existing juridical person or a new juridical person, in which the group of owners of the existing project must be the principal shareholders.

Incentives:

- Exemption of import duty on machinery
- 75% import duty reduction on raw materials used in manufacturing for domestic sales for 5 years.
- 8-year corporate income tax exemption (without cap)

- Additional 50% reduction of corporate income tax for a period of 5 years
- Double deductions on the cost of transportation, electricity and water supply for a period of 15 years
- Additional 25% deduction of the cost of installation or construction of facilities

Conditions

- Minimum capital investment requirement is at least 500,000 baht (excluding cost of land and working capital).
- Projects are allowed to utilize domestic used machinery with a value not exceeding 10 million baht and investment in new machinery must account for at least one fourth of the value of used machinery.
- Applications for new projects must be submitted within December 31, 2017, with confirmation letter on existing investment.
- Applications for existing projects must be submitted when the new projects are complete and ready for commencement of operation.

3. Promotion of Industrial Estates or Industrial Zones and Projects Located Inside Industrial Estates or Industrial Zones or Clusters in order to support investment in Border Provinces in Southern Thailand. Project will receive the maximum incentives, as follows:

- Exemption of import duty on machinery
- 75% import duty reduction on raw materials used in manufacturing for domestic sales for a period of 5 years.
- 8-year corporate income tax exemption (without cap)
- Additional 50% reduction of corporate income tax for a period of 5 years.
- Double deductions from the costs of transportation, electricity and water supply for 15 years
- Additional 25% deduction of the cost of installation or construction of facilities

Conditions

- If the first project is submitted within December 31, 2017, and the expansion project is submitted and generates revenue before the expiry date of the corporate income tax exemption of the first project, the first project can be merged with the expansion project.
- The first project must have investment of at least 500,000 baht (excluding cost of land and working capital).
- The expansion project must have investment capital of at least 25% of the first investment project, excluding cost of land and working capital of the first project, and not less than 500,000 baht (excluding cost of land and working capital).
- Projects are allowed to utilize domestic used machinery of not more than 10 million baht and investment in new machinery must account for at least one fourth of the total value of used machinery.
- Relaxation to employ foreign unskilled workers
- Applications must be submitted within December 31, 2017

Investment Promotion Policy for Investment in Special Economic Development Zones

(see map on the inner front cover)

In order to create economic connectivity with neighboring countries and support integration of the ASEAN Economic Community, the Board has issued Announcement of the Board of Investment No.4/2557, Investment Promotion in Special Economic Development Zones especially border areas both in and around industrial estates which will be granted incentives, as follows:

Incentives for activities on BOI General list	Incentives for targeted activities for Special Economic Development Zones (13 targeted industries)
3-year additional exemption of corporate income tax (CIT), not exceeding 8 years in total	Exemption of corporate income tax up to 8 years
Projects with activities in Group A1 or A2 which are already granted 8-year CIT shall receive additional 50% reduction CIT for 5 years.	Additional 50% corporate income tax exemption for 5 years.
- 10-year double deductions from the costs of transportation, electricity, and water supply - 25% deduction of the cost of installation or construction of facilities (apart from normal depreciation deduction) - Exemption of import duties on machinery - Exemption of import duty on raw materials imported, used in production for export. - Non-tax incentives i.e. permission to own land and permission to bring in experts to work.	Same incentives

Special Economic Development Zones in accordance with the Announcement of the Policy Committee of Special Economic Development Zones consist of:

1. Tak Special Economic Development Zone consists of 14 sub-districts with border areas in 3 districts in Tak
 - 8 sub-districts in Mae Sot District: Mae Sot, Mae Tow, Ta Sai Luad, Phra That Pha Dang, Mae Gasa, Mae Pa, Mae Ku and Mahawan.
 - 3 sub-districts in Pob Phra District: Phob Phra, Chong Kab and Valet
 - 3 sub-districts in Mae Ramad District: Mae Ja Rao, Mae Ramad, Ka Ne Jue
2. Mukdahan Special Economic Development Zone consists of 11 sub-districts with border areas in 3 districts in Mukdahan
 - 5 sub-districts in Muang District: Sri Bun Ruang, Mukdahan, Bang Sai Yai, Kam Ar Huan and Na Si Nuan
 - 4 sub-districts in Wanyai District: Bang Sai Noi, Cha Note, Wanyai and Bongkham
 - 2 sub-districts in Don Tan District: Pho Sai and Don Tarn

3. Sa Kaew Special Economic Development Zone consists of 4 sub-districts with border areas in 2 districts in Sa Kaew
 - 3 sub-districts in Aranyaprathet District: Ban Dan, Pa Rai and Tha Kam
 - 1 sub-district in Wattananakorn District: Pak Kha
4. Trat Special Economic Development Zone consists of 3 sub-districts in Klongyai District in Trat: Khlong Yai, Had Lek, and Mai Rood
5. Songklah Special Economic Development Zone consists of 4 sub-districts in Sadao District in Songklah: Sadao, Samnak Kham, Samnak Taew, Padang Bazar
6. Chiang Rai Special Economic Development Zone consists of 21 sub-districts in 3 districts
 - 7 sub-districts in Chiang Khong district: Krueng, Boon Ruang, Rim Khong, Vieng, Sri Don Chai, Sa Tan, HuayKho
 - 6 sub-districts in Chiang Saen district: Baan Saew, Pa Sak, Mae Ngern, Yo Nok, Vieng, Sri Don Moon
 - 8 sub-districts in Mae Sai district: Koh Chang, Baan Dai, Pong Ngam, Pong Pha, Mae Sai, Vieng Pang Kam, Sri Muang Chum, Huay Krai
7. Nongkhai Special Economic Development Zone consists of 13 sub-districts in 2 districts
 - 12 sub-districts in Muang district: Kai Bok Wan, Nai Muang, Baan Duer, Phra Tat Bang Puan, Pho Chai, Pon Sawang, Mee Chai, Vieng Kook, See Kai, Nong Kom Kor, Hat Kam, Hin Ngom
 - 1 sub-district in Sa Krai district : Sa Krai
8. Nakhon Panom Special Economic Development Zone consists of 13 sub-districts in 2 districts
 - 10 sub-districts in Muang district: Gu Ru Ku, Tha Kho, Na Sai, Na Raj Kwai, Nai Muang, Baan Pueng, Pho Tak, Nhong Yat, Nhong Saeng, Art Samart
 - 3 sub-districts in Tha U Ten district: Non Tarn, Ram Raj, Vern Phra Baht
9. Kanjanaburi Special Economic Development Zone consists of 2 sub-districts in Muang district: Kang Sian, Baan Kao
10. Narathiwat Special Economic Development Zone consists of 5 sub-districts in 5 districts
 - 1 Sub-district in Muang district: Khok Kian
 - 1 sub-district in Tak Bai district: Jae Hae
 - 1 sub-district in La Han district: Yi Ngor
 - 1 sub-district in Wang district: Loh Jood
 - 1 sub-district in Su Ngai Ko Lok district: Su Ngai Ko Lok

Cases for general activities eligible for BOI promotion located in Special Economic Development Zone which will receive additional corporate income tax, as follows:

Incentives for projects in Special Economic Development Zone	A1	A2	A3	A4	B1	B2
Activity-based CIT exemption	8 yrs. (no cap)	8 yrs.	5 yrs.	3 yrs.	x	x
Additional CIT Exemption	x	x	3 yrs.	3 yrs.	3 yrs.	3 yrs.
Total CIT Exemption	8 yrs.	8 yrs.	8 yrs.	6 yrs.	3 yrs.	3yrs.
Additional 50% CIT reduction for a period of 5 years.	✓	✓	x	x	x	x

Cases for target activities in 13 groups of industries for Special Economic Development Zones* which will receive additional corporate income tax in accordance with the Policy Committee of Special Economic Development Zones as follows:

Incentives for projects in Special Economic Development Zone	A1	A2	A3	A4	B1	B2
Activity-based CIT exemption	8 yrs. (no cap)	8 yrs.	8 yrs.	8 yrs.	8 yrs.	8 yrs.
Additional 50% CIT reduction for a period of 5 years.	✓	✓	✓	✓	✓	✓

* Must submit the application during January 1, 2015, to December 31, 2017

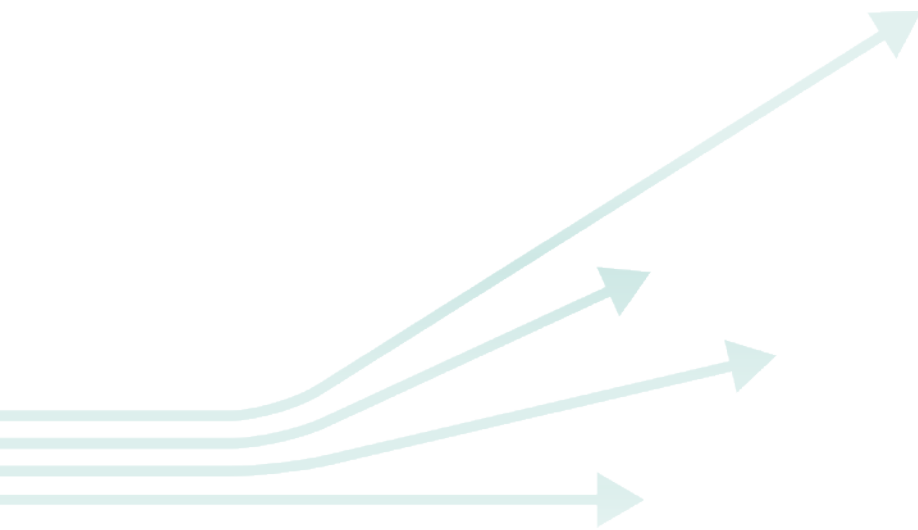
Targeted Activities for Special Economic Development Zones

The Policy Committee of Special Economic Development Zones has currently stipulated targeted industries for Special Economic Development Zones, for the first 5 Special Economic Development Zones. Each zone will have different targeted activities depending on local potential, limitation and needs, which are categorized in 13 groups, as follows:

Industries	Tak	Sa Kaew	Trat	Mukdahan	Songklah
1. Agricultural, fishery and related industries	✓	✓	✓	✓	✓
2. Ceramics	✓				
3. Textile, garment, and leather industries	✓	✓			✓

Industries	Tak	Sa Kaew	Trat	Mukdahan	Songklah
4. Furniture manufacturing	✓	✓			✓
5. Gem and jewelries	✓	✓			
6. Medical equipment manufacturing	✓	✓			
7. Automotive, machinery, and parts	✓	✓			
8. Electrical appliances and electronics	✓	✓		✓	
9. Plastic production	✓	✓			
10. Medicine production	✓	✓			
11. Logistics	✓	✓	✓	✓	✓
12. Industrial estates/zones	✓	✓	✓	✓	✓
13. Tourism related industries.	✓	✓	✓	✓	✓

(More details on these 13 groups of targeted industries will be in the List of Targeted Industries to Promote in the Special Economic Development Zones, as appended)



List of Targeted Industries to Promote in the Special Economic Development Zones

To promote investment in Special Economic Development Zones, especially border areas both in and around industrial estates, to create economic linkages with neighboring countries, and to prepare for the formation of the ASEAN Economic Community, the Board of Investment hereby issues BOI Announcement No. 4/2557 and the list of targeted industries being promoted in the Special Economic Development Zones, in accordance with the Announcements of the Board of Investment Nos. 1/2558, 2/2558, 3/2558, 4/2558, 5/2558.

Section 1: Agriculture and Agricultural Products

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
Agro-industry, fisheries and related businesses	1.5.1 Livestock and aquatic animal propagation	Projects must use modern technology, e.g. closed house system, evaporative cooling system, automatic watering and feeding system, vector control measure and system, and sensor system for tracking and counting animals.
	1.5.2 Livestock husbandry or aquaculture (except for shrimp)	Projects must use modern technology, e.g. closed house system, evaporative cooling system, automatic watering and feeding system, vector control measure and system, sensor system for tracking and counting animals, and effective environmental protection and impact reduction system.
	1.6 Slaughtering	Projects must use modern technology e.g. stunning method, shackle, cold storage, chilling system, meat quality and contaminant inspection.
	1.8 Grading, packaging and storage of plants, vegetables, fruits or flowers	Projects using modern technology, e.g. color sorter, vapor heat treatment to kill fruit fly eggs, or seed coating
	1.9 Manufacture of modified starch or starch made from plants that have special properties	
	1.10 Manufacture of oil or fat from plants or animals (except for soybean oil)	1. Manufacture of crude or semi-refined oil from plants must start from agricultural produce. 2. Manufacture of refined oil from plants must start from agricultural produce or crude oil.

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
	1.11 Manufacture of natural extracts or products from natural extracts (except for medicine, soap, shampoo, toothpaste and cosmetics)	
	1.14.1 Manufacture of primary processed rubber	
	1.17 Manufacture or preservation of food, beverages, food additives or food ingredients using modern technology (except for alcoholic beverages)	1. Projects with only mixing or dilution process shall not be promoted. 2. Projects with fermentation process must use starter cultures that have supporting study or research.
	1.19 Cold storage, or cold storage and cold storage transportation	
	1.20 Trading centers for agricultural goods	1. Total area must not be less than 50 rai. 2. The area for operations and services related to agricultural goods must not be less than 60% of the total land area. Space must be allocated for agricultural exhibition or trade, auction centers, cold storage and silos. 3. Inspection, grading and pesticide residue inspection services for agricultural products must be provided.

Section 2: Ceramics

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
Ceramic products manufacturing	2.4.3 Manufacture of Ceramic Products (except Earthenware and Ceramic Tiles)	Project must have firing process.

Section 3: Light Industry

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
Textile, clothing, and leather manufacturing	3.1.1 Manufacture of natural or synthetic fibers	Projects must use domestic scraps or waste only.
	3.1.2 Manufacture of yarn or fabric	
	3.1.4 Manufacture of garments, clothing accessories, and household textiles	
	3.2 Manufacture of non-woven fabric or hygienic products made of non-woven fabric	
	3.3 Manufacture of bags or shoes or products made of leather or artificial leather	
	3.4 Manufacture of sports equipment or parts	
Manufacture of furniture or parts	3.6 Manufacture of furniture or parts	

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion		Conditions
Gems and jewelry manufacturing	3.8	Manufacture of gems and jewelry or parts including raw materials and prototype	
Medical device manufacturing	3.11	Manufacture of medical devices or parts	

Section 4: Metal Products, Machinery and Transport Equipment

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion		Conditions
Automotive, machinery and parts manufacturing	4.4	Manufacture of multi-purpose engines and equipment	
	4.5.2	Machinery, equipment and parts and/or repair of mould and die	Projects must have part forming process and/or with engineering design.
	4.5.3	Assembling of machinery and machinery equipment	Projects must have assembling process as approved by the Board.
	4.8.17	Manufacture of other vehicle parts	
	4.12	Manufacture of motorcycles (except less than 248 cc engine displacement)	1. Project must have structural welding process and spray painting process. 2. Investment plan for manufacturing and utilization of parts must be submitted and approved by the Board of Investment.

Section 5: Electronics and Electrical Appliances Industry

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion		Conditions
Electronics and electrical appliances manufacturing	5.1	Manufacture of electrical products	
	5.2.2	Manufacture of LED lamps	
	5.2.3	Manufacture of compressors and/or motors for electrical appliances	
	5.2.4	Manufacture of wire harnesses	
	5.2.5	Manufacture of parts and/or equipment for other electrical products	
	5.3.5	Manufacture of audio visual products	
	5.3.6	Manufacture of office electronics	
	5.3.7	Manufacture of other electronic products	
	5.4.6.2	Manufacture of hard disk drives and/or parts (excluding top covers, base plates or peripherals)	The cost of refurbishment of existing machines shall be regarded as an investment and will be taken into account in the calculation of corporate income tax exemption cap. The original cost of existing machines shall not be regarded as an investment.
	5.4.6.3	Manufacture of top covers, base plates or peripherals for hard disk drives	
	5.4.12	Manufacture of flexible printed circuits and/or multi-layer printed circuit boards and/or parts	The manufacturing processes must be approved by the Board.

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
	5.4.13 Manufacture of other memory storage equipment	
	5.4.14 Manufacture of printed circuit board assembly (PCBA)	
	5.4.17 Manufacture of parts for audio visual products	
	5.4.18 Manufacture of parts for office electronics	
	5.4.19 Manufacture of parts for other electronic products	

Section 6: Chemicals, Paper and Plastics

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
Plastics manufacturing	6.6 Manufacture of plastic products for industrial goods	Must have plastic forming process.
	6.7.1 Multilayer plastic packaging	Must integrate more than 2 layers of plastics.
	6.7.2 Aseptic plastic packaging	Must be certified with ISO 14611 level 7 (Clean Room) or Federal Standard 209 E Class 10000 or above or an equivalent international standard within 2 years from the full operation start-up date.
	6.7.3 Antistatic plastics packaging	Must be certified with ISO 14611 level 7 (Clean Room) or Federal Standard 209 E Class 10000 or above or an equivalent international standard within 2 years from the full operation start-up date.

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
	6.8 Manufacture of plastic products from recycled plastic.	
Pharmaceuticals manufacturing	6.10 Manufacture of medicine	1. For conventional medicine projects, such promoted projects must achieve GMP standard prescribed by PIC/S within two years from the full operation start-up date. 2. For traditional medicine projects, such promoted projects must achieve GMP standard within two years from the full operation start-up date. 3. For the improvement of existing projects, existing machinery can be used in the promoted project, but its value shall not be included in the investment amount eligible for corporate income tax exemption.

Section 7: Service and Public Utilities

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
Logistics businesses	7.1.3 Container yards or inland container depots (ICD)	
	7.4.1 Distribution Center: DC	1. The paid-up registered capital must not be less than 10 million baht. 2. Must provide a goods storage facility that is controlled by a modern computerized system.

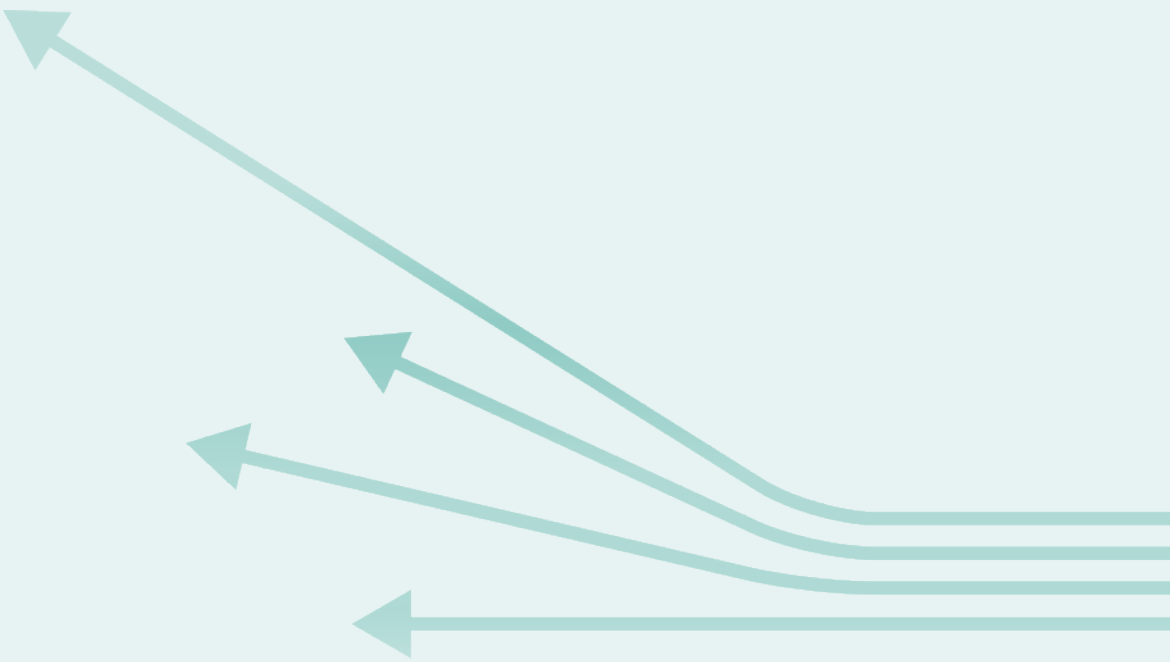
List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
	7.4.2 International distribution Center (IDC)	1. The paid-up registered capital must not be less than 10 million baht. 2. Must provide a goods storage facility that is controlled by a modern computerized system. 3. International distribution center projects will have additional conditions, as follows: 3.1 Must have a minimum investment (excluding cost of land and working capital) of at least 100 million baht 3.2 The center must distribute goods to at least 1 country.
Industrial zones or industrial estates	7.9.1.1 Industrial zones or industrial estates	1. Total land area of the project must not be less than 500 rai. 2. Factory-designated area must not be less than 60 percent and not more than 75 percent of the total area, except projects with a total area of over 1,000 rai, whose factory-designated area must be approved by the Board of Investment. 3. Other conditions as specified by the Board are as follows: 3.1 The main road - If the total area is over 1,000 rai, the road must have four lanes of not less than 30 meters wide, including road surface of not less than 14 meters wide, traffic island and pavement of not less than 2 meters wide each side and road shoulder or surface wide enough for an emergency stop. - If the total area is over 500 and up to 1,000 rai, the road must have two lanes

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
		with road not less than 20 meters wide, including road surface of not less than 7 meters wide and pavement of not less than 2 meters wide each side and a road shoulder or surface wide enough for an emergency stop. 3.2 The minor road must have a surface of not less than 8.5 meters wide and a shoulder of not less than 2 meters wide each side. 3.3 Wastewater treatment must be suitable for wastewater characteristics and according to legal effluent standards. Projects must have a post-treatment effluent pool. 3.4 Wastewater discharge system must be completely separate from rainwater discharge system. 3.5 Projects must have an approved system of collection and elimination of garbage, as approved by the Board. 3.6 Factories located in industrial zones must be according to target industries and forbidden industries specified in the environmental impact assessment report approved by the Expert Review Committee of the Office of Natural Resources and Environmental Policy and Planning (ONEP).

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
		3.7 The zone must provide factories located in the zone with sufficient public utilities, electricity, water, telephone service and post office. 3.8 The zone must develop about 25 percent of its total land area, or as approved by the Board, for public utility services within two years from the date of investment promotion certificate issuance.
	7.9.1.2 Gem and jewelry industrial zones	1. The total area must not be less than 100 rai. 2. Area for operations related to gems or jewelry must not be less than 40 percent of the total area. 3. Projects must have a sales area for gems and jewelry. 4. Projects must provide appropriate security systems. 5. Projects must have meeting rooms, exhibition halls and business centers.
	7.9.1.3 Logistics Park	1. The total area must not be less than 200 rai and the project must invest in establishing a warehouse for lease or sale with a total area of not less than 50,000 square meters. 2. Must be located either within 50 kilometers of a port, an airport, a customs checkpoint and an inland container depot (ICD) or in a Free Zone. 3. Projects must designate some or the entirety of its area as a Free Zone.

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
		- Projects must have a station to load and unload containers, or a truck terminal and a container depot that can handle at least 50 containers. - Projects must install main telecommunication infrastructure that provides hi-speed communications that link the logistics park to domestic and international communication hubs. - Thai nationals must hold not less than 51 percent of the total registered capital. - Projects must be approved by relevant government agencies.
Businesses that Support Tourism	7.22.1 Ferry services or tour boat services or tour boat renting	Must be approved by relevant government agencies.
	7.22.2 Tour boat port services	Must have facilitating equipment, such as boat lifting equipment, inland boat deck, or boat garage for maintenance purpose.
	7.22.3 Amusement parks	- Must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht. - The project details must be approved by the Board.
	7.22.4 Cultural centers or arts and crafts centers	Must have a minimum investment (excluding cost of land and working capital) of not less than 30 million baht.
	7.22.5 Open zoos	- Must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht, with a total area of not less than 500 rai. - Project details must be approved by the Board.

List of Targeted Industries to Promote in Special Economic Development Zones	Activities Eligible for Investment Promotion	Conditions
		3. Fifteen percent of the total area must be allocated as green area and another fifteen percent as car park.
	7.22.6 Aquariums	1. Projects must have a minimum investment (excluding cost of land and working capital) of not less than 100 million baht. 2. An environmental impact assessment report must be submitted within 12 months after the issuance of its investment promotion certificate.
	7.23.3 International exhibition centers	1. Indoor exhibition area must not be less than 25,000 square meters. 2. Every hall must have a business meeting room.
	7.23.4 Health rehabilitation centers	1. Must use medical technology for medical treatment and health rehabilitation. 2. Must have continuous rehabilitation programs, including overnight treatment.

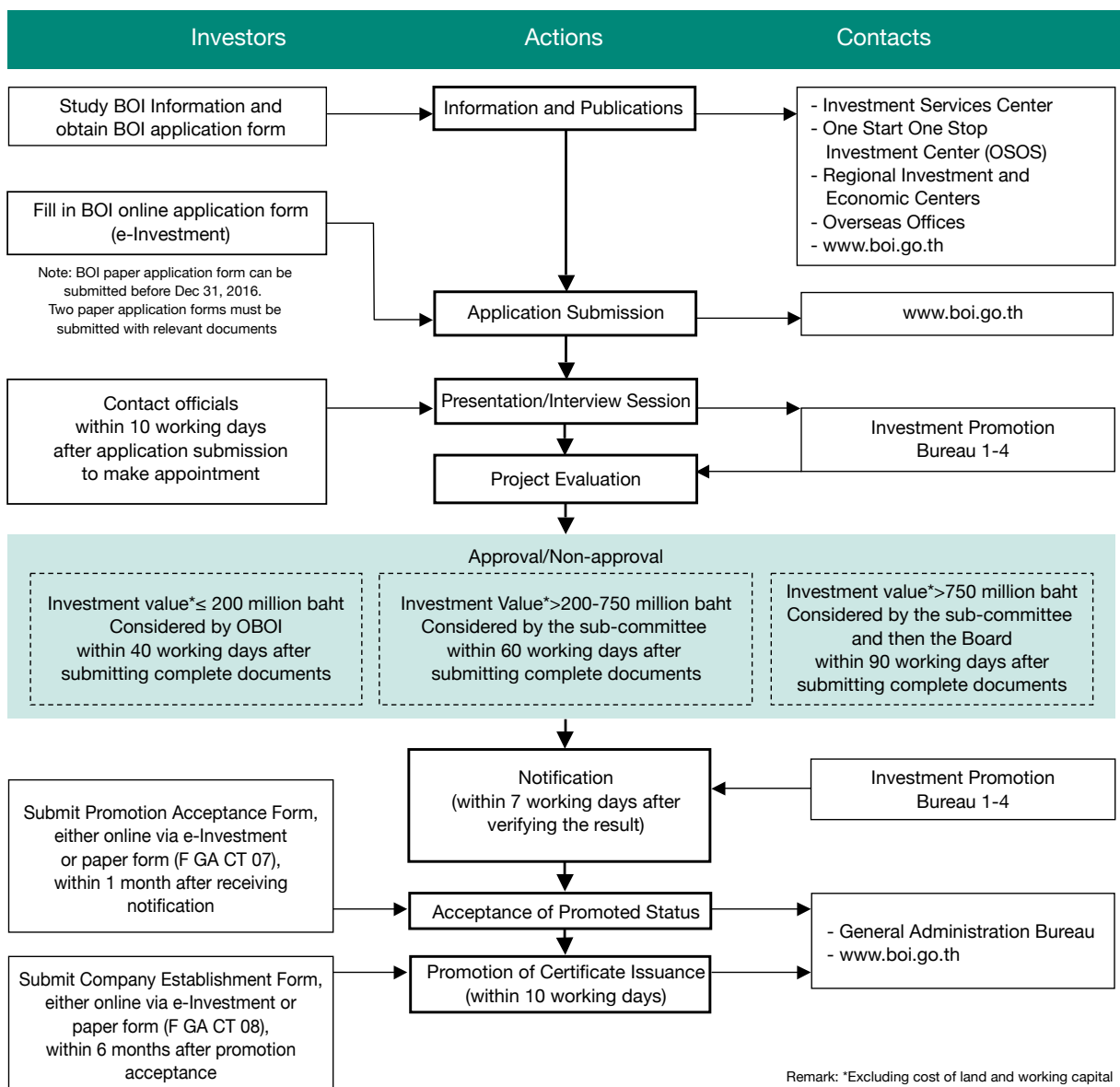


CHAPTER 2 PROCEDURES OF APPLYING FOR BOI PROMOTION

PROCEDURES FOR UTILIZATION OF PROMOTIONAL PRIVILEGES OF BOI PROMOTED PROJECTS

In order to make the work of the Office of the Board of investment (BOI) faster and more efficient, so as to better facilitate promoted investors, the BOI has laid out procedures for applying and implementing promotion privileges, according to the BOI announcement No.1/2553 regarding the “Time Frame for Investment Promotion Procedures.”

PROCEDURES TO APPLY FOR BOI PROMOTION



INVESTMENT PROMOTION PROCEDURES AND TIMEFRAME

Consideration of Investment Promotion Application

1. The Office of the Board of Investment (OBOI) will consider investment applications under the OBOI's authority, which is projects with investment value not exceeding 200 million baht, within 40 working days. Projects with investment value exceeding 200 million baht up to 750 million baht will be considered by the sub-committee within 60 working days, and projects with investment value exceeding 750 million baht will be considered by the Board of Investment within 90 working days, counting from the date on which the OBOI receives the complete application form together with documents and supporting evidence. Projects applying for investment promotion must be in accordance with specified criteria.
2. Documents and supporting evidence that applicants are required to submit for consideration are as follows:
 - 2.1 Two sets of complete application forms, as the case may be, as follows:
 - 2.1.1 Application form for Investment Promotion for all Eligible Activities (F PA PP 01)
 - 2.1.2 Application form for Investment Promotion of Services Activities (F PA PP 03)
 - 2.1.3 Application form for Investment Promotion of Software and E-Commerce (F PA PP 04)
 - 2.1.4 Application form for Small and Medium Enterprises (SMEs) (F PA PP 29)
 - 2.2 Projects with investment value of more than 750 million Baht (excluding cost of land and working capital) must submit the project's feasibility study with details as specified in the OBOI Investment Announcement No. 50/2534 dated November 1, 1991 (see more details on pages 87-89)
 - 2.3 Additional information or supporting documents for each activity, which will be informed of by the OBOI.
3. The applicants can submit the investment promotion application at Investment Promotion Bureaus 1-4, Regional Investment and Economic Centers 1-6, or the Overseas Investment and Economic Center.
4. For further details, please directly contact Investment Promotion Bureaus 1-4 of the BOI

Notification of Investment Promotion Approval/Rejection

1. The OBOI will notify applicants of investment promotion approval or rejection in writing within 7 working days, counting from the date of certified resolution.
2. For further details, please directly contact Investment Promotion Bureaus 1-4 of the BOI

Promotion Acceptance

1. Applicants must submit the Investment Promotion Certificate Acceptance Form (F GA CT 07) within one month after the date of receiving notification.
2. In case the applicants can not submit the Investment Promotion Certificate Acceptance Form (F GA CT 07-01) within the due date, the request form for Promotion Acceptance Expansion (F GA CT 01) can be submitted 3 times. The OBOI will consider the 1st and 2nd extensions for promotion acceptance within 3 working days and the 3rd extension within 7 working days, counting from the date on which the OBOI receives the extension request from the applicant.
3. Applicants must submit the Investment Promotion Certificate Acceptance Form or the request form for Promotion Acceptance Expansion (F GA CT 01) to the Promotion Certificate Division, General Administration Bureau of the OBOI.

Investment Promotion Certificate Issuance

1. Applicants must submit the Promotion Certificate Application Form (F GA CT 08) and supporting documents for consideration within 6 months counting from the date of promotion acceptance, as follows:
 - 1.1 Promotion Certificate Application Form (F GA CT 08) with complete information
 - 1.2 Memorandum of association
 - 1.3 Memorandum of association for capital increase (in the case of capital increase)
 - 1.4 Certificate of Business Registration
 - 1.5 Certificate of the Office of the Company Limited and Partnership Registration
 - 1.6 List of Shareholders and their nationalities, certified by the Office of the Company Limited and Partnership Registration.
 - 1.7 Document showing the transfer of funds from overseas (in the case of foreign investment)
 - 1.8 Joint venture contract, licensing agreement, technical assistance contract (if any)
 - 1.9 Utility and Manpower Requirements Form (F GA CT 13)

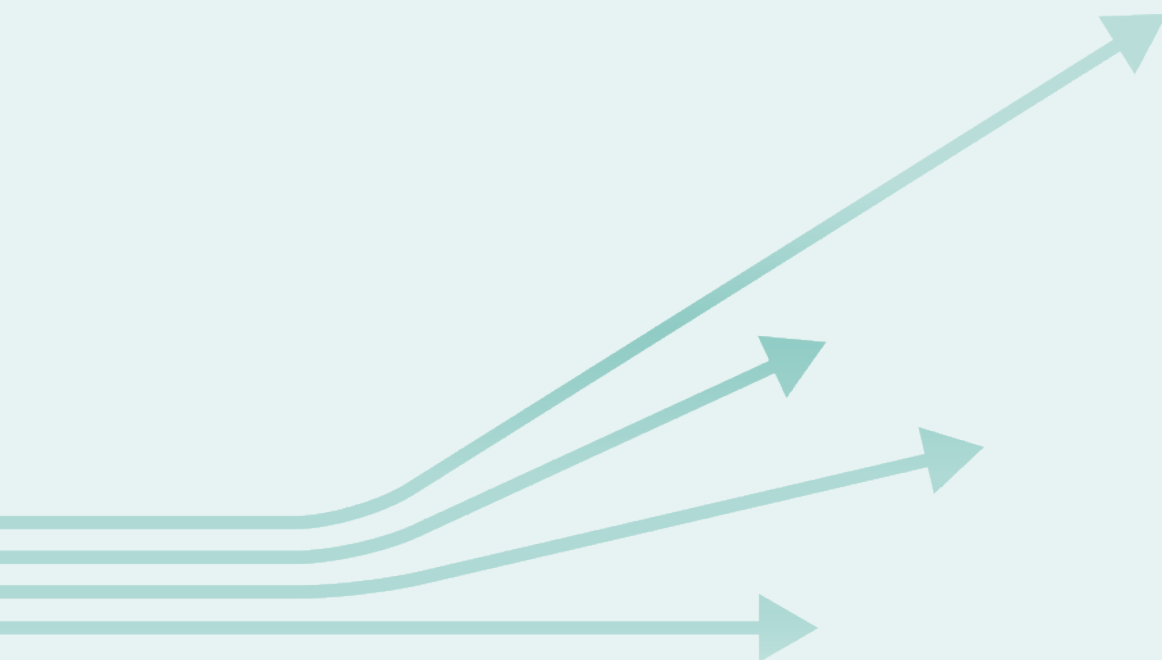
The OBOI will issue the investment promotion certificate within 10 working days, counting from the date on which the OBOI receives the complete promotion acceptance form and all supporting documents.

2. In case applicants cannot submit the Promotion Certificate Application Form and supporting documents for consideration within the due date according to above No.1, applicants can submit the Form of Extension for Documents Submission to Issue the Promotion Certificate (F GA CT 04) which is allowed 3 times. The OBOI will consider the 1st and 2nd extensions for documents submission to issue the promotion certificate within 3 working days and the 3rd extension within 7 working days, counting from the date on which the OBOI receives the extension request from the applicant.
3. Applicants can submit the Promotion Certificate Application Form or the Form of Extension for Documents Submission to Issue the Promotion Certificate or further details directly to the Promotion Certificate Division, General Administration Bureau of the OBOI.

Amendment of Document Attached to Promotion Certificate

Amendment of document attached to promotion certificate will be completed 1 day after all required documents have been submitted.

Amendment field	Required Document
1.1 Incentive (1) section 28, Exemption of import duties on machinery (2) section 30, Reduction of import duties for raw or essential materials (3) section 31, Exemption of corporate income tax (increase/reduction incentives) (4) section 36 (1)(2), Exemption of import duty on raw or essential materials imported for use in production for export (expansion) (5) cancellation/partial withdrawal of rights and benefits. (6) extension of Machinery Importation Period and Operation Start-up	1. Copy of approved letter from Investment Promotion Bureau 2. Original promotion certificate
1.2 Project specific conditions (1) registered capital (2) modification of shareholding structure (3) product type/business size (4) factory/business location (5) increase/reduction in production capacity (6) change in tax value	1. Copy of approved letter from Investment Promotion Bureau 2. Original promotion certificate <u>Remark</u> In case of increase in foreign shareholding, documents showing the transfer of funds from overseas are required.
1.3 Others (1) office location (2) Company's name	1. Covering letter from the company 2. Copy of certificate from the Office of the Company Limited and Partnership Registration. 3. Original promotion certificate



CHAPTER 3 FEASIBILITY STUDY FOR PROJECTS APPLYING FOR INVESTMENT PROMOTION

A FEASIBILITY STUDY FOR A PROJECT APPLYING FOR INVESTMENT PROMOTION

For a Project with Investment Capital of over 750 Million Baht (Excluding Cost of Land and Working Capital)

A feasibility study for the project must consist of the following details:

1. Summary of the Project

Summary of the project in brief: The applicant's products, investment capital, factory location, the number of workers, raw materials in use, technology, etc.

2. Industry Overview

2.1 The linkage between the products for which investment promotion is requested with other industries. Explain the general situation of these industries both in Thailand and in foreign countries.

2.2 Demand for the project:

2.2.1 Domestic demand:

- Import statistics for the preceding five years.
- Production quantity of other manufactures for similar products (if any).
- The quantity and future trend of the industries using the products for which investment promotion is requested, as their raw materials.
- The demand and future trend of the products.

2.2.2 Major export markets and future trend of these markets

2.3 Local production capacity of similar products:

- The number of non-promoted manufacturers, their product quality and productivity.
- The number of promoted manufactures and utilization of production capacity (at full scale).

3. The Appropriateness of the Project

3.1 Investors:

- Explanation of business and industry experiences of Thai and foreign investors and the company's executives, and the investment ratio of all investors concerned.
- Progress in the negotiations between investors: at the initial stage of negotiation or the contract is signed.
- In the case of utilizing an existing company by not setting up a new one, explanation of the shareholders, business, profit and loss, and the preceding balance sheets of the existing company.

3.2 Financial aspects:

- Source of funds: The amount of equity and/or debt, local and from foreign countries.
- Utilization of investment capital: For land construction, machinery, working capital, etc.
- Cash flow, net present value and internal rate of return (IRR) in the case of exempted corporate income tax and non-exempted corporate income tax.
- Progress in the financial institute's consideration of the application for debt: is it still under consideration or is the debt approved?

3.3 Competitiveness:

- Suitability of import duties and business taxes on the products and the main raw materials.
- Average production cost at 50%, 80% and 100% of production capacity.
- CIF process and cost of imported similar products.
- The advantages of manufacturing the products in Thailand.
- Sensitivity analysis: The effects on the viability of the project of changes in the projection of the raw materials' selling price and changes in the rate of taxes and duties on the main raw materials.

3.4 Technical aspects:

- Available production techniques, the advantages and disadvantages of each technique, techniques used in various countries, the reasons why the project chose the specific technique(s).
- Explanations of technical support, aspects which they assist.
- Conditions and limitations of technology transfer, the cost of know-how.
- The appropriateness of production process.
- The appropriateness of production scales in comparison to those used in factories in other countries.
- Sources and adequacy of raw materials, including opportunities to produce raw materials in Thailand.
- Factory location: reasons for choosing the province as the factory location; the adequacy of water, electricity and other infrastructure.
- Utilization of labor at various levels, training courses.
- Effects on the environment:
 - Will the raw materials of the products or production process cause environmental problems?
 - Measures to eliminate or control pollution, investment capital for machinery and for expenses of implementation of pollution control plans.
- Research and Development (R&D): Explanation of R&D plan.
- Improvements on production quality and production design.
- Improvements on productivity in conserving raw materials and employees.
- Improvements on production process.
- Improvements in the quality of the raw materials in use.

4. Effects on the Overall Economy

4.1 How much will the government lose in revenue by promoting the project?

- Corporate income tax.
- Import duties on machinery.
- Import duties on raw materials.

4.2 Benefits to the overall economy

- Domestic value-added.
- Saving or bringing in net foreign currency.
- Increases in domestic employment.
- Factory establishment in provincial areas.
- Benefits to linked industries.

5. Assistance from the Government

5.1 The necessity to apply for promotional privileges: requested incentives.

5.2 The degree of necessity to adjust import duties on raw materials and finished products.

5.3 Is it necessary to request special protection from competition from foreign countries or is it necessary to limit the number of local manufacturers?

5.4 Government assistance in various aspects, such as electricity, water, infrastructure etc.

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