

Thailand: New "BOI Plus" investment promotion incentives introduced to attract more investment and enhance competitiveness

New incentives will soon be available in Thailand to attract investment in targeted industries, intended to enhance the competitiveness of the country. The National Competitiveness Enhancement Act for Targeted Industries, B.E. 2560 (2017 AD) effective since 14 February 2017, aims to promote investment in industries new to Thailand or which use new technology or leading knowhow. This Briefing provides an outline of the incentives offered under the Act and the process to obtain the incentives.

Most of the incentives are the same as existing BOI incentives, except that up to 15 years exemption from corporate income tax is available and a promoted project can be subsidised by a Fund established under the Act with an initial budget of THB10,000 million.

Committees under the Act

Two committees are established to implement the Act:

- **Policy Committee** – which lays down a strategic plan to enhance national competitiveness, specifies the type of industries to be promoted (*must be an industry which has never existed in Thailand and uses new technology or uses leading knowhow*), sets guidelines for

identifying and negotiating with potential investors, establishes rules, procedures and conditions to obtain incentives, and approves promotion of investment projects (which may be with conditions) and fund subsidies.

- **Nomination and Negotiation Committee** – which identifies and negotiates with potential investors to provide promotional incentives under the Act.

The BOI is the secretariat for the Policy Committee and responsible for general administration and coordination.

Procedure to acquire promotion

1. The Nomination and Negotiation Committee invites an investor to submit a project for consideration,

Key issues

- Only industries which are new to Thailand, use new technology or use leading knowhow are eligible for the incentives under this promotion scheme
- Promoted project is exempt from corporate income tax for up to 15 years
- Promoted project can be subsidised by a government-supported fund.

or the investor submits a project itself through the BOI

2. The BOI analyses the project and advises the Nomination and Negotiation Committee.
3. If the Nomination and Negotiation Committee approves the start of

negotiations, the negotiations will commence, the investor is then invited to submit an application for promotion of its investment, to be proposed to the Policy Committee for final approval.

4. The Policy Committee considers the application prepared by the investor together with the results of negotiations.
5. If the Policy Committee approves the promotion of a project, it will inform the investor of the terms. The approval may impose conditions; e.g., on size of the project, capital requirements, research and development or transfer of technology requirements.
6. The BOI then issues an Investment Promotion Certificate to the investor, although if the Policy Committee specifies conditions, the investor must confirm that he accepts all the conditions prior to the issue of the Promotion Certificate.

Incentives

The promoted investment may be granted some or all of the incentives below:

- Exemption from corporate income tax and withholding tax on dividends for up to 15 years

(greater than the existing BOI incentives which only allow up to 13 years tax exemption.)

- Subsidy from the fund established under the Act.
- Existing BOI incentives such as:
 - permitting foreigners to have a shareholding in excess of the foreign shareholding limit specified by the Foreign Business Act;
 - permitting foreigners to own land; or
 - exemption or reduction of import duties on machinery and essential or raw materials.

If you have any questions in relation to any of the issues raised in this briefing please contact one of the authors below

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