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## Chapter 1 Introducing the Board of Investment

### A: The Board of Investment at Your Service

The Board of Investment (BOI) is the government agency responsible for providing incentives to stimulate investment in Thailand. In addition, the BOI conducts extensive investment promotion activities, both in Thailand and abroad.

Although investment promotion in Thailand dates back more than three decades, the BOI is officially governed by the 1977 Investment Promotion Act, as amended by the Investment Promotion Act of 1991. The Board is chaired by the Prime Minister, with economic ministers, senior civil servants, representatives of major private sector organizations, and academics serving as Board Members or Advisors.

The day-to-day investment promotion activities are carried out by the Office of the Board of Investment under the Office of the Prime Minister.

The BOI promotes projects which:

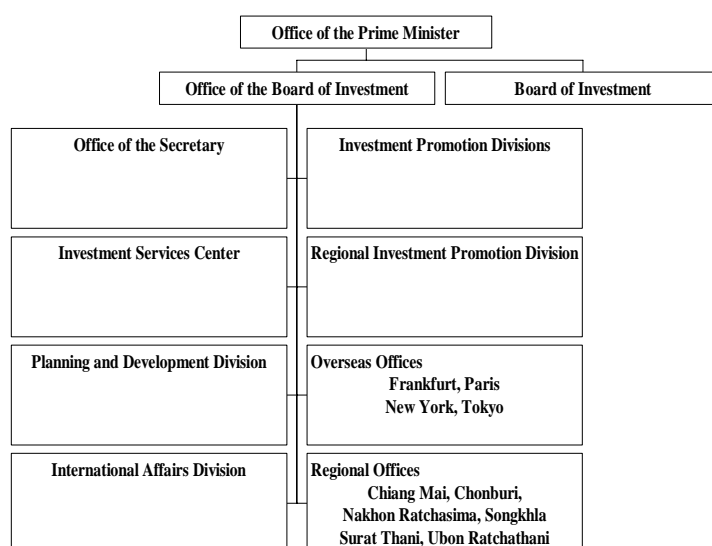
- Strengthen Thailand's industrial and technological capability
- Make use of domestic resources
- Create employment opportunities
- Develop basic and support industries
- Earn foreign exchange
- Contribute to the economic growth of regions outside of Bangkok
- Develop infrastructure and conserve natural resources
- Reduce environmental problems.

The BOI is empowered to grant a wide range of fiscal and non-fiscal incentives and guarantees to investment projects that meet national economic development goals. In addition to investment incentives, the BOI also offers comprehensive business-related services to investors and potential investors.

These services range from working with investors to help them obtain licenses and permits to the identification of promising investment projects and joint-venture partners. In addition, the BOI offers assistance to Thai firms interested in investing overseas, especially in Indochina and in Association of Southeast Asian Nations (ASEAN).

In sum, the BOI provides unqualified support to both foreign and Thai businesses that are planning to, or already have, committed to invest in Thailand.

### B: The Board of Investment Organization Chart



### C: Functions of the Division of the Board of Investment

#### 1. Office of the Secretary

The Office of the Secretary handles administration, ranging from financial accounting, record keeping, to personnel and legal matters. It also organizes meetings, issues promotion certificates, and manages ad-hoc matters that do not fall under the jurisdiction of other divisions.

## **2. Planning and Development Division**

The Planning and Development Division develops investment promotion plans and policies, collects investment statistics, and prepares monthly and annual BOI activity reports. The division in addition conducts research to identify promising investment opportunities in Thailand.

## **3. Investment Services Center**

This division serves as the BOI's arm for publicity, public relations, and the distribution of promotional literature, including the quarterly BOI Investment Review. To provide information to global investors, the Investment Services Center maintains a Home Page on the World Wide Web. The page, which is located at <http://www.boi.go.th> is updated every business day with information pertaining to the business and investment climate in Thailand.

The Investment Services Center regularly hosts foreign missions and coordinates overseas promotion campaigns conducted by the BOI. This division also houses a library, which serves as an information center for investors and researchers, as well as for the public.

Drawing on an extensive database of Thai firms seeking foreign participation, the division provides a matchmaking service for foreign investors, introducing them to potential local partners and government officials. It also helps investors obtain permanent residence permits and lends support to the Investor Club Association, which offers training and services to both foreign and Thai investors.

## **4. International Affairs Division**

This division is responsible for handling the foreign affairs of the BOI. It maintains statistics on foreign investment in Thailand, represents the BOI in bilateral and multilateral trade and investment meetings and, together with the Investment Services Center, coordinates

the BOI's overseas investment promotion campaigns.

The Division is also responsible for supporting Thai investment overseas, and includes the Thailand Overseas Investment Unit, which provides information and support to investors exploring developing markets in the region.

## **5. Regional Investment Promotion Division**

The division is responsible for the investment promotion activities of the BOI's regional offices. They enable companies located in Thailand's provinces to identify potential joint venture partners in Bangkok at the same time as they are identifying potential overseas partners.

### **6. Regional Offices in Thailand**

The BOI currently has six regional offices: Nakhon Ratchasima and Ubon Ratchathani in the Northeast, Songkhla and Surat Thani in the South, Chiang Mai in the North, and Chon Buri (Laem Chabang) in the Eastern Seaboard area.

### **7. Overseas Offices**

The BOI maintains permanent investment promotion offices in Frankfurt, New York, Paris, and Tokyo. These offices offer potential foreign investors a complete range of information on business opportunities and incentives in Thailand.

### **8. Investment Promotion Divisions 1-7**

Depending on which sector their proposed activity falls under, projects are assigned to one of the seven Investment Promotion Divisions within the Board of Investment. Each of the divisions is empowered to handle all aspects of a promoted project so that investors only need to deal with one division for most of their business with the BOI.

Functions of the seven divisions include: The screening and appraising of applications for investment incentives; reviewing specific duty and tax

exemptions for machinery and raw materials; monitoring the operations of promoted projects to ensure compliance with conditions stipulated in their promotion certificates. The division also provides information to investors on the industry sector in which they are involved.

These divisions also consider various measures to assist promoted industries, including import duty reductions, duty exemptions and rebates, and tariff increases on competing imports.

#### **D: Investment Services of the Board of Investment**

##### **1. Assistance in Setting up a Business**

The BOI offers a range of valuable business-related services to potential and actual investors in Thailand. The office helps prospective investors and promoted firms in obtaining official permits and documents required for conducting business, including visas, work permits and permanent residency permits. The BOI also assists investors in gaining access to utilities such as water, electricity and telecommunications.

##### **2. Information on Investment Opportunities**

The Investment Services Center and the Regional Investment Promotion Division maintain comprehensive information on investment opportunities in Thailand, both by sector and by region. Information and investment advice is readily available to both Thai and foreign investors at no charge.

##### **3. Industrial Subcontracting**

The BOI Unit for Industrial Linkage Development (BUILD) encourages growth in supporting industries in Thailand. BUILD provides information on subcontracting opportunities and offers its support to buyer firms seeking sourcing networks in Thailand. It helps small and medium-sized Thai suppliers achieve standards required to enter into productive subcontracting arrangements. BUILD's extensive database on subcontractors in Thailand provides matchmaking services for firms seeking specific components or

raw materials. BUILD recently set up the Vendors Meets Customers Program, which promotes subcontracting by arranging factory visits to electronics and automotive assemblers.

##### **4. Investment Matchmaking**

The BOI provides investment matchmaking services to both Thai and foreign investors seeking cooperation in the areas of technology, management and marketing. In addition, the BOI offers a matchmaking service for investors in regional areas looking for joint-venture partners from Bangkok and abroad, as well as for firms that want to invest in provincial areas.

##### **5. Promoting Thai Investment Overseas**

The BOI also offers assistance to Thai investors looking to venture abroad. The International Affairs Division maintains a library about overseas investment in order to provide Thai businessmen with information to help them make informed decisions about where to invest. In addition, the Division offers Thai investors a consultancy, enabling them to take advantage of the public and private sector contacts obtained by the BOI on their overseas missions.

##### **6. Investor Club Association**

The Investor Club Association is a private membership organization within the BOI, serving the interests and needs of Thailand's investment community. Providing the most up-to-date information on Thailand's investment environment and rules and procedures concerning investment promotion, the Investor Club Association distributes information and serves as a networking organization for its members. The Investor Club is located at: TP & T Tower, 16th Floor, 1 Soi 19, Vibhavadee Rangsit Rd.  
Tel: 936-1429-40.

##### **7. Foreign Expert Services Unit**

In order to facilitate the process of bringing in foreign experts, either to conduct feasibility studies or who are skilled experts or technicians, the BOI has created a unit to expedite the paperwork

involved. The Foreign Expert Services Unit works with companies and experts to certify the expertise of the foreign experts and technicians, and advises applicants of documents required by the One-Stop Service Center for Visas and Work Permits. The Foreign Expert Services Unit is located within the Board of Investment offices.

#### **8. One-Stop Service Center for Visas and Work Permits**

The BOI coordinated the establishment of a One-Stop Service Center for Visas and Work Permits. The center can process applications or renewals of visas and work permits within three hours, assuming all required documents are provided. In addition, the center handles many other transactions, including changing visa status (to non-immigrant status from tourist or transit), payment of fines, and processing of re-entry stamps, all within three hours or less. Investors or experts granted privileges under the Investment Promotion Act of 1997 who are allowed to stay in the Kingdom of Thailand on a temporary basis to undertake investment or business activities, can also have access to the services provided by the One-Stop Center.

The One-Stop Service Center cuts through red-tape. The center is located on the 3rd floor of Krisda Plaza, 207 Rachadapisek Road, Dindaeng, Bangkok 10310. The telephone number is (662) 693-9333-9.

#### **9. BOI Help**

The BOI recently established a help desk where investors can discuss, and receive expert guidance, on difficulties they might be experiencing with other government departments.

## **Chapter 2 Incentives Offered by the Board of Investment**

### **A: Summary of Incentives under the Investment Promotion Act B.E. 2520 (1977), as amended by the Investment Promotion Act (No. 2) B.E. 2534 (1991)**

#### **1. Guarantees**

- Against nationalization
- Against competition from new state enterprises
- Against state monopolization of the sale of products similar to those produced by the promoted project
- Against price controls
- Against tax-exempt imports by government agencies or state enterprises
- Permission to export.

#### **2. Protection Measures (Subject to justifications and needs)**

- Imposition of a surcharge on imports at a rate not exceeding 50 percent of the CIF value for a period not more than one year at a time
- Import ban on competitive products
- Authority by the Chairman to order helpful actions or tax relief measures for the benefit of promoted projects.

#### **3. Permissions**

- To bring in foreign nationals to undertake investment feasibility studies
- To bring in foreign technicians and experts to work on promoted projects
- To own land to carry out promoted activities
- To take or remit foreign currency abroad.

#### **4. Tax Incentives**

- Exemption or reduction of import duties on imported machinery
- Exemption or a reduction of import duties on imported materials and components
- Exemption of corporate income taxes for three to eight years, with permission to carry forward losses and deduct them as expenses for up to five years
- Exclusion of dividends derived from promoted enterprises from taxable income during the corporate income tax holiday.

## **5. Additional Incentives for Enterprises in the Special Investment Promotion Zones**

- Reduction of corporate income tax by 50 percent for five years after the exemption period
- Double deduction from taxable income of water, electricity, and transport costs for 10 years from the date of first sales
- Deduction, from net profit, of 25 percent of the project's infrastructure installation or construction cost.

## **6. Additional Incentives for Export Enterprises**

- Exemption of import duties on imported raw materials and components
- Exemption of import duties on re-exported items
- Exemption of export duties
- Allowance to deduct from taxable corporate income an amount equivalent to five percent of an increase in income derived from exports over the previous year, excluding the cost of insurance and transportation.

## **B. Policies and Criteria for Investment Promotion (Including Criteria for Factory Relocation and Criteria for Research and Development)**

This Board of Investment Announcement No. 1/2536 (April 9) supersedes BOI Announcement No. 1/2535, and should be read in conjunction with BOI Announcement No. 2/2536, the List of Activities Eligible for Investment Promotion.

These criteria are effective for applications submitted from April 1, 1993. Projects that have already been approved for investment promotion, but have not yet used their tax privileges as of April 1, 1993, are eligible to apply for additional privileges under sections six and of this announcement.

In line with the National Economic and Social Development Plan and government policies, the BOI has updated the policies and criteria for granting investment promotion and providing tax incentives as follows:

### **1. Legal Aspects**

Under the Investment Promotion Act of B. E. 2520, the Board of Investment may approve the promotion of investment projects in the agriculture, animal husbandry, fishery, mineral exploration and mining, manufacturing, and service sectors when it considers that the products, commodities or services:

- Are either unavailable or insufficiently available in Thailand, or are produced by an outdated process
- Are important and beneficial to the country's economic and social development, and to national security, or
- Are economically and technologically appropriate, and have adequate preventive measures against damage to the environment.

### **2. Policy Aspects**

Under the Investment Promotion Act of B.E. 2520, the Board of Investment maintains a policy of giving special consideration to investment projects that:

- Locate operations in provincial areas
- Establish or develop industries that form the base for further of industrial development
- Develop public utilities and basic infrastructure
- Conserve natural resources and help reduce environmental problems
- Conserve energy or replace imported energy supplies
- Contribute to technological development
- Significantly strengthen the country's balance of payments.

### 3. Criteria for Project Approval

- In determining both the economic and technological suitability of a project for which investment promotion is requested, the Board applies different criteria depending on the level of investment capital.

- For a project with investment capital (excluding the cost of land and working capital) not exceeding 200 million baht, the following criteria are used:

- The value added is not less than 20 percent of sales revenue, except projects which export at least 80 percent of total sales, or use domestic agricultural products as raw materials, or involve conserving, restoring or developing natural resources and the environment

- Registered capital of a newly established project amount to at least 20 percent of total investment. For expansion projects, the proportion of registered capital to total investment is considered on a case by case basis

- Modern machinery and production processes and new equipment are used. In cases where an older process is to be used, its efficiency must be certified by a reliable institution, and the Board must approve installation

- Adequate environmental protection systems are installed.

- For a project with investment capital (excluding the cost of land and working capital) over 200 million baht, criteria for projects with capital under 200 million baht (as above) are used, together with the following additional considerations:

- The impact of the project on its own industry and related industries

- The impact on government revenue and any additional burden on the government, in relation to the project

- The effect on consumers

- The contribution to technological development.

- For a project with investment capital (excluding the cost of land and working capital) over 500 million baht, a feasibility study must be submitted.

### 4. Criteria for Joint Ventures

When considering approval of foreign investment in a wholly foreign-owned project, or foreign equity participation in a joint-venture project to which investment promotion has been granted, the Board utilizes the following criteria:

- For investment projects in agriculture, animal husbandry, fishery, mineral exploration and mining, or in the service sector, Thai nationals must hold cumulative shares totaling not less than 51 percent of the registered capital. However, for projects with investment capital (excluding the cost of land and working capital) over 1,000 million baht, foreign investors may initially hold a majority or all of the shares, but Thai nationals must acquire shares totaling not less than 51 percent of the registered capital within five years of starting operations.

- For manufacturing projects, if the production is mainly for the domestic market, Thai nationals are required to own shares totaling not less than 51 percent of the registered capital, except projects located in Zone 3 in which majority or wholly-owned foreign projects are permitted.

- For manufacturing projects, if at least 50 percent of production is for export, foreign investors may hold a majority of the shares, and where at least 80 percent of total sales is to be exported, they may hold all the shares

- During the Seventh Development Plan (1992-1996), responsible ministries established criteria for foreign ownership requirements for projects in the following areas:

- The development of transportation systems

- Public utilities

- Environmental conservation and restoration
- Direct involvement in technological development.

Accordingly, the Board will not consider the foreign ownership issue for projects in those areas.

## 5. Investment Promotion Zones

All provinces throughout the country, as well as Laem Chabang Industrial Estate, except Bangkok, Samut Prakan, Samut Sakhon, Pathum Thani, Nonthaburi, Nakhon Pathom, Samut Songkram, Ratchaburi, Kanchanaburi, Suphanburi, Ang Thong, Ayutthaya, Sara Buri, Nakhon Nayok, Chachoengsao and Chon Buri, are designated as Investment Promotion Zones.

## 6. Criteria for Granting Tax and Duty Privileges for Promoted Projects

- Approved projects located in Bangkok, Samut Prakan, Samut Sakhon, Pathum Thani, Nonthaburi and Nakhon Pathom, (Zone 1) will receive:
  - No tax exemption or reduction on machinery, except projects which export not less than 80 percent of total sales or locate their factories in industrial estates or promoted industrial zones. Such projects will receive a 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No.C 13/2533) and which is subject to import duty greater than or equal to 10 percent
  - No corporate income tax exemption, except for projects that export not less than 80 percent of total sales and locate their factories in industrial estates or promoted industrial zones, in which case a three-year exemption will be granted
  - Exemption of import duty on raw or essential materials used in export products for a period of one year for projects exporting at least 30 percent of total sales.
- Approved projects located in Samut Songkram, Ratchaburi, Kanchanaburi, Suphanburi, Ang Thong, Ayutthaya, Sara Buri, Nakhon Nayok, Chachoengsao and Chon Buri (Zone 2) will receive:
  - A 50 percent import duty reduction on machinery that is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C 3/2533) and that is subject to import duty greater than or equal to 10 percent
  - Corporate income tax exemption for three years, extendible up to seven years for projects that locate their factories in industrial estates or promoted industrial zones
  - Exemption of import duty on raw or essential materials used in export products for a period of one year for projects exporting at least 30 percent of total sales.
- Approved projects located in the remaining provinces plus Laem Chabang Industrial Estate (Investment Promotion Zones or Zone 3) will receive:
  - Import duty exemption on machinery
  - Corporate income tax exemption for eight years
  - Exemption of import duty on raw or essential materials used in export products for a period five years for projects exporting at least 30 percent of total sales
  - 75 percent import duty reduction on raw and essential materials used in production for domestic sales for five years. This reduction is renewable on an annual basis, provided that raw or essential materials comparable in quality are not being produced or are not originating within the Kingdom in sufficient quantity to be acquired for use in such activity.

*Note: This does not include projects or factories in Laem Chabang Industrial Estate*

- Special privileges are granted as follows:
  - Reduction of corporate income tax by 50 percent for five years after the exemption period
  - Double deduction from taxable income of water, electricity, and transport costs for 10 years from the date of first sales
  - Deduction, from net profit, of 25 percent of the project's infrastructure installation or construction cost.

### **Priority Activities**

- The Board has identified projects in the following five areas to be priority activities:
  - Basic transportation systems
  - Public utilities
  - Environmental protection and/or restoration
  - Direct involvement in technological development; and
  - Basic industries.
- Such projects will be eligible to receive the following privileges:
  - Corporate income tax exemption for eight years, regardless of location
  - A 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C 13/2533) and which is subject to import duty greater than or equal to 10 percent for projects located in Zones 1 or 2
  - Import duty exemption on machinery for projects located in Zone 3.

### **8. Criteria for Factory Relocation**

In order to encourage industrial development in regional areas, the Board will grant promotion status to existing activities, which may or may not have

been promoted, if they relocate to the regions.

The following criteria will be used:

- The operation must relocate from Zone 1 to Zone 2 or from Zones 1 or 2 to Zone 3
- The type of activity and size of investment must be in accordance with that specified by the Board in the Investment Promotion List.
- Criteria for factory relocation:
  - For projects facing environmental problems and required by the Ministry of Industry to relocate:
    - The factory must relocate to an industrial estate or promoted industrial zone
    - The former factory must be closed down and all machinery moved to the new location. The new factory must be ready for operation within two years of receiving the promotion certificate.
  - For other types of operation:
    - The existing operation must employ not fewer than 50 people
    - Main production machinery must be moved to the new location, and the new factory must start operating within two years of receiving the promotion certificate.
- Relocating operations will receive standard non-tax privileges, and tax privileges depending on which zone it is relocated to.
  - For factories which relocate to Zone 2 except for activities specified in the Investment Promotion List as not being eligible for corporate income tax exemption, the following privileges apply:
    - Corporate income tax exemption for a period of three years
    - Corporate income tax exemption for a period of seven years if they relocate to industrial estates or promoted industrial zones.

- For factories which relocate to Zone 3, except for activities specified in the Investment Promotion List as not being eligible for corporate income tax exemption, the following privileges apply:
  - Corporate income tax exemption for eight years
  - Reduction of corporate income tax by 50 percent for five years subsequent to the initial exemption period
  - Double deduction from taxable income of water, electricity and transport costs for 10 years
  - Deduction, from net profit, of 25 percent of the project's infrastructure installation or construction cost
- The income tax holiday period will start from the day of the first revenue received from the relocated activities.

*Note: Applications for relocation must be submitted to the Office of the Board of Investment.*

## **9. Criteria for Granting Promotional Privileges for Research and Development**

In order to support the advancement of production technology, the improvement of product quality, and the development of new products, the Board of Investment will grant additional privileges to promoted projects that invest in research and development activities.

- The following criteria will be used:
- The corporate income tax exemption period will be extended for three more years. However, when combined with the existing corporate income tax exemption, the total period cannot exceed eight years
- Promoted projects are required to make an additional investment in research and development activities equivalent to the value of the additional income tax exempted

- Machinery and equipment used in research and development activities must be approved by the Board
- The number of qualified Thai personnel in research and development activities must be approved by the Board
- Promoted projects can import machinery and equipment for research and development activities for a period of eight years, starting with the arrival date of the first shipment.

## **10. Exemptions**

The Board of Investment will follow the above general criteria in considering and approving investment promotion and tax privileges, except in the following cases:

- When different tax privileges have been specified to a particular type of activity (Please see Chapter 5)
- When applicants submit an investment project between April 1, 1993 and June 30, 1993 and choose to be considered under the previous list of Activities Eligible for Promotion, in which case the former Criteria for Providing Tax Privileges will apply (see BOI Announcement No. 1/2535)
- When the Board considers that special factors apply.

*Note: The BOI has adopted a number of additional announcements and short-term measures to help stimulate further economic growth Please see Chapter 4*

## **Chapter 3 Procedural Aspects of the BOI**

### **A: Procedures for Obtaining Promotional Privileges**

#### **1. Application for Granting of Promotional Privileges**

An investor wanting promotional privileges under the Investment Promotion Law may obtain a free copy of the application form from the Investment

Services Center of the Office of the Board of Investment (OBOI).

Two completed promotion application forms must be submitted to the Office of the Secretary, which will pass them to the Investment Promotion Division and to the Board for decision. The Board will then either:

- Approve the application and decide on the conditions for promotion
- Reject the applications as being unsuitable at the time; or
- Refer the application back to the OBOI for further clarification and/or additional information. In such cases, the application will be re-scheduled for another hearing.

## **2. Action Required after a Project is Approved for Promotion**

- The OBOI will inform the applicant in writing within 15 working days of the approval date, detailing the conditions, privileges and benefits granted. An application form for the Promotion Certificate will be attached, together with the notification of approval
- Upon receipt of the OBOI letter approving the project, the applicant must reply in writing within one month. If any changes or special conditions and privileges are sought, they should be requested at that time
- If the applicant is unable to reply within the stated time limit, a letter of clarification should be sent to the OBOI, which will consider extending the deadline by not more than one month at a time, up to a maximum of three times
- In order to receive the investment promotion certificate, the applicant must set up the company within six months of accepting the approval, and submit all of the following documents to the OBOI:
  - The memorandum of association

- The certificate of business registration
- A certificate stating the registered capital, a list of directors indicating those empowered to bind the company, and the address of the head office
- A list of the shareholders and their nationalities
- A document showing the transfer of funds from overseas, or a certificate of investment from overseas issued by the Bank of Thailand for foreign investors
- A joint venture contract, licensing agreement, technical assistance contract and/or technology transfer contract (if any)
- A completed investment promotion certificate application form.

- While awaiting the OBOI's reply and the issuance of the investment promotion certificate, the applicant must report on how the project is progressing
- If the applicant is unable to submit the documents within the required time limit, an explanatory letter must be sent to OBOI, which will consider extending the deadline by four months at a time, up to a maximum of three times
- The OBOI will issue the investment promotion certificate after receipt of all specified documents, and the promoted company must closely follow the conditions laid out in the Certificate.

If there are any discrepancies or errors, or if an amendment is sought, the OBOI must be notified in writing, with all relevant documents attached.

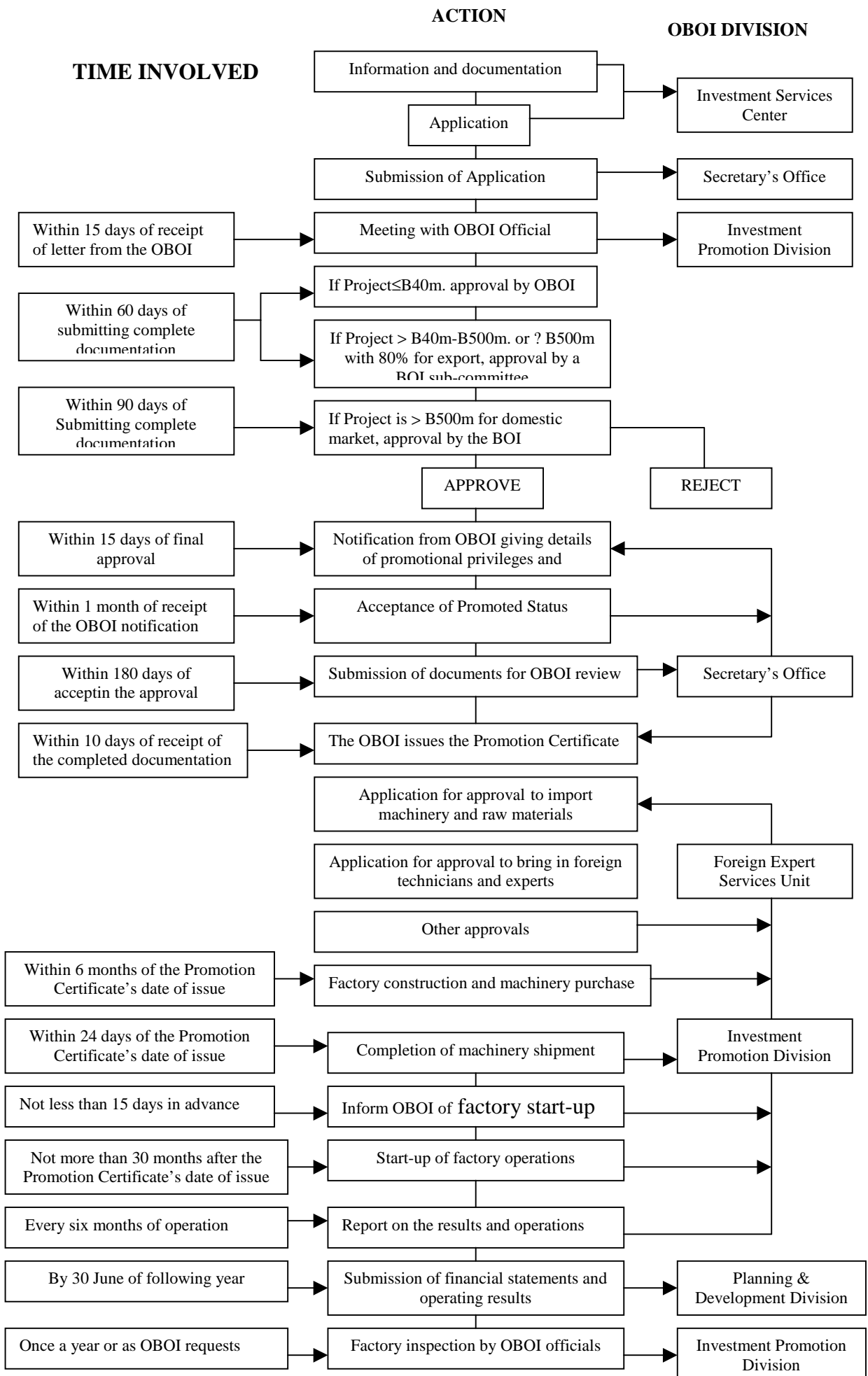
## **3. Action Required after the Investment Promotion Certificate is Issued**

After receipt of the investment promotion certificate, the promoted company must meet the following conditions and inform the OBOI at each stage:

- Within six months of the issuance date, the promoted company must initiate the project by starting factory construction, purchasing machinery etc., submitting all relevant documentation to the OBOI at each stage
- Within 24 months, the machinery and equipment must be imported in order to benefit from the reduction of, or exemption from, taxes and duties
- Within 30 months, construction must be completed, the machinery and equipment installed, and the factory ready to begin operations.
- In the three cases above, if the promoted company is unable to proceed within the prescribed time limit, advance notice must be given to the OBOI, along with the reasons and all necessary documentation. If there is a problem with delivery of machinery, permission must be sought two months in advance by submitting the appropriate form available from the Investment Promotion Division
- The OBOI must be notified in writing at least 15 days before factory operations commence, in order to allow an officer to inspect the premises. If everything is in order, the OBOI will issue an official permit to start operations
- Every six months the promoted company must make a report to the Investment Promotion Division. An annual report must also be sent to the OBOI, and an officer from the Investment Promotion Division will check whether the conditions of promotion are being adhered to (e.g. local raw material usage, employment conditions, use of technicians, foreign exchange savings, export quantities, and any others specified in the Promotion Certificate)
- The promoted company must ask for written permission from the OBOI if the operation has to be halted for more than two months
- The OBOI must give written permission before a promoted company may mortgage, sell, transfer or rent machinery which was brought into the country either exempted from, or at a reduced rate of tax. Similar permission must be obtained to use machinery for non-approved purposes
- If an inspector finds that the promoted company is not meeting the prescribed conditions, the OBOI will send an official warning note. If there are insufficient reasons why the conditions are not being met, the OBOI will recommend to the Board that the Promotion Certificate be withdrawn, and inform the Ministry of Finance and other related agencies accordingly.

**B: Time Frame for Project  
Consideration and Related  
Procedures**

	<b>Number of working days</b>
<b>Initial Project Analysis</b>	
By the OBOI or Sub-Committee (investment of 40-500 million baht)	60
By the Board of Investment (investment of more than 500 million baht)	90
<b>Project Modifications</b>	
Changes in location, raw material import schedule, registered capital, foreign equity share, or reduction in production capacity	5
Additional privileges, product withdrawal, sale of by-products	15
Increase in production capacity, change in type of products, change in method of production, change in exporting condition, or transferring of promoted activities	30
<b>Promotion Certificate Issuance</b>	
Extension of promotion acceptance period	7
Issuing promotion certificate	10
<b>Clearance of Machinery Imports</b>	
Approval of use of bank guarantee	3
Approval of machinery clearance	7
Approval of bank guarantee withdrawal	7
<b>Clearance of Raw Material/Input Imports</b>	
Approval of raw material/input clearance	3
Approval of use of bank guarantee	3
Approval of bank guarantee withdrawal	3
Approval of raw material/input deduction	9-15
Approval of input formulae and maximum stocks	30
<b>Other Investment Services</b>	
Changes in factory construction schedule	36
Changes in machinery import schedule	45
Granting permission for foreigners	
To conduct feasibility studies	15
To work in promoted activities	15
To own land	5
To mortgage land	3
To own a condominium unit	5



## **D. Appealing a Board Decision**

If the applicant or promoted company wants to appeal a decision of the OBOI, of a subcommittee, or of the Board itself, a letter addressed to the Secretary General must be submitted to the BOI, giving full details and specifying the reasons for the appeal. The letter must either be delivered by hand or sent by registered mail to the BOI.

The OBOI will not reconsider an appeal which has been withdrawn, or on which a conclusion has been reached, except in cases where an appeal is resubmitted for projects which may be subject to changes of policy regarding the type and/or size of activity.

## **E. Factory Licensing**

Three agencies are concerned with factory licensing:

- The Department of Industrial Works
- The Industrial Estate Office (Services Investors and Factories Located Within Industrial Estates Under Industrial Estate Authority of Thailand)
- Provincial Industrial Offices (located in each province).

### **Environmental Concerns Regarding Sources of Water**

Certain areas have been reserved as sources of water by the Metropolitan Water Works Authority. In order to control the establishment or expansion of factories in such areas, the following regulations have been imposed:

- In reserved areas to be used as water sources, it is forbidden to set up or expand factories that release wastewater containing the following poisonous substances:
  - Heavy metals such as zinc (Zn), chromium (Cr), copper (Cu), mercury (Hg), manganese (Mn), cadmium (Cd), lead (Pb), selenium (Se), Nickel (Ni), barium (Ba), and Iron (Fe).
  - Poisonous substances used in agriculture and other chemicals such

as PCB (polychloryl biphenyl), cyanide (Cn), arsenic (As), phenol, etc.

- It is forbidden to set up or expand factories in areas reserved for water supply. The only exceptions are factories that release wastewater as a biochemical oxygen demand (BOD) of less than one kilogram per day, or those that are set up in Navanakorn Industrial Estates I and II.

The Cabinet has assigned the following areas to be reserved as sources of water:

- Ayutthaya Province:
  - Bangsai District, including Bangsai, Maitra, Banma, Kokchang, Rajakram, Chiang Yai, Potaeng, Chiangrak Noi and Sanamchai sub-districts
  - Bang Pa-In District, including Kohkerd, Bankasan, and Chiangrak Noi sub-districts, except areas located a minimum distance of 1000 meters from highway #1 (Paholyothin Road) and highway #32, measured from the center of the highway, and except the area of the Bang Pa-In Paper Factory
- Pathum Thani Province:
  - Khong Luang District, including all of Klongneugn and Klingsong sub-districts, except for Navanakorn Industrial Estates I and II, which have received investment promotion from the government
  - Samkok District, including Taikoh, Bangkrabue, Klong Kwai, Bangtoey, Samkhok, Bangpoh Nua, Krachang, Chiangrak Noi, Banngew, Banpathum, and Chiangrak Yai sub-districts
  - Muang District, including Bangchang, Bangpud, Suanprikthai, and Bankrang sub-districts.

## **F. Activities Requiring Special Permission from the National Environment Board**

The Ministry of Science, Technology and Energy has stipulated that the following activities are required prepare environmental impact assessment reports:

- All mining operations, as described in the Mining Act
- All Industrial Estates, as described in the Industrial Estate Act
- Oil refining of any scale
- Natural gas separation or processing in any scale
- Using raw materials that are produced from oil refineries or gas separation with production capacity of 100 or more tons per day
- The chloralkaline industry, using sodium chloride (NaCl) as a raw material to produce sodium carbonate, sodium hydroxide, hydrochloric acid, chlorine, sodium hydrochloride, and bleaching powder with production capacity of each (or combined products) of 100 or more tons per day
- Using iron ore and/or scrap iron as a raw material, either with a daily production capacity of 100 tons or more, or with a kiln or furnace capacity of five tons or more
- Non-ferrous metal smelting and founding, with a daily capacity of 50 tons or more
- Production of paper pulp, with a daily capacity of 50 tons or more
- Cement industries
- Dam or Reservoir
- Irrigation
- Commercial Airports
- Mass Transit Systems under the Mass Transit and Expressway Act, or Mass Transit rail projects, or projects with the same characteristics
- Buildings of 80 or more rooms, which are situated near rivers, the coastline, lakes or close to or in national parks, with height of 23 meters or more, or total floor area of 10,000 square meters or more
- Residential condominiums of 80 units or more, as defined by the Condominium Act
- Hotels or resorts of 80 rooms or more
- Flats or apartments of 80 rooms or more
- Land allocation of 500 or more land plots (or total developed area of more than 100 rai), to be used for residential or commercial purposes
- Hospitals
  - Located near rivers, the coastline, lakes or beaches, with 30 or more in-patient beds
  - Hospitals of 60 or more beds, excluding the above
- Hazardous waste treatment centers of all sizes
- Chemical fertilizers that are manufactured by chemical process
- Pesticides that use chemical processes in production
- Highways or roads (equivalent to or above the minimum standard of rural highway, including road expansions), as defined by the Highway Act, passing through the following areas:
  - Wildlife Sanctuaries and Wildlife Non-
  - Hunting Areas, as defined by the Wildlife Conservation and Protection Act
  - National Parks, as defined by the National Park Act
  - Watershed areas classified as Class 2 by Cabinet Resolution
  - Mangrove forests designated as National Forest Reserves
  - Coastal areas within 50 meters from maximum sea level
- Seaports which can accept ships of 500 ton gross or more
- Petroleum Development
  - Exploration or/and petroleum production
  - Petroleum transportation system and oil pipe
- Thermal power plants with capacity of 10 or more MW
- All types of products located in areas that have been designated by the Cabinet as watershed areas, as Class 1 B
- Sugar industry
  - All size projects producing raw, refined,
  - or white sugar
  - Projects producing 20 or more tons per day of glucose, dextrose, fructose, or the like.

#### **G. Procedures for Applying for Land Ownership**

A promoted company with 50 percent or more of its shares held by foreigners may

apply for land ownership, as per section 27 of the Investment Promotion Act, by submitting the appropriate form, attaching a map of the location, a construction plan, and a copy of the land title deed to the Investment Promotion Division.

The OBOI will approve the amount of land to be acquired, and will send a letter of approval to the applicant. If the land is in Bangkok, the OBOI will notify the Department of Land, and if in the provinces, the relevant provincial Governor.

In order to acquire the land following receipt of the approval letter, the promoted company must contact the Land Office of the area in which the land is located, showing the Promotion Certificate.

If the promoted business is subsequently dissolved, the OBOI must be informed and the land sold within one year of the date of dissolution.

If the promoted company wishes to transfer the business to another company in which more than half the shareholders are foreign, the promoted company must request prior permission from the OBOI. The approved land should be used only for the promoted activity.

## **H. Procedures for Bringing in Aliens**

### **1. Aliens Who Want to Conduct Feasibility Studies**

Aliens choosing Thailand to conduct research on investment opportunities, or for other matters which might benefit investment, may apply for privileges provided under section 24 of the Investment Promotion Act of B.E. 2520, which applies to individuals but not to their families.

The applicant must inform the Foreign Expert Services Unit of the BOI in writing, giving details of the alien's name, position, professional certificates, and the type of business. The alien should, at the same time, obtain a 90-day non-immigrant

visa from a Royal Thai Embassy or Consular Office abroad, prior to entering the country.

Upon arrival, aliens should contact the Foreign Expert Services Unit to apply for permission to stay in Thailand beyond 90 days by submitting their professional certificates, and five copies of a bio-data form.

Aliens already in Thailand with a non-immigrant visa must contact the Foreign Expert Services Unit as stated above.

The Foreign Expert Services Unit will grant permission to stay in Thailand for not more than six months at a time.

### **2. To Work in Non-BOI-Promoted Activities**

The following non-promoted activities are eligible to bring in foreign personnel:

- Manufacturing which will bring in modern technology to Thailand, or use not less than 50 percent local raw materials, or employ more than 20 workers
- International trade which promotes exports, or seeks new markets for local producers
- A tourist business which will bring investment in tourist services and encourage more tourists to visit Thailand
- A financial institution which has more than 20 percent Thai equity participation, and which brings in not less than 100 million baht in foreign currency.

### **3. Foreign Skilled Technicians and Experts**

Promoted companies benefiting from privileges under Section 25 of the Investment Promotion Act may also bring in aliens as skilled technicians or experts, with their families, by writing to the Foreign Expert Services Unit of the BOI specifying the Promotion Certificate number and type of business, and

submitting the form for position approval, listing the number of experts, as well as a copy of the company's organizational chart.

Before coming to Thailand, skilled technicians and experts and their families should obtain 90-day non-immigrant visas, and on arrival they should contact the Foreign Expert Services Unit to get confirmation of the approved position. At this stage, five copies of their biodata forms and professional certificates should be presented, along with five copies of their family's biodata forms and documentary evidence showing the family relationships.

After permission is granted, technicians and experts and their families should submit their passports and letter of approval from the Board of Investment to the One-Stop Service Center for Visas and Work Permits within 15 days of the date of approval, and not later than the former approved date (if applicable).

When a skilled technician wishes to extend the duration of his visa, an application should be submitted one month before the expiration date of the visa.

The same procedure must be followed if the promoted company wishes to bring in a replacement for a skilled technician or expert.

If technician or expert, or any family member, wishes to leave the country for a trip abroad, he/she should apply in advance for a re-entry visa from the One-Stop Service Center for Visas and Work Permits, or the privileges will expire.

Within seven days of the departure of a skilled technician or expert, the promoted company must inform the OBOI in writing.

## **I. Criteria for Importing Machinery**

### **1. Criteria for Exemption or Reduction of Taxes and Duties on Machinery**

Such exemptions or reductions will be granted only if there is no local production of the imported machinery. The list of machinery and equipment not eligible for tax exemptions or reductions due to local production is presented in the section on machinery and equipment that can be manufactured or assembled in Thailand. (Please see Section J)

The machinery and equipment must be used directly in the promoted project's production process, which can include anything from product design, manufacturing, product testing and quality control, to delivery of finished goods. Machinery which is not to be used directly in the production process but is needed by the project for factory construction, communications, office use, pollution control, research and development, energy savings, maintenance, or provision of personnel safety and factory security, will be granted duty and tax exemptions and/or reductions.

Parts and components of machinery that must be sold as a set of machinery and cannot be separated, such as nuts, screws, and electrical wires, will also be granted the same exemptions and reductions from taxes and duties as the machinery.

The production capacity of the machinery will not be subject to detailed scrutiny upon purchase. If, after installation and approval of starting operation, the machinery is found to have a larger production capacity than that prescribed in the Promotion Certificate, the promoted company may have to pay taxes and duties on the additional capacity. The OBOI will permit excess capacity of not more than 20 percent over the prescribed capacity.

After importing machinery and when applying for a permit to start operation, the promoted company is required to submit a detailed list of the machinery which has been granted exemptions and reductions from taxes and duties.

Spare parts must be imported along with machinery in order to benefit from reduction of or exemption from import

duty, except for activities which are granted tax privileges on machinery and raw materials indefinitely and are allowed to import replacement machinery, including spare parts, with exemptions and reductions from taxes and duties.

## **2. Clarification on the Procedure for Exempting Tax and Duty on Machinery**

Within a year of the date of starting operations, promoted companies are required to submit a master list of the machinery to be exempted from import duty. The OBOI may propose that the machinery be released upon deposit of a bank guarantee in lieu of the import duty.

The master list of machinery can mean any of the following:

- Pro forma invoice with a full list of the machinery
- Purchase contract showing the number and specifications of the machines
- Installation chart showing main machines
- Certain projects, such as hotels, with exact construction plans and which order machinery from various sources, may be unable to submit any or all of the above documents. If so, the list of machinery to be purchased from abroad has to be submitted separately from domestically-sourced machinery.

After considering the documents listed above, the OBOI will confirm or deny approval. When the goods arrive, the promoted company must submit three copies of the invoice and packing list, together with the original document to the BOI for confirmation.

The more details that can be included in the submitted documents, the shorter the time taken for consideration will be. If used machines are to be brought into the country, the OBOI must be informed in writing at the outset. If not, their importation will have to be reconsidered, even if it has already been approved as new machinery.

If the above procedures are closely adhered to, promoted companies will be able to get the imported machinery released without having to provide cash or a bank guarantee to the Customs Department. However, if the required documents are submitted late, or are received just before the goods arrive, the OBOI may insist that cash or a bank guarantee be deposited with the Customs Department for the release of the machinery.

For machinery released in this way, the promoted companies must submit a detailed list for approval within one year of the date of starting operations. The list must specify the quantity, size or capacity, manufacturer's name, country of origin, and price of each item of machinery, along with three sets of invoices and packing lists. A letter requesting the withdrawal of the bank guarantee must also be returned.

In case a detailed list of machinery is not submitted within the specified period, the OBOI will seek to revoke the privileges on the imported machinery stated in the Promotion Certificate.

## **J. Machinery and Equipment that can be Manufactured in Thailand**

### **1. Construction Materials**

- Tempered safety glass, transparent and colored glass
- Floor, wall, and asbestos cement; baked clay and plastic tiles
- Hot-rolled and cold-rolled structural steel, high voltage structural steel, flat steel and square steel, deformed bars, re-rolled steel and round steel bars
- Brass bolts and aluminum bolts, both pressed and rolled type
- Faucets
- All kinds of sanitary ware, except bath tubs
- Frame sets for adjustable louver windows
- Sling steel wire rope
- Adjustable bases for steel scaffolding and complete-set steel scaffolding

- Reinforced concrete pipe, high pre-stressed concrete pipe, asbestos cement pipe, baked clay pipe, hard PVC pipe, fiberglass pipe, concrete water pipe, steel screw coupling, ISO metric screw coupling, asbestos cement joint and hard PVC joints
- Stainless steel pipe and steel pipe of certain sizes, with and without seams
- High-density polyethylene pipe and polybutylene pipe for use as drinking water pipes, and polypropylene pipe
- Padlocks and door locks, ordinary type
- Door hinges
- Plain wood doors and windows, and manual roll doors
- Refractory bricks
- Glass fiber insulator
- Finished insulator for building walls and cold rooms
- Formica, gypsum board and plywood

#### • **Machinery and Electrical Equipment**

- Ballast, ordinary lamps, fluorescent lamps, electric bulbs, starters
- Ordinary fans
- Electric motors of certain sizes, motor compressors, single phase and three-phase induction motors
- Straight shank, suspension, strain and wheel insulators
- Electric switches
- Telephone cable, electrical cable and electric wires
- Power, safety-isolating, and electric transformers.
- Capacitors of low voltage
- Electric rice cookers
- UPS (uninterruptible power supply)
- Personal computers
- Generator sets, not more than 240 kilowatts
- Refrigerators and freezers
- Water coolers of all kinds
- Condensing units or chillers of not more than 40 tons
- Air handling units with a fan coil unit of not more than 18,000 cubic feet/minute
- TV, radio, and telephone receivers
- Arc, spot and seam welders

- Air-conditioners of not more than 40 tons

### **3. Machinery, Equipment, Parts and Accessories**

- Water filters
- Ice cube and ice flake makers
- Microorganism incubators and autoclaves
- Liquefied petroleum gas pressure regulators
- Manual type staplers
- Passenger and loading elevators, other than those used in hospitals for loading patient beds, and elevators with three car group control systems for use in high-rise buildings of nine floors or higher
- Conveyor belts made of rubber and canvas
- Boilers
- Canteens, vacuum glass products and rubber hot-water bottles
- Disposable sterilized syringes
- Safety ventilation mechanisms for gas cylinders
- Tooth scalers and dental units
- Industrial goods shelves
- Dry chemical and portable fire extinguishers
- Steel and wooden furniture
- Lawn mowers
- Air pumps, one HP
- Clothes dryers
- X-ray 100 MA, 100 KV, other than mobile type
- Fire-proof safety doors and electronic safety vaults
- Liquefied petroleum gas cylinders
- Safety leather shoes
- Electrode, stranded wire, copper wire, metal wire, steel wire rope and steel stranded wire
- Plastic and steel tanks for storing water of all kinds
- Leather gloves, rubber gloves and ordinary cloth gloves
- Fire extinguishing pipes
- Copper, cast steel and steel water gates
- Blankets

- Invalid chairs and stretchers for general use
- Graters
- Concrete mixer vehicles
- Kitchen utensils, ordinary type
- Safety hats for industrial plants and field work
- Stainless steel sinks for washing
- Tableware and cutlery of all kinds
- Carpets, curtains, and related accessories
- Sedans, trucks and certain kinds of ambulances
- Cooling towers of not more than 1,000 tons
- Water pump used with engines and with motors, and various pumps used with liquid and chemicals
- Vibro-separators and filters
- Hand pallet-trucks, hydraulic stackers, mobile cranes, cranes, high-lift pallet trucks and power electronic stackers
- Hydraulic presses of 100, 200, 400, 500 and 1,000 tons
- Hydraulic press brakes of 80 and 150 tons.
- Hydraulic guillotine shears
- Crank presses of 10, 20, 25, 35, 40, 60, 80, 100, 150 and 250 tons
- Plastic grinding machines
- Drawer cabinets for tools and equipment
- Blow molding machines
- Shot blasting machines
- Lathes
- Plastic bag blowers and plastic cutting and sealing machines of non-photocell type
- Air jet water churning machines, PE buoy and 4-blade PE buoy plastic blades

However, there are certain sizes and special types of the machinery, equipment, parts and equipment listed above that are not manufactured or assembled in the Kingdom.

#### **K. Procedures for Importing Machinery and Raw Materials**

#### **1. Importing Machinery and Raw Materials under the Investment Promotion Act**

Upon approval, and before purchasing the machinery, the promoted company must contact an officer in the respective Investment Promotion Division and provide a detailed list of the machinery and/or quantity of raw materials to be used, with the production formula, in order to qualify for tax exemption or a reduction in tax.

When the machinery or raw materials are being, or have been, imported, the promoted company must inform the Investment Promotion Division, attaching a list of the imports with all relevant documents, and the OBOI will notify the Customs Department to release the machinery or raw materials according to the approved privileges.

#### **2. Using a Bank Guarantee when Importing Machinery or Raw Materials**

If an application for promotional privileges has been submitted, and more than two months elapse without a decision from the OBOI, and the applicant intends to bring in machinery to be used in the project, the OBOI will allow the goods to be brought into the country free of duty, upon submission of a bank guarantee to the OBOI.

Export-oriented projects receive special consideration, in that this procedure can be followed even if the application was submitted to the BOI less than two months prior. The OBOI will not allow the use of a bank guarantee for the importation of raw materials before the project has been approved.

If the machinery or raw materials arrive before the company is awarded the investment promotion certificate but after obtaining and accepting promotional status, the company may clear the goods through Customs with a bank guarantee by following the above procedure.

Once the investment promotion certificate is granted, the company must write to the respective Investment Promotion Division of the OBOI to withdraw the guarantee. In addition, a promoted company may use a bank guarantee to bring in second-hand machinery without a certificate testifying to its efficiency.

**L. Procedures for Extending Time Schedules for Importing Machinery**

**1. Importation of Machinery Before Project Approval**

Tax privileges will not be granted to machinery imported before the date the application is submitted. Details must be submitted within six months of the date of issue of the promotion certificate.

**2. Extension of the Schedules for Importing Machinery**

The investment promotion certificate normally specifies that machinery eligible for import duty exemption or reduction must be imported within 24 months of the date of issue of the investment promotion certificate. An extension request must be submitted within six months after the authorized shipment period expires.

An approval will be granted to any request for an extension of not more than six months after the expiry date of the authorized shipment period.

For an extension of more than six months, machinery must have already been imported equal to at least 50 percent of the value of the machinery to be imported. No more than two extensions will be allowed.

**3. Importation of Moulds and Dies**

All promoted projects will be allowed to import moulds and dies for a period of five years from the date of the first shipment of machinery. This provision covers those projects already approved with an authorized shipment period of less than five years.

**4. Importation of Machinery Used for Research and Development**

An extension request must be submitted within five years from the date of the first shipment of machinery. The work plan and details must be submitted.

**5. Importation of Machinery Used for Controlling and Eliminating Pollution**

An extension will be allowed for five years from the date of the first shipment of machinery. The shipping plan and details of main machinery must be submitted.

Tax privileges will be granted according to the initial approved project, even if the production process is changed by the later addition of moulds and dies, machinery and equipment for research and development, and machinery for controlling and/or eliminating pollution. The promoted company must submit an investment proposal with details of the new machinery and shipment plans.

## Chapter 4

### Announcements and Short-Term Measures

#### A: Guidelines for Relaxation of Joint Venture Requirements

(Based on OBOI Announcement No. Por 5/2538, effective September 7, 1995)

To support the government's decentralization policy and to encourage investment in regional areas, the Office of the Board of Investment, under section 13 and section 28 of the Investment Promotion Act B.E. 2520, and with the consent of the Board of Investment has relaxed joint venture criteria for manufacturing projects, as follows:

For foreign investment in manufacturing projects where production is primarily intended for the domestic market, the Board shall require Thai nationals to own shares totaling not less than 51 percent of the registered capital, except for projects located in Zone 3, for which no minimum ownership requirement shall apply.

#### B: Guidelines for Granting Investment Promotion Privileges for the Establishment of Trade and Investment Support Offices

(Based on OBOI Announcement No. Por 1/2539, effective January 26, 1996, & Por 3/2539, effective August 6, 1996)

To facilitate applications and considerations for this activity, and to expedite and clarify the application process, the OBOI, under the Investment Promotion Act B.E. 2520 Sections 13 and 17, has established the following guidelines for considering investment applications:

- 1 **Application Form** – Applicants must tender applications using the special application form for this category.
- 2 **Type of Juristic Person** – Applicants must be companies established under Thai law. Applications before the formation

of companies can be done by using the special application form, as set forth above.

- 3 **Range of Activities** – eligible for investment promotion under the category “Establishment of Trade and Investment Support Offices,” are as follows:

- Controlling and advising affiliated companies
- All types of consulting services, except those engaged in:
  - Buying and selling securities
  - Foreign currency exchange
  - Accounting
  - Legal affairs
  - Advertisement
  - Architecture
  - Civil engineering

*Note: Exceptions may be granted by permission from the Department of Commercial Registration or concerned government agencies.*

- Information services relating to sourcing and procurement, but not brokerages or agencies
- Engineering and technical services, except those related to architecture and civil engineering
- Testing and certifying standards of products, production and services standards
- Exporting of all kinds of products
- Wholesaling of all types of products within the country, excluding local agricultural products, second-hand products, arts & crafts, antiques and natural resources
- Wholesaling and/or retailing of machinery, engines, tools and equipment
- Provision of training on the use of machinery, engines, tools and equipment
- Installation, maintenance and repairing of machinery, engines, tools and equipment
- Calibration of machinery, engines, tools and equipment
- Computer program (software) design and development.

If any other activities are deemed appropriate for investment promotion under the Establishment of Trade and Investment Support Offices, the Office of the Board of Investment will consider them on a case-by-case basis.

#### **4 Expenses**

The requirement of minimum annual operating expenses of 10 million baht shall consist of sales and administrative expenses, as set forth according to the Revenue Code.

#### **C: Guidelines for Granting Permanent Residence in the Kingdom of Thailand**

(Based on OBOI Announcement No. Por 9/2540, effective September 24, 1997)

The following criteria apply to foreign nationals wishing to obtain permanent residence in the Kingdom by virtue of investment.

##### **1. General Qualifications**

The eligible applicant and his family members must not possess any traits which, under the Immigration Law, would disqualify them from permanent residence such as having been imprisoned for any offense except for petty offenses, having had a residence permit withdrawn, or having behaved in a manner which is regarded as dangerous to society or threatening to the public.

##### **2. Investment**

Foreign funds must be brought into the Kingdom to invest in one of the following categories:

###### ***Direct Investment***

- The applicant must bring in not less than 10 million baht to invest in a project which is new and is eligible for investment promotion under the Investment Promotion Act or which meets the criteria set forth by the Committee for Granting Permanent Residence.

□ The Committee will use the following criteria for projects not eligible for investment promotion: The project must benefit the country in the following ways:

- Produce for export
- Increase employment
- Utilize indigenous raw materials
- Locate in provincial areas
- Encourage technology transfer to Thai nationals

- Projects in the following categories will not be taken into consideration:

- Those which are restricted under Proclamation No. 281 of the Revolutionary Council
- Those which compete in such a way as to destroy existing domestic businesses
- Those which hinder the growth of existing domestic businesses or domestic businesses which have not yet been developed.

- For any project eligible for investment promotion, which has submitted an application for promotional status or has already been granted promotion status, the applicant must bring in funds to invest in the new project that has not started operations. Such investment must be in the form of a joint venture in a newly or already established company. This joint venture must economically benefit the project (for example, by assisting in export marketing or by bringing in appropriate technology).

- Remitted funds must be invested in ordinary shares of the limited company that is set up to implement the approved project. The applicant must hold more than 25 percent of the registered capital unless the size of the project exceeds 100 million baht, excluding the cost of land and working capital. In that case, the committee may relax the share-holding criteria.
- The applicant must maintain the qualifications of bringing in no less

than 10 million baht to invest in a project, and of investing remitted funds in ordinary shares of the limited company set up to implement the project, for at least three years from the date permanent residence is granted.

- The applicant can apply for permanent residence for himself and the following family members:
  - Spouse
  - Parents
  - Not more than three children who are unmarried and under 20 years.

#### ***Indirect Investment in Securities***

- Foreign investors must bring in funds to buy special government bonds designated by the Ministry of Finance and the Bank of Thailand, state enterprise bonds, or condominiums.
- The amounts required in all three categories are: eight million baht for the investor, six million baht for a spouse, and two million baht per unmarried child under the age of 20.
- If the purchase consists of either government or state enterprise bonds, the bonds may not be transferred or redeemed for a period of five years. Should the investor choose to apply via purchase of a condominium whose project has been registered with the BOI, he must not sell it for a minimum of five years, and may not use the condominium as collateral for a loan.
- For approval, the Committee will take into consideration the documentation on the purchase of the bonds or condominiums and the qualifications of the investor.

### **3. Experts**

The applicant must possess technical know-how or expertise that is in demand and will benefit the country. Educational or employment references certified by the Royal Thai Embassy or Consulate must be submitted. In countries where there are neither a Royal Thai Embassy nor a Consulate, the document must be certified by a Notary Public.

The applicant must submit documentation indicating that he/she has an annual income of not less than US\$10,000, and must be younger than 25 years of age. Family members who may also be granted permanent residence in the Kingdom include spouse, parents, and not more than three unmarried children under 20 years of age.

### **4. Thai Nationals Who Have Changed Their Citizenship**

The applicant must possess technical know-how or expertise that is in demand and will benefit the country. Educational or employment background must be submitted.

The applicant must be not be less than 20 years of age. Family members who may also be granted permanent residence in the Kingdom include spouse, parents, and not more than three unmarried children under 20 years of age.

### **5. Guidelines for Evidence**

The applicant must submit evidence to the effect that he/she does not have any criminal record and is free from diseases as laid down under the Immigration Law. The applicant must be approved by the Immigration Division and the National Security Council to ensure that he/she is not included in any prohibited category. The OBOI will act as a liaison in the examination process.

The investor must submit evidence that the investment funds have been transferred into the Kingdom through the commercial banking system.

### **6. Withdrawal of Permanent Residence Permit**

If, after the granting of permanent residence status, it is discovered that the person who has been granted permanent residence possesses qualities which are prohibited by the Immigration Law and which cannot be changed, the permanent residence permit will be withdrawn and the fees will not be returned.

## 7. Submission of Application

Interested persons who wish to acquire permanent residence in the Kingdom may submit an application directly to the Investment Promotion Division. Two complete copies of the application form, BOI FORM PR-1 (or, for direct investors, BOI FORM PR-2), must be submitted in person, together with a medical examination record not older than three months certifying that the applicant is free from diseases prohibited by immigration law. The applicant must also submit official documentation issued by the appropriate authority, where the applicant resides, certifying that he/she has never been prosecuted except for petty offenses or non-criminal negligence.

In case of direct investment, complete details of the project must be submitted together with the application form to the Committee for approval. All applicants must pay an application fee of 2,000 baht.

## 8 Period for Submission of Application

The deadline for submission of applications has been extended until May 13, 2000.

### D: Measures to Support Thai Investment

(Based on OBOI Announcement No. Por 10/2540, effective October 27,1997)

In order to help restore Thailand's economy and to improve local industry's competitiveness, the Office of the Board of Investment, with the consent of the Board of Investment, announced the following measures to strengthen investment in the current situation:

To assist BOI-promoted firms located in Zone 1 and 2 to expand their investment activities on the same property as the existing projects, the following criteria will apply:

- The project must have high economic value, such as increasing the value of exports or generating employment to a substantial level.

- Additional corporate income tax exemption will be provided according to the zone in which the project is located.

**With reference to the above paragraphs, please also see Section J.**

To facilitate BOI-promoted firms to export their products, the following privileges will be granted:

- Import duty exemption on raw material or essential material used to produce for export, with no minimum export requirement
- Renewal of privileges of import duty exemption on raw or essential material used for export will be granted to those whose privileges had expired

To encourage BOI-promoted firms to fully utilize existing machinery, production capacity specified on promotion certificates may be increased, as follows:

- Companies increasing production through an increase in working hours will receive the same income tax exemption as on their existing capacity
- BOI-promoted companies may increase production to reflect the real capacity of machinery. Machinery used in this additional production will also receive import duty exemption or reduction effective on the date the application is submitted

To enable BOI-promoted firms to increase capital, the BOI, on a case by case basis, will relax the foreign equity limits on joint-venture projects in Zone 1 and 2, by allowing foreign shareholders to hold up to 100 percent of equity if they receive the consent of Thai shareholders.

*Note: In cases where the interpretation of this announcement is not clear, the final decision will be made by the Secretary General.*

### E. Guidelines for Promoting Agriculture and Agricultural Projects

(Based on OBOI Announcement No. Por 11/2540, effective October 27,1997)

In order to help alleviate the current account deficit and strengthen the country's balance of payments, the Board of Investment deems it appropriate to accelerate export activities that mainly utilize local resources by providing special incentives for agriculture and agricultural projects.

The Office of the Board of Investment, under sections 13 of the Investment Promotion Act B.E. 2520, and with the consent of the Board of Investment, announced the following guidelines:

- Projects must be in activities specified in BOI Announcement No. 2/2536 as Category 1: Agriculture and Agricultural Projects
- The projects are required to export at least 80 percent of total sales annually, and may be located in any zone
- Machinery and equipment will be exempt from import duty, regardless of location
- Corporate income tax exemption will be granted, according to the zone in which the project is located, as set forth in BOI Announcement No. 1/2536
- Applications must be submitted no later than December 31, 1999

*Note: In cases where the interpretation of this announcement is not clear, the final decision will be made by the Secretary General of the Board of Investment.*

**F. Guidelines for Import Exemption on Machinery for projects in Zone 1 and Zone 2**

(Based on OBOI Announcements No. Por 12/2540, effective October 27, 1997 & No. Por 8/2541, effective August 13, 1998)

In order to help Thai businesses improve the quality and efficiency of their production, thereby making them able to become more competitive in global markets, the Board of Investment deems it appropriate to exempt machinery in 61 categories of activities from import duty, for projects in Zone 1 and Zone 2.

- The Office of the Board of Investment under Section 13 and Section 28 of the Investment Promotion Act B.E. 2520, revised in B.E. 2534, and with the consent of the Board of Investment, has established the following guidelines for import duty exemption for projects in Zone 1 and Zone 2:
- This BOI announcement, No. Por 12/2540, supersedes BOI announcement No. Por 7/2540, dated August 5, 1997 on the subject of import duty exemption for machinery for projects in 36 activities located in Zone 1 and Zone 2
- Import duty exemption for machinery is granted for projects in Zone 1 and Zone 2 that are engaged in the 61 activities specified below
- Import duty exemption for machinery is granted for the expansion of promoted projects in those 61 activities in Zone 1 and Zone 2, providing that such expansion is located on the same property
- Promoted companies in the 61 activities shall apply to receive import duty exemption for machinery that has not yet been imported, or which is in the process of being imported and already has a bank guarantee
- Machinery that is imported after October 27, 1997 will receive exemption from import duty.
- Machinery imported prior to October 27, 1997 will also be eligible if it was imported after the date the application for project approval was submitted.
- The following 61 activities are eligible for this exemption:
  - Activity 2.2: Smelting
  - Activity 2.6: Manufacture of ceramic products
  - Activity 2.17: Manufacture of iron and steel casting
  - Activity 2.18: Manufacture of forged steel parts
  - Activity 2.20: Non-ferrous metal smelting

- Activity 3.10: Manufacture of products of leather or artificial leather
- Activity 3.11: Manufacture of furniture or fixtures, except those primarily of wood or metal
- Activity 3.12: Manufacture of footwear or parts
- Activity 3.13: Cutting or polishing of gemstones
- Activity 3.14: Manufacture of jewelry
- Activity 3.16: Manufacture of sports equipment
- Activity 3.20: Manufacture of toys
- Activity 3.26: Manufacture of lenses or spectacles or parts
- Activity 3.27: Manufacture of medical supplies or medical equipment
- Activity 3.28: Manufacture of scientific equipment
- Activity 3.31: Gem and jewelry Supporting industries
- Activity 4.1: Manufacture of hand tools
- Activity 4.8: Manufacture of fabricated metal products, including metal parts for automotive and electronic products
- Activity 4.9: Manufacture of agricultural machinery or equipment
- Activity 4.10: Manufacture of wood or metal-working machinery or machine tools
- Activity 4.11: Manufacture of industrial machinery or equipment
- Activity 4.15: Manufacture of air or gas compressors
- Activity 4.17: Building or repair of steel ships of not less than 500 gross tons
- Activity 4.20: Manufacture or repair of aircraft
- Activity 4.21: Manufacture or repair of aircraft parts
- Activity 4.23: Manufacture of engine parts, transmissions, brakes, steering, or suspension systems
- Activity 4.24: Manufacture of vehicle parts
- Activity 4.25: Manufacture of other vehicle parts
- Activity 4.28: Surface treatment
- Activity 4.29: Heat treatment
- Activity 4.30: Electric-powered vehicles
- Activity 4.32: Manufacture of vehicle engine
- Activity 4.33: Manufacture of diesel engines used in agriculture
- Activity 4.34: Manufacture of multipurpose benzene engines

- Activity 5.1: Manufacture of electrical industrial machinery or apparatus
- Activity 5.2: Manufacture of electrical products
- Activity 5.3: Manufacture of electrical lamps
- Activity 5.4: Manufacture of batteries or cells
- Activity 5.6: Manufacture of electronic products
- Activity 5.7: Manufacture of parts or supplies used for electronic apparatus
- Activity 6.5: Manufacture of Petrochemical products
- Activity 6.6: Manufacture of Petroleum products
- Activity 6.7: Manufacture of synthetic fibers
- Activity 6.12: Manufacture of plastic or plastic-coated products
- Activities 6.13  
6.14: Manufacture of paper and pulp
- Activity 7.1: Production of electric or steam power
- Activity 7.2: Water works or water supply for industry
- Activity 7.3: Concession roads
- Activity 7.4: Mass transit systems
- Activity 7.7: Pipeline transport
- Activity 7.9: Maritime transportation
- Activity 7.10: Loading/unloading facilities for sea transport
- Activity 7.11: Container yards
- Activity 7.14: Air transportation services
- Activity 7.15: Commercial airports
- Activity 7.23: International trade exhibition centers
- Activity 7.28: Research and development
- Activity 7.29: Refuse, industrial waste or water disposal systems
- Activity 7.30: Transportation of Hazardous chemicals
- Activity 7.31: Educational institutes or vocational training institutes
- Activity 7.38: Activities supporting tourist attractions.

#### **G. Conditions for Supporting Industries**

(Based on OBOI Announcement No. Por 13/2540, effective October 27, 1997)

The following 19 supporting industries contribute to the advancement of technology development in the Kingdom and have been classified as priority activities.

##### **1. Moulds and dies**

*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)

*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)

##### **2. Jigs and fixtures**

*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)

*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)

##### **3. Forging**

*Activity 2.18:* Manufacture of forged steel parts (37120)

4. **Casting (only with the use of induction furnace)**  
*Activity 2.17:* Manufacture of iron and steel casting (37120)
5. **Toolings**  
*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)  
*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)
6. **Cutting tools**  
*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)  
*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)
7. **Grinding tools**  
*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)  
*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)
8. **Sintered products**  
*Activity 4.8:* Manufacture of fabricated metal products, including metal parts for automotive and electronic products (38199)
9. **Surface treatment**  
*Activity 4.28:* Surface Treatment (38198) For projects in Zone 1, factories must be located in industrial estates or industrial zones promoted by BOI
10. **Heat treatment**  
*Activity 4.29:* Heat Treatment (38198) Batch type furnaces, continuous types, induction furnaces, and vacuum furnaces. For projects in Zone 1 that use cyanide, factories must be located in industrial estates or industrial zones promoted by the BOI
11. **Centers for precision machining that are equipped with process design and computer-controlled production**  
*Activity 4.8:* Manufacture of fabricated metal products, including metal parts for automotive and electronic products (38199)
12. **Electronic connectors made from metal or plastic components**  
*Activity 5.7:* Manufacture of parts or supplies used for electronic apparatus.
13. **NI-CD batteries, rechargeable batteries, and other similar kinds of batteries**  
*Activity 5.4:* Manufacture of batteries or cells (38392). For projects in Zone 1, factories must be located in industrial estates or industrial zones promoted by the BOI
14. **Engineering plastics**  
*Activity 6.12:* Manufacture of plastic or plastic-coated products (35601, 35609). Engineering plastics, products or parts which must be strong enough to withstand a collision and to be used in cars, machines, electric or electronic products, and which should be made of engineering plastics materials, such as Acetal, Nylon-6/6, Polycarbonate (PC) or Polyphenylene sulfide (PPS)
15. **Machinery**  
*Activity 4.9:* Manufacture of agriculture machinery or equipment (38220)  
*Activity 4.10:* Manufacture of wood or metal-working machinery or machine tools (38230)  
*Activity 4.11:* Manufacture of industrial machinery or equipment (38240, 38299)  
*Activity 5.1:* Manufacture of electrical industrial machinery or apparatus (38310)
16. **Measurement equipment for industry**  
*Activity 4.1:* Manufacture of hand tools (38110)  
*Activity 5.6:* Manufacture of electronic products (38191)
17. **Anti-lock brake system**  
*Activity 4.23:* Manufacture of engine parts, transmissions, brakes, steering, or suspension systems (38439)
18. **Electronic fuel injection systems**  
*Activity 4.23:* Manufacture of engine parts, transmissions,

brakes, steering, or suspension systems (38439)

- 19. Substrate for catalytic converter**  
*Activity 4.25: Manufacture of other vehicle parts (38413, 38432, 38439, 38440).*

*Note: Applications must be submitted prior to December 31, 1999.*

- Projects in these 19 supporting industries are eligible for the following privileges:
- Exemption from corporate income tax for eight years, regardless of location
- Exemption from import duty on machinery, regardless of location
- Foreign investors may hold a majority or all the shares, with no minimum requirement for export, regardless of location
- Promoted projects are permitted to extend the time frame to import moulds and dies until December 31, 1999.

In cases where the interpretation of this announcement is not clear, the final decision will be made by the Secretary General of the Board of Investment.

#### **H. Criteria for Promoting Existing Non-BOI-Promoted Companies**

(Based on OBOI Announcement No. Por 3/2541, effective March 27, 1998)

- In order to facilitate existing non-BOI-promoted companies, and to strengthen their global competitiveness, the Office of the Board of Investment, with the consent of the Board of Investment, announced the following criteria for promoting existing non-BOI-promoted companies:
- Manufacturers whose activities have already begun operation are eligible to be promoted
- Activities must be eligible for promotion under any category specified in Announcement No.2/2536, dated April 9,1993, and the level of investment must also be in accordance with that announcement.

Projects meeting these criteria may be located in any zone

- Non-tax incentives only will be granted.
- Applications must be submitted no later than December 31,1999.

#### **I. Criteria for Transfer of Machinery to Leasing and Hire Purchase Companies**

(Based on OBOI Announcement No. Por 6/2541, effective July 28, 1998)

In order to ease liquidity problems and facilitate the restructuring of corporate debt, the Office of the Board of Investment, under section 41 of the Investment Promotion Act B.E. 2520, and with the consent of the Board of Investment, has announced new criteria regarding the transfer of ownership of machinery from BOI-promoted companies to leasing or hire-purchase companies.

The following procedures and criteria will apply:

- BOI-promoted companies wishing to transfer ownership of machinery for leasing or hire purchase must file the request forms with the BOI
- If the request is approved, the promoted company must use the leased machinery in a promoted project for at least five years from the date of import
- During that five-year period, if the promotional incentives or certificate are withdrawn, the promoted firm will be required to pay import duty tax on the imported machinery
- If, during that five-year period, the leased machinery is confiscated due to breach of contract, the lessor shall pay the import duty tax on that piece of imported machinery
- Should there be any confiscation, the promoted company, and the lessor or hire purchaser, must report this information to the BOI within one month of the date of confiscation.

## **J. Short-Term Investment Promotion Measures**

(Based on OBOI Announcement No. Por 9/2541, effective June 10, 1998)

In order to help revitalize manufacturing, trade and investment, the Office of the Board of Investment, under section 13 and section 16 of the Investment Promotion Act B.E. 2520, and with the consent of the Board of Investment, announced the following measures:

- In order to generate more export-oriented activities, projects on the BOI List of Activities Eligible for Promotion (No. 2/2536), that previously had to be located in Zone 2 or 3, may now be located in Zone 1 or Zone 2, providing at least 80 percent of all sales each year are from exports. BOI incentives will be provided based on the location of the projects
- In order to improve the efficiency of production, all BOI-promoted projects are allowed to import replacement machinery duty-free, providing that:
  - The applicant must be an existing BOI-promoted project and may be located in any zone
  - At least 80 percent of all sales each year are from exports
  - The value of imported replacement machinery must not be less than one million baht
  - The additional capacity of the replacement machinery should not be more than 50 percent of the original machinery
  - Machinery may be imported duty-free one time only, and it must take place prior to December 31, 1999.

*Note: The above bullet point supercedes Announcement No. Por 4/2540.*

- BOI-promoted projects that have high economic value will be permitted to expand their operations on the same premises, if at least 80 percent of all sales generated by the expansion project each year are from exports, and if the expansion project employs at least 500 workers or at least 50 percent of the existing work force. Approved expansion projects will receive a three-year corporate tax

exemption for projects in Zone 1, while projects in Zone 2, outside industrial estates or promoted industrial zones, will receive a five-year corporate tax exemption.

*Note: The above bullet point should be read in conjunction with Section D.*

These are short-term measures, and applications must be submitted no later than December 31, 1999.

## **K. Guidelines for Permitting Foreign-Promoted Firms to Own Land for Residential Purposes**

(Based on OBOI Announcement No. Por 1/2540, effective March 19, 1997)

In order to facilitate the provision of suitable accommodation for staff and workers of promoted projects, the BOI has established guidelines for granting permission to promoted foreign companies to own land either for factory sites or for residential purposes outside the factory site.

Pursuant to section 27 of the Investment Promotion Act of 2520, the Board of Investment has established the following guidelines:

- This BOI announcement No. 1/2540, dated March 19, 1997, supersedes BOI announcement No. Por 1/2537, dated January 18, 1994, on the subject of permitting foreign promoted firms to own land for residential purposes.
- In general, the Board will consider granting permission to own land to foreign promoted companies under the following guidelines:
  - Land for office buildings must not exceed five rai
  - Land for residences of executives or specialists must not exceed ten rai
  - Land for workers must not exceed 20 rai.
- If there are special circumstances, the BOI will consider them on a case-by-case basis
- The land must be sold or transferred within one year after promoted status has been withdrawn

- Applications for land ownership, under this announcement, must be submitted no later than December 31, 2000
- This announcement is dated March 19, 1997.

#### **L. Short-Term Measures to Encourage Investment**

To help revitalize Thailand's economy and to strengthen industrial competitiveness, the BOI has developed a series of measures aimed at encouraging both the expansion of existing investment and new investment. These include:

##### **1. Incentive Enhancement**

- For projects locating in Zones 1 and 2, producing primarily for export, import duty exemption on machinery will be provided. Existing projects that import replacement machinery using higher technology will receive import duty exemption on machinery as well.
- To accelerate exports and to help leather and garment exporters, import duty exemption on raw materials used in production for export or re-export will be provided for existing companies that do not have BOI privileges, under two conditions:
  - Companies must receive certification from an industrial association that has been approved by the BOI
  - Companies must apply for BOI promotion within two years
- Projects producing primarily for export will be allowed to import replacement machinery using higher technology, duty free. Machinery may be imported duty-free one time only, and it must take place prior to December 31, 1999 (Please see Section J)
- Investment projects in agriculture and agricultural product industries, which export at least 80 percent of sales, will receive import duty exemption on machinery, regardless of location (Please see Section E)
- Investment projects in 19 supporting industries will be granted an eight-year corporate income tax exemption, exemption of import duties on machinery, regardless of location, and foreigners may hold all or the majority of shares in these projects. Applications must be submitted by December 31, 1999 (Please see Section G, Page 25)
- Investment projects in 61 activities specified by the BOI, which are located in Zone 1 or Zone 2, are now eligible to receive import duty exemption for machinery. (Please see Section F)
- *Note: For expansion projects, in order to receive import duty exemption, expansion must be located in/on the same property as the existing project.*
- The guidelines governing the evaluation of expansion projects that are located on the same premises have been clarified. Projects must export not less than 80 percent of total sales and should increase employment by at least 500 employees or by 50 percent from the prior level. For projects meeting these criteria income tax waivers are available. Applications must be submitted to the BOI no later than December 31, 1999. (Please see Section J).

##### **Deregulation**

- Relaxation of conditions governing the location of activities eligible for promotion to permit promoted export projects to locate in any zone, with incentives following existing criteria for each zone. Relaxation for this exemption expires on December 31, 1999 (Please see Section J, Page 27)
- Foreigners may now hold all or a majority of shares in existing manufacturing projects located in Zones 1 or 2 if existing Thai shareholders give consent. Approval will be granted on a case by case basis (Please see Section D)

##### **3. Facilitation**

- In order to facilitate debt restructuring, when promoted firms, with machinery that previously had received import

duty privileges, are required to transfer ownership to financial institutes (creditors)

- If the machinery has been used for five years or more, the BOI will accelerate the process of allowing the equipment to be fully depreciated in order to free the machinery of tax liability
- If the machinery has been used for less than five years, the BOI will consider transfer of ownership without tax obligation on a case-by-case basis.
- To accelerate the flow of foreign investment and the transfer of technology to Thai industry, the OBOI will serve as a clearing house for Thai investors seeking joint venture partners and foreign investors interested in acquiring equity in Thai companies
- In order to stimulate usage of domestic parts and to encourage the exchange of parts between ASEAN companies, the Board has developed the ASEAN Supporting Industry Directory (ASID). It includes company and product information about supporting industries that produce parts in all ASEAN countries
- A One-Stop Service Center for Visas and Work Permits, where investors can receive work permits and one-year visa extensions in less than three hours. The Center is located at:
  - **Krisda Plaza, 3rd Floor, 207 Ratchadapisek Road. Tel. 693-9333-9, Fax. 693-9340**
- A Foreign Expert Services Unit provides both foreign and Thai companies with expedited services related to bringing in expatriates to work on BOI-promoted projects
- Non-tax incentives are offered to trade and investment support offices, to facilitate the operations of foreign companies in Thailand (Please see Section B)
- BOI-promoted companies are entitled to own land for residential and business purposes (Please see Section K)
- The BOI Help Unit provides assistance in solving problems and

dealing with other government agencies

- To facilitate BOI-promoted firms to export their products, the following privileges will be granted:
  - Import duty exemption on raw material or essential material used to produce for export, with no minimum export requirement
  - Renewal of privileges of import duty exemption on raw or essential material used for export will be granted to those whose privileges had expired. (Please see Section D)

#### **4. Special Promotion**

The BOI has introduced special conditions allowing existing non-BOI promoted companies to receive BOI incentives:

- Their activities must be eligible for promotion under any category specified in Announcement No. 2/2536, dated April 3, 1993, and the level of investment must be in accordance with that announcement. Projects meeting these criteria may be located in any zone
- Only non-tax incentives will be granted
- Applications must be made before December 31, 1999 (Please see Section H).

## **Chapter 5**

### **List of Activities Eligible for Investment Promotion**

**A: This Board of Investment Announcement No. 2/2536 (April 9) supersedes the previous eligibility list and should be read in conjunction with BOI Announcement No. 1/2536, the Policies and Criteria for Investment Promotion, and Announcement No. 2/2537**

In order to categorize activities eligible for promotion according to the Thailand Standard Industrial Classification (TSIC), national economic and social development policies, and international trade and investment agreements, the Board of Investment, under Section 16, Paragraph 2 of the Investment Promotion Act B.E. 2520, has revised the categories and conditions of activities eligible for promotion as follows:

- Under Section 7 of this announcement, all previous Board of Investment Announcements on Type, Size and Conditions of Activities Eligible for Promotion, and on Activities Suspended from the Investment Promotion List are revoked
- Activities on the list attached to this announcement are eligible for investment promotion
- Promoted projects must comply with the conditions specified for each type of activity
- A minimum level of investment capital (excluding the cost of land and working capital) of one million baht is applied to all types of activities eligible for promotion
- In order to support export-oriented investment, activities which are required to locate in Zone 3 according to this announcement will be allowed to locate in industrial estates or promoted industrial zones in Zone 2 under the following conditions:
  - The project must export not less than 80 percent of total sales
  - Applications for promotion must be submitted by the year 2001.

Announcement No. 2/2536 is supplemented by Announcement No. 2/2537. In order to support export-oriented investment, activities which are required to locate in Zone 2 can be located in Zone 1, and activities which are required to be located in Zone 3 can be located in Zone 1 or Zone 2 under the following conditions:

- Must be located in the same location in which the promoted project
- The project must export not less than 80 percent of total sales
- Must not receive the incentives and privileges of import duty on machinery and corporate income tax exemption
- Applications for promotion must be submitted by the year.

Except as specified in Announcement No. Por 11/2540, Announcement No. Por 12/2540, and Announcement No. 8/2541.

- The Board may temporarily or permanently suspend activities on the Investment Promotion List attached to this announcement at any time if it considers that promotion is no longer needed; or the Board may add new activities to the list if it considers that such activities should be promoted.
- The new list of activities under this announcement is effective for applications submitted after April 1, 1993.
- Projects that have already been approved for investment promotion, but have not yet used their tax privileges as of April 1, 1993 can reapply under the new Investment Promotion List and follow the new conditions specified therein.

The eligibility list follows and is classified under the following broad headings:

- 1 Agriculture and Agricultural Products**
- 2 Minerals, Metals, and Ceramics**
- 3 Light Industry**
- 4 Metal Products, Machinery, and Transport Equipment**
- 5 Electronics and Electrical Industry**
- 6 Chemical Industry, Paper and Plastics**
- 7 Services and Public Utilities**

*While many of the activities that follow require location in a specific zone, for projects that generate at least 80 percent of total sales from exports, this condition has been relaxed. Please refer to Chapter 4, Section J*

## **1. Agriculture and Agricultural Products**

For all activities in agriculture and agricultural products, please see Announcement No. Por 11/2540. (Please see Chapter 4, Section E)

- 1.1 Plant propagation (11191)**  
No conditions
- 1.2 Production of silk worm eggs and silk worm farming (11192)**  
No conditions
- 1.3 Silk production (32111)**  
No conditions
- 1.4 Livestock propagation (11199)**  
No conditions
- 1.5 Livestock raising (11140) and aquaculture breeding (13020)**  
No conditions
- 1.6 Slaughtering (31111)**  
A modern slaughterhouse that meets the standards set by the Ministry of Agriculture and Cooperatives must be established. There must be a freezing room of a size appropriate to the project. Projects must be located in Zone 2 or 3.
- 1.7 Tanneries, leather finishing, fur dressing or hair processing (32310)**  
Projects must be located in Zone 2 or 3, except leather finishing, which must be located in Zone 3 or in an industrial estate or industrial area in Zone 2
- 1.8 Food manufacturing**
  - Food canning (31112) (31131) (31141)
  - Meat products (31119)

- Soy Sauce (not including soy curds) (31132)
- Canning and preserving of fruits and vegetables (31139)
- Canning and preserving of seafood (31149)
- Other food products (31219)
- Non-alcoholic beverages, excluding carbonated water (31340)
- Ice cream (31123)
- Margarine (31152)
- Cakes and cookies (31171)
- Packaged cakes and cookies (31173)
- Sweeteners and candies (31190)
- Projects must be located in Zone 3

## **1.9 Production of milk or dairy products (31121, 31122)**

Projects must use local fresh milk in proportions as set by the Board  
Projects must be located in Zone 2 or 3

- 1.10 Manufacture of oils or fats from plants or animals (31151)**  
Projects must be located in Zone 3
- 1.11 Manufacture of margarine (31152)**  
Projects must be located in Zone 3
- 1.12 Manufacture of modified starch (31169)**  
Projects must be located in Zone 3.
- 1.13 Manufacture of cocoa or chocolate (31190)**  
Projects must be located in Zone 3
- 1.14 Manufacture of L-Lysine from tapioca (35111)**  
Projects must be located in Zone 3
- 1.15 Manufacture of monosodium glutamate monohydrate (31213)**  
Projects must be located in Zone 3
- 1.16 Manufacture of Animal feeds**  
Prepared animal feed (31220)  
Animal feed ingredients derived from tapioca flour (31164)  
Animal feed ingredients derived from grain flour (31169)  
Projects must be located in Zone 3

- 1.17 Manufacture of board from wood by-products or plants (33112)**  
Projects must be located in Zone 2 or 3
- 1.18 Manufacture of tires and tubes for automobiles (35510)**  
Projects must be located in Zone 2 or 3, except for manufacture of retread tires, which must be located in Zone 3
- 1.19 Manufacture of rubber products (35591, 35599)**  
Projects must be located in Zone 2 or 3
- 1.20 Manufacture of furniture, fixtures, or flooring from rubber wood (33201)**  
Projects must be located in Zone 3
- 1.21 Modern packaging and storage of fresh plants, vegetables, fruit or flowers (71912)**  
No conditions
- 1.22 Crop drying and silo facilities (71920)**  
No conditions
- 1.23 Grading facility for agricultural products (11209)**  
No conditions
- 1.24 Deep sea fishing (13010)**  
No conditions
- 1.25 Sawmill for parawood (33111)**  
Projects must be located in Zone 3, and wood impregnation and kiln-drying of wood must be used in the process
- 1.26 Processing of agricultural by products**  
Exemption from import duty on machinery.  
Projects must be located in Zone 2 or 3.
- 1.27 Cultivation using hydroponics**
- 2. Minerals, metals, and ceramics**
- 2.1 Mineral ore prospecting (83242)**  
No conditions
- 2.2 Smelting (37110, 37120, 37200) (1)**  
Projects must be located in Zone 2 or 3
- 2.3 Mining or ore dressing, excluding tin (21000, 23010, 23022, 23029, 29013, 29021, 29029)**  
Mining license from the Department of Mineral Resources must be acquired before receiving promotional certificates
- 2.4 Marble or granite mining (29011)**  
Mining license from the Department of Mineral Resources must be acquired before receiving promotional certificates
- 2.5 Processing of marble or granite (36999)**  
Projects must be located in Zone 2 or 3
- 2.6 Manufacture of ceramic products (pottery) (36100) (1)**
- Porcelain
  - Stoneware
  - Bone china
- Projects must be located in Zone 2 or 3
- 2.7 Manufacture of glass or glass products (36200)**  
Projects must be located in Zone 3, except cut glass, safety glass, reflective glass and insulated glass, which may be located in Zones 2 or 3
- Exemption of import duty on machinery, regardless of zone.  
Corporate income tax exemption according to the zone.

- 2.8 Manufacture of hot or cold rolled stainless steel sheets or coils (37110)**  
No conditions  
Projects must be located in Zone 2 or 3
- 2.9 Manufacture of steel plates (37110)**  
No conditions
- 2.10 Manufacture of steel structures (37110)**  
Projects must be located in Zone 3, or in industrial estates or industrial areas of Zone 2
- 2.11 Manufacture of seamless steel tubes or pipes (37110)**  
No conditions
- 2.12 Manufacture of seamless or semi-seamless (inside bleed) stainless steel tubes or pipes (37110)**  
No conditions
- 2.13 Manufacture of steel tubes or pipes (37110)**  
Projects must be located in Zone 3, except butt-weld processes, which may be located in industrial estates or industrial areas of Zone 2
- 2.14 Manufacture of coated steel sheets or coils, excluding electro-galvanized steel sheets or coils (37110)**  
Projects must be located in Zone 3
- 2.15 Manufacture of steel wire rods, steel (37110)**  
Projects must be located in Zone 3, except smelting furnaces, which may be located in industrial estates or industrial areas of Zone 2
- 2.16 Manufacture of steel round bars or deformed bars (37110)**  
Projects must be located in Zone 3, except smelting furnaces, which may be located in industrial estates or industrial areas of Zone 2
- 2.17 Manufacture of iron and steel casting (37120) (2)**
- 2.18 Manufacture of forged steel parts (37120) (2)**  
No conditions
- 2.19 Manufacture of sintered products (37110, 37200)**  
No conditions
- 2.20 Non-ferrous metal smelting (37200) (1)**  
Projects must be located in Zone 2 or 3
- 2.21 Manufacture of ferro-alloy products (37200)**  
Projects must be located in Zone 2 or 3
- 2.22 Rolling, drawing, casting, cutting or forging of non-ferrous metals (37200)**  
Projects must be located in Zone 2 or 3
- 2.23 Prefabricated housing or parts (39090)**  
Projects must be located in Zone 2 or 3
- 2.24 Manufacture of fire protection material or heat insulators (36999)**  
Projects must be located in Zone 3
- 2.25 Hot or cold-rolled steel products (37110)**  
No conditions
- 2.26 Ceramic roof tile**  
Projects must be located in Zone 2 or 3
- 2.27 Gypsum board and gypsum product**  
Projects must be located in Zone 2 or 3
- 3. Light Industry**
- 3.1 Yarn spinning (32113, 32119)**  
Projects must be located in Zone 3

- 3.2 Weaving or knitting (32115, 32190)**  
Projects must be located in Zone 3
- 3.3 Textile printing (32117)**  
No conditions
- 3.4 Textile bleaching, dyeing, printing and finishing (32118)**  
No conditions
- 3.5 Manufacture of household textiles or textile products (32120)**  
Projects must be located in Zone 3
- 3.6 Manufacture of garments (32201, 32202, 32209)**  
Projects must be located in Zone 3
- 3.7 Manufacture of labels (32209)**  
Projects must be located in Zone 3
- 3.8 Manufacture of carpets (32140)**  
Projects must be located in Zone 2 or 3
- 3.9 Manufacture of fishing nets (32150)**  
Projects must be located in Zone 3
- 3.10 Manufacture of products of leather or artificial leather (32330) (1)**  
Projects must be located in Zone 2 or 3, except artificial leather, which may be located in Zone 3
- 3.11 Manufacture of furniture or fixtures, except primarily of wood or metal (33201) (1)**  
Projects must be located in Zone 3
- 3.12 Manufacture of footwear or parts**
- Manufacture of rubber footwear or parts (35592) (1)
  - Manufacture of plastic footwear or parts (35609) (1)
  - Manufacture of other footwear or parts (32400) (1)
  - Projects must be located in Zone 2 or 3
- 3.13 Cutting or polishing of gemstones (39011) (1)**  
Projects must be located in Zone 2, Zone 3 or a promoted gemstone and jewelry industry center
- 3.14 Manufacture of jewelry (39012) (1)**  
Projects must be located in Zone 2, Zone 3 or a promoted gemstone and jewelry industry center
- 3.15 Manufacture of musical instruments (39020)**  
Projects must be located in Zone 2 or 3
- 3.16 Manufacture of sports equipment (39030) (1)**  
Projects must be located in Zone 2 or 3
- 3.17 Manufacture of sandpaper (39090)**  
Projects must be located in Zone 3
- 3.18 Manufacture of wax paper (39090)**  
Projects must be located in Zone 3
- 3.19 Manufacture of sanitary napkins (39090)**  
Projects must be located in Zone 3
- 3.20 Manufacture of toys**
- Manufacture of plastic toys (35609) (1)
  - Manufacture of toys made of other materials (39090) (1)
  - Manufacture of electronic toys or electronic games (39090) (1)
  - Projects must be located in Zone 3, except the manufacture of electronic toys or electronic games, which may be located in Zone 2 or 3
- 3.21 Manufacture of jewelry boxes or packaging (39090)**  
Projects must be located in Zone 2 or 3
- 3.22 Manufacture of zippers (39090)**  
Projects must be located in Zone 3

- 3.23 Manufacture of gloves except rubber gloves (39090)**  
Projects must be located in Zone 3, except leather gloves, which may be located in Zone 2 or 3
- 3.24 Manufacture of socks or stockings (39090)**  
Projects must be located in Zone 3
- 3.25 Manufacture of artificial flowers, trees or other artificial goods (39090)**  
Projects must be located in Zone 3
- 3.26 Manufacture of lenses or spectacles or parts (38500) (1)**  
Projects must be located in Zone 2 or 3
- 3.27 Manufacture of medical supplies or medical equipment (38500, 39090) (1)**  
No conditions
- 3.28 Manufacture of scientific equipment (38500) (1)**  
No conditions
- 3.29 Manufacture of stationery or educational equipment or parts (39090)**  
Projects must be located in Zone 3
- 3.30 Manufacture of umbrellas except those made from parchment (sa paper) (39090)**  
Projects must be located in Zone 2 or 3
- 3.31 Gem and jewelry supporting industries, including**
- Precious metal manufacturing and refining (37220) (1)
  - Precious metal testing (assaying) (83242)(1)
  - Plating (38198) (1)
  - Jewelry parts for manufacturing, such as earrings, clasps, clips, pins, etc (39012) (1)
  - Semi-finished jewelry or mounting
  - Jewelry prototypes (38199) (1)
  - Rubber for jewelry molds and rubber molds for jewelry (35599) (1)
- Jewelry injection wax and wax models (32299) (1)
  - Plaster for mold making (36922) (1)  
Corporate income tax exemption for eight years, regardless of zone  
There shall be no limit on the percentage of shares held by foreign investors and production may be sold in the domestic market.  
Application must be submitted no later than December 31, 1999.
- 3.32 Manufacture of luggage**  
Exemption of import duty on machinery, regardless of zone.  
Corporate income tax and dividend exemption will be provided according to the zone in which the project is located.  
Projects located in Zone 1 or Zone 2 must export 100 percent.
- 4. Metal Products, Machinery, and Transport Equipment**
- 4.1 Manufacture of hand tools (38110) (2)**  
Projects must be located in Zone 2 or 3
- 4.2 Manufacture of razor blades or handles (38110)**  
Projects must be located in Zone 2 or 3
- 4.3 Manufacture of furniture or parts made primarily of metal (38120)**  
Projects must be located in Zone 2 or 3
- 4.4 Manufacture of structural metal products (38130)**  
Projects must be located in Zone 2 or 3
- 4.5 Manufacture of boilers (38130)**  
Projects must be located in Zone 2 or 3
- 4.6 Manufacture of metal containers (38191)**  
Projects must be located in Zone 2 or 3

- 4.7 Manufacture of metal wire or wire products (38192)**  
Projects must be located in Zone 2 or 3
- 4.8 Manufacture of fabricated metal products, including metal parts for automotive and electronic products (38199) (2)**  
Projects must be located in Zone 2 or 3
- 4.9 Manufacture of agricultural machinery or equipment (38220) (2)**  
Projects must be located in Zone 2 or 3
- 4.10 Manufacture of wood or metal-working machinery or machine tools (38230) (2)**  
Projects must be located in Zone 2 or 3
- 4.11 Manufacture of industrial machinery or equipment (38240, 38299) (2)**  
Projects must be located in Zone 2 or 3
- 4.12 Production of oil drilling platforms (38240)**  
Projects must be located in Zone 2 or 3
- 4.13 Manufacture of office, computing or accounting machinery (non-electronic) (38250)**  
Projects must be located in Zone 2 or 3
- 4.14 Manufacture of water pumps (38299)**  
Projects must be located in Zone 2 or 3
- 4.15 Manufacture of air or gas compressors (38299) (2)**  
Projects must be located in Zone 2 or 3
- 4.16 Manufacture of fire extinguishing apparatus, equipment, or parts (38299)**  
Projects must be located in Zone 2 or 3
- 4.17 Building or repairing of steel ships of not less than 500 gross tons (38411) (1)**  
Projects located in Zone 1 or 2 receive:  
 Exemption of import duty on machinery  
 Corporate income tax exemption for three years for projects located in Zone 1 and five years for those located in Zone 2  
 Projects located in Zone 3 receive:  
 Exemption of import duty on machinery  
 Corporate income tax exemption for eight years
- 4.18 Building of other ships except wooden or steel ships (38413, 35599)**  
Projects located in Zone 1 or 2 receive:  
 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and is subject to import duty greater than or equal to 10 percent  
 Corporate income tax exemption for three years for projects located in Zone 1 and five years for those located in Zone 2  
 Projects located in Zone 3 receive:  
 Exemption of import duty on machinery  
 Corporate income tax exemption for eight years
- 4.19 Manufacture of railroad equipment and electric trains (38420)**  
No conditions
- 4.20 Manufacture or repair of aircraft (38450) (1)**  
Exemption of import duty on machinery, regardless of zone.  
Corporate income tax exemption for eight years, regardless of zone.
- 4.21 Manufacture or repair of aircraft parts (38450) (1)**  
No conditions

**4.22 Manufacture, repair, maintenance and refurbishing of containers (38191)**

Projects must be located in Zone 2 or 3

**4.23 Manufacture of engine parts, transmissions, brakes, steering, or suspension systems (38439) (2)**

No conditions

**4.24 Manufacture of vehicle parts (38430, 38432, 38439, 38440) (1)**

- Bicycle parts
- Radiators
- Fuel tanks
- Filters
- Air filters
- Oil and fuel filters
- Wiring harnesses
- Gaskets
- Leaf springs

Projects must be located in Zone 2 or 3

**4.25 Manufacture of other vehicle parts (38431, 38432, 38439, 38440) (2)**

Projects must be located in Zone 2 or 3

**4.26 Manufacture of motorcycles (38440)**

Projects must be located in Zone 3. Must have 4-stroke engines and a production capacity of not less than 50,000 motorcycles per year. Production must begin with the body welding stage and continue through the paint process, and spare-parts and engines must be produced in Thailand and must follow Ministry of Industry policy. Raw material import duty reduction will not be granted.

**4.27 Manufacture of car assemblies (38431)**

Projects located in Zone 1:

- No tax exemption on corporate income and dividends
- No exemption or reduction on machinery import duty

Projects located in Zone 2:

□ 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and is subject to import duty greater than or equal to 10 percent

□ Tax exemption on corporate income and dividends derived from export, for a period of seven years

Projects located in Zone 3:

□ Exemption of import duty on machinery

□ Tax exemption on corporate income and dividends derived from export, for a period of eight years

□ 50 percent tax reduction on corporate income derived from export, for a period of five years

□ Double deduction from taxable income, cost of water, electricity, and domestic transportation for 10 years from the date of first sales

□ Deduction from net profit of 25 percent of the costs of installation or construction of the project's infrastructure facilities

*Note: In order to support automobile production, approved projects receive raw material import duty reduction, based on the schedule of the concerned government agencies, to compensate for the imbedded tax added to the cost of parts produced in Thailand used in exported cars.*

**4.28 Surface treatment (38198) (2)**

For projects in Zone 1 must be located in industrial estates or industrial areas promoted by the BOI

**4.29 Heat treatment (38198) (2)**

- Batch type furnace
- Continuous type
- Induction furnace
- Vacuum furnace

*Note: Projects in Zone 1 that use cyanide must be located in industrial estates or industrial areas promoted by the BOI.*

**4.30 Electric-powered vehicles (38431, 38439, 38440) (1)**

Must be located in Zone 2 or Zone 3, unless otherwise specified by BOI.

Eligible for all privileges identified in Board of Investment Announcement No. 1/1993.

Ninety percent import duty reduction on raw materials for five years (renewable on an annual basis) regardless of location.

**4.31 Manufacture of 4-stroke motorcycle engines (38440)**

Projects must be located in Zone 3.

Import duty reduction of 90 percent on raw materials for five years (renewable on an annual basis).

Raw materials eligible for import duty reductions must utilize local processes such as machining, casting, forging, die casting, etc.

*Note: Existing manufacturers who change production from 2-stroke to 4-stroke engines will be permitted to extend the deadline for importing machinery until January 1, 1999, and will also be permitted to cap local content at 70 percent.*

**4.32 Manufacture of vehicle engines (38439) (1)**

Projects must be located in Zone 2 or 3

Reduction of import duty on raw materials will only apply for raw materials using local production processes

The BOI must approve machining processes used in production

Local content requirements are:

*Diesel engine pick-up trucks*

- ❑ Local content requirements must meet current MOI regulations
- ❑ The use of three more locally-produced parts (cylinder blocks, cylinder heads, and crank shafts) will become compulsory for use no later than 1999
- ❑ Production processes for compulsory items must start with local raw materials

*Gasoline engine pick-up trucks*

- ❑ Local content requirements must meet current MOI regulations

*Engines for other vehicles*

- ❑ No local content requirement

**4.33 Manufacture of diesel engines used in agriculture<sup>(1)</sup>**

Projects must be located in Zone 2 or 3

**4.34 Manufacture of multipurpose benzene engines<sup>(1)</sup>**

Projects must be located in Zone 2 or 3

**4.35 Recondition of vehicle parts and engines**

All output must be exported  
Exemption of import duty on machinery, regardless of zone  
Corporate income tax exemption will be provided according to the zone in which the project is located

**5. Electronics and Electrical Industry**

**5.1 Manufacture of electrical industrial machinery or apparatus (38310)<sup>(2)</sup>**

Projects must be located in Zones 2 or 3, except manufacture of electric motors below 11 horsepower or transformers, which must be in Zone 3

- ❑ Manufacture of machinery:
- ❑ Exemption of import duty on machinery, regardless of zone
  - ❑ Corporate income tax exemption for eight years, regardless of zone

**5.2 Manufacture of electrical products**

- Manufacture of household appliances (38291) (1)
- Manufacture of air conditioners (38292) (1)
- Manufacture of electrical appliances or houseware (38330) (1)  
Projects must be located in Zone 3

<sup>2</sup> Refer to Chapter 4, Sections F and G

### 5.3 Manufacture of electric lamps (38393)<sup>(1)</sup>

Projects must be located in Zone 3, except manufacture of energy-saving electric lamps, which may be located in Zone 2 or 3

### 5.4 Manufacture of batteries or cells (38392)<sup>(1)</sup>

Projects must be located in Zone 2 or 3, except car batteries and dry batteries made of manganese dioxide, size UM1, UM2, UM3, with 1.5 volts, which must be located in Zone 3.

For NI-CD batteries, rechargeable batteries, and other similar kinds of batteries, if the project is located in Zone 1, it must be located in an industrial estate or industrial area promoted by BOI.<sup>(2)</sup>

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption for eight years, regardless of zone.

### 5.5 Manufacture of electrical equipment (38399)

Projects must be located in Zone 2 or 3

### 5.6 Manufacture of electronic products (38191)

- Manufacture of office, computing or accounting machinery (38250)<sup>(1)</sup>

- Calculators
  - Computers
  - Office automation machines for word-processing, desktop publishing, photocopying or electronic typewriters
- Projects must be located in Zone 2 or 3

- Manufacture of household machinery and appliances (38291)<sup>(1)</sup>

- Microwave ovens
- Other personal electronic appliances

Projects must be located in Zone 2 or 3

- Manufacture of industrial automation equipment (38310)<sup>(1)</sup>

- Electronic temperature controls
- Robotics
- Machine diagnostic devices
- Material handling equipment.

Projects must be located in Zone 2 or 3.

- Manufacture of radio, television or telecommunication equipment and apparatus (38320)<sup>(1)</sup>
  - Televisions
  - Video cassette recorders and players
  - Videodisc systems
  - Videotext systems
  - Satellite earth stations
  - Radios
  - Car radios
  - Radio-tape recorders and players
  - Audio systems
  - Compact disc players
  - Digital audio tape players
  - Home intercom systems
  - Radio equipment, including mobile radio equipment, amateur radio equipment, citizens? band transceivers, microwave communication equipment, broadcast systems, or paging systems
  - Radar
  - Telecommunication equipment, including voice switching systems, telegraph carrier equipment, telephones, or cellular telephone
  - Fiber-optic communication systems
  - Data-communication equipment
  - Television broadcasting equipment
  - Facsimile machines

*Note: Projects must be located in Zone 2 or 3, except manufacture of televisions, video cassette recorders and players, radios, car radios, radio-tape recorders and players, audio systems, compact disc players, or digital audio tape players, which must be located in Zone 3.*

- Manufacture of professional and scientific measuring and controlling equipment not elsewhere classified, and of photographic and optical goods (38500)<sup>(1)</sup>

- Intrusion alarms
- Emergency alarms
- Video cameras
- Electronic cameras
- Watches and clocks
- Home lighting and appliance controllers

<sup>1</sup> Refer to Chapter 4, Section F

- ❑ Testing, measuring and analyzing equipment
  - ❑ Power supplies for electronics uses
  - ❑ Nuclear electronic equipment
  - ❑ Medical electronic equipment, including diagnostic, patient monitoring and therapeutic equipment, surgical and medical instruments
  - ❑ Laser equipment
- Projects must be located in Zone 2 or 3
- ❑ Measurement equipment for industries <sup>(2)</sup>
    - Exemption of import duty on machinery, regardless of zone
    - Corporate income tax exemption for eight years regardless of zone
  - Manufacture of electronic musical instruments (39020) <sup>(1)</sup>

Projects must be located in Zone 2 or 3

### **5.7 Manufacture of parts or supplies used for electronic apparatus**

- ❑ Manufacture of radio, television, and telecommunication equipment or supplies (38320) <sup>(1)</sup>
- ❑ Diodes
- ❑ Transistors
- ❑ Thyristors
- ❑ Integrated circuits
- ❑ Opto-electronic devices
- ❑ Wafers
- ❑ Resistors
- ❑ Capacitors
- ❑ Relays
- ❑ Switches and keyboards
- ❑ Magnetic components, including telescopic antenna, transformers lower than 1 KVA, coils, and other magnetic components
- ❑ Transducers
- ❑ Quartz crystals
- ❑ Passive filters and networks, including electro-mechanical filters, RFI and EMI filters, RC networks, delay lines, attenuators
- ❑ Connectors
- ❑ Printed circuit boards
- ❑ Plugs and sockets
- ❑ Acoustic parts, including microphones, ear-phones, loudspeakers and accessories, headphones, cartridges or others
- ❑ Micro-motors
- ❑ Electronic tubes

- ❑ Microwave telecommunication components, including microwave switches, ferrite devices
- ❑ Computer components, including storage equipment, optical discs, terminals, keyboards, printers, computer communication equipment
- ❑ Electronic sub-assemblies, including printed circuit board assemblies or electro-mechanical sub-assemblies

No conditions apply to the above activities

- ❑ Electronic connectors, especially those made with metal components and plastic components only <sup>(2)</sup>
  - Exemption of import duty on machinery, regardless of zone.
  - Corporate income tax exemption for eight years, regardless of zone

### **5.8 Manufacture of insulated wires and cables (38391)**

Projects must be located in Zone 3

### **5.9 Manufacture of flat, shielded, coaxial or signal cables (38391)**

No conditions

### **5.10 Integrated circuit wafers (38320)**

Projects must be located in Zone 2 or 3.

Projects must have a research and development plan and must be approved by BOI.

Projects will receive corporate income tax exemption for eight years, and exemption of import duty on machinery.

### **5.11 IC Chip Design**

Exemption of import duty on machinery.

Corporate income tax exemption for eight years.

No limit on percentage foreign shareholders.

For projects involving fabless semiconductors, income tax exemption includes income from wafers and ICs designed, but not produced, by the owner.

## **6. Chemical Industry, Paper, and Plastics**

### **6.1 Manufacture of basic chemicals (35111)**

- Industrial gases
  - ❑ Argon
  - ❑ Chlorine
  - ❑ Hydrogen
  - ❑ Oxygen
  - ❑ Nitrogen
  - ❑ Carbon dioxide
  - ❑ Nitrous oxide
- Oxide compounds
  - ❑ Calcium oxide
  - ❑ Hydrogen peroxide
  - ❑ Silicon dioxide
  - ❑ Zinc oxide
- Inorganic acids
  - ❑ Sulfuric acid
  - ❑ Hydrochloric acid
- Inorganic bases
  - ❑ Aluminum hydroxide
  - ❑ Magnesium hydroxide
  - ❑ Sodium hydroxide
  - ❑ Potassium hydroxide
- Salts
  - ❑ Alum
  - ❑ Aluminum sulphate
  - ❑ Ammonium sulphate
  - ❑ Ammonium bicarbonate
  - ❑ Calcium carbonate
  - ❑ Calcium carbide
  - ❑ Calcium chloride
  - ❑ Calcium sulphate
  - ❑ Magnesium chloride
  - ❑ Potassium bicarbonate
  - ❑ Sodium chloride
  - ❑ Sodium hypochlorite
  - ❑ Sodium phosphate
  - ❑ Sodium silicate
- Organic chemicals
  - ❑ Ethyl alcohol
  - ❑ Hexa-hydric alcohols (sorbitol)
  - ❑ Polyether polyols
  - ❑ Acetic acid
  - ❑ Citric acid
  - ❑ Formaldehyde
  - ❑ Chlorinated paraffin
  - ❑ Glutamic acid

Projects must be located in Zone 3

### **6.2 Manufacture of other basic industrial chemicals (35111)**

No conditions

### **6.3 Manufacture of soft gelatin capsules (35111)**

Projects must be located in Zone 2 or 3

### **6.4 Manufacture of fertilizers (35120)**

No conditions

### **6.5 Manufacture of petrochemical products (35130) (1)**

Projects must be located in Zones 2 or 3.

No reduction on raw material import duty, even if located in Zone 3.

Aromatics plants that do not use pyrolysis gasoline (a by-product of olefins manufacture) may not start production before January 1, 1999.

Upstream plants that want to sell by-products as fuel locally must obtain prior permission from National Energy Policy Office.

### **6.6 Manufacture of petroleum products (35300) (1)**

Specifically for petrochemical refineries.

Projects must be located in Zone 2 or 3.

Prior to applying for BOI promotion, projects must meet National Energy Policy Office requirements regarding permission to establish a refinery.

Projects located in Zone 2 or 3 will receive exemption of import duty on machinery.

### **6.7 Manufacture of synthetic fibers (35130)<sup>(1)</sup>**

Projects must be located in Zone 2 or 3

### **6.8 Manufacture of pigments or similar products (35210)**

Projects must be located in Zone 2 or 3

- 6.9 Manufacture of ingredients used in pharmaceutical products (35220)**  
Projects must be located in Zone 2 or 3
- 6.10 Manufacture of pesticides, herbicides, fungicides, or insecticides (35299)**  
Projects must be located in Zone 3
- 6.11 Manufacture of other chemical products (35299)**  
Projects must be located in Zone 2 or 3
- 6.12 Manufacture of plastic or plastic-coated products (35601, 35609) (1)**  
For consumer products, projects must be located in Zone 3  
For components, projects must be located in Zone 2 or 3  
For production of engineering plastics, there are no conditions.
- For the parts of engineering plastics<sup>(2)</sup>
    - They must be strong enough to withstand collisions, and be used as components in cars, machines, electric or electronic products, and should be made of engineering plastics materials i.e. Acetal, Nylon-6/6, Polycarbonate (PC), and Polyphenylene sulfide (PPS)
      - Corporate income tax exemption for eight years, regardless of zone
      - Exemption on import duty, regardless of zone
- 6.13 Manufacture of paper (34111) (1)**  
Projects must be located in Zone 3
- 6.14 Manufacture of pulp (34111) (1)**  
Projects must be located in Zone 2 or 3
- 6.15 Manufacture of paper containers or boxes (34120)**  
Projects must be located in Zone 2 or 3
- 6.16 Manufacture of articles made of fiber, pulp, paper, or paperboard (34190)**  
Projects must be located in Zone 3
- 6.17 Manufacture of PET resin**  
Projects will receive no reduction on machinery import duty, even if the factory is located in Zone 3
- 6.18 Off-set printing**  
Projects must be located in Zone 2 or 3
- 6.19 Plastic film printing**  
Projects must be located in Zone 2 or 3
- 6.20 Manufacture of matches (35294)**  
Projects must be located in Zone 3
- 6.21 Manufacture of asphalt (35400)**  
Projects must be located in Zone 3, especially projects manufacturing raw asphalt, which must obtain approval from the Ministry of Industry prior to receiving a BOI promotion certificate
- 7 Services and Public Utilities**
- 7.1 Production of electric or steam power (41011, 41020) (1)**  
Projects must be approved by the government agencies concerned
- 7.2 Water works or water supply for industry (42000) (1)**  
Projects must be approved by the government agencies concerned
- 7.3 Concession roads (50102) (1)**  
Projects must be approved by the government agencies concerned
- 7.4 Mass transit systems (71110, 71139) (1)**  
Projects must be approved by the government agencies concerned

- 7.5 Communication services via satellite (72000)**  
 Projects must be approved by the government agencies concerned.  
 Projects will be exempt from corporate income tax and dividends on special income from abroad, as defined in sections 31 and 34 of the Investment Promotion Act (B.E. 2520), for eight years.
- 7.6 Telephone services (72002)**  
 Projects must be approved by the government agencies concerned.  
 Only non-tax privileges will be granted.
- 7.7 Pipeline transport (71139) (1)**  
 Projects must be approved by the government agencies concerned.  
 Exemption of import duty on machinery, regardless of zone.  
 Corporate income tax exemption for eight years, regardless of zone.
- 7.8 Cable car services (71139)**  
 Projects must be approved by the government agencies concerned
- 7.9 Maritime transportation (71210) (1)**
- Coastal shipping
    - Vessels must be engine-driven, with weight of not less than 500 dead weight tons (DWT)
    - Vessels that transport oil and dangerous goods must be insured with P & I Clubs, and must have proof of the class of their vessel from the Classification Society
  - International shipping
    - Must have proof of the class of the vessel from the Classification Society
    - Eligible for income tax exemption for eight years and import duty waiver
- 7.10.1 Loading/unloading facilities for sea transport (71230) (1)**  
 No conditions
- 7.11 Container yards or inland clearance depots (71912) (1)**  
 Projects must be approved by the government agencies concerned.
- Exemption of import duty on machinery.  
 Corporate income tax exemption for eight years.
- 7.12 Ferryboat or high-powered ship services (71210)**  
 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent.  
 Corporate income tax exemption for five years.
- 7.13 Tourist promotion services**
- Tour boats (71210)
  - Yacht renting (71210)
  - Ocean marina with boarding rooms and tourist facilities (63201, 71210, 71230)
  - Scuba diving services with lodging (63201)
    - Tour boats and yacht renting
      - 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No.C13/2533) and which is subject to import duty greater than or equal to 10 percent
      - Corporate income tax exemption for five years
    - Yacht renting
      - Must have not fewer than 10 yachts for renting
- 7.14 Air transportation services (71310) (1)**  
 Must be approved by the government agencies concerned.  
 Exemption of import duty on machinery, regardless of zone.  
 Corporate income tax exemption for five years.
- 7.15 Commercial airports (71320) (1)**  
 Projects must be approved by the concerned government agencies

### 7.16 Hotels (63201)

Projects must be located in Zone 2 or 3. Hotels in Phuket province, Pattaya city, Sungai Kolok district, Hat Yai district, and Chiang Mai central district will not be promoted.

Hotels must have no fewer than 100 rooms.

Projects located in Zone 2 will be granted only 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent.

Projects located in Zone 3 will be granted only import duty exemption on machinery.

### 7.17 Medium or low income housing (83101)

Projects in Zone 1 must provide not fewer than 150 housing units and projects in Zone 2 and 3 must provide no fewer than 75 units.

Minimum area per unit is 31 square meters.

Sales prices per unit must not exceed 600,000 baht (including land price).

The Board must approve construction blueprints.

Projects must receive building permits under the Building Control Act B.E. 2522 or other relevant laws.

Projects located in Zone 1 and 2 are eligible for corporate income tax exemption for five years.

Projects located in Zone 3 are eligible for corporate income tax exemption for eight years.

Tax privileges on machinery will not be granted.

### 7.18 Industrial zones (83101)

Minimum area of 500 rai, except projects located in Bangkok and Samut Prakan will not be promoted.

Not less than 60 percent and not more than 75 percent of the

project area must be used for factories

Other details regarding projects:

#### □ Minimum road standards:

##### ▪ *Two-way main roads:*

Minimum 18 meters wide, of which not less than 12 meters is for traffic, with shoulder of three meters on each side

One-way main roads:

Minimum 13 meters wide, of which not less than seven meters is for traffic, with a shoulder of three meters on each side

##### ▪ *Secondary roads:*

Minimum 8.5 meters for traffic, with a shoulder of two meters on each side.

*Sewage and waste water disposal:* A waste water treatment plant must be set up as approved by the Board. Sewage and waste water drainage systems must be clearly separated  
*Refuse disposal:* Refuse storage and incineration areas must be sufficient, with suitable refuse collection methods

*Estate usage:* Factories must be kept apart from residential and other business areas

*Environmental protection:* To prevent factories that generate smoke and malodor from being located in industrial zones, the Board must approve factories

*Public utilities:* The supply of water, electricity, telephones, and postal service must be adequate

*Time frame:* Within two years of the date of issue of the promotion certificate, 25 percent of the total land area must be developed with full public services and utilities

*Note: The BOI may reduce the conditions stated above on a case-by-case basis.*

#### **7.19 Agricultural export zone (83101)**

Projects must be at least 100 rai.

Projects must be located in areas approved by the Board and not located where the government prohibits construction nor where it will contradict town planning laws.

Of the total project area, not less than 60 percent can be devoted to processing agricultural exports.

Projects must provide areas for:

- ❑ Exhibition or agricultural trade
- ❑ Auction center
- ❑ Cold storage
- ❑ Warehouse
- ❑ Grading facility

Projects must have adequate parking facilities.

Sufficient facilities must be installed to prevent any environmental damage.

Public services and utilities for the project must be properly maintained.

For projects in Zone 1 or 2:

- ❑ 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (No. C13/2533) and which is subject to import duty greater than or equal to 10 percent

For projects in Zone 3:

- ❑ Exemption of import duty on machinery

Eight-year corporate income tax exemption, regardless of zone

#### **7.20 Gemstone or jewelry industrial center (83101)**

Projects must be a minimum area of 100 rai.

At least 40 percent of the area must be designated for gemstone or jewelry manufacturing.

Must provide an area for gemstone or jewelry trading.

Must provide an adequate security system.

Must include a convention center, exhibition hall and business center.

Must have adequate parking facilities.

For projects located in Zone 1 or

2:

- ❑ 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent

For projects located in Zone 3:

- ❑ Exemption of import duty on machinery

Corporate income tax exemption for five years, regardless of zone

#### **7.21 Flatted factory (83101)**

Flatted factory projects must be located in an industrial estate or a promoted industrial zone, if it is located in Zone 1.

The Board must approve the construction blueprints.

The area used for the factory building must not exceed 70 percent of the total area.

The building must not be more than 12 floors high.

The factory must be constructed in accordance with the factory and construction control laws.

Adequate water treatment systems must be installed, or the water treatment system of the industrial estate or the promoted industrial zone must be used.

Refuse storage and incineration areas must be adequate with suitable refuse collection methods.

Environmental damage or any possible danger or disturbance to residential areas must be prevented and controlled.

Parking facilities, canteens and external truck loading facilities must be provided.

Activities that use large amounts of water, create significant vibration or involve inflammable processes must obtain approval

from the Board prior to establishment.

Adequate public utilities, including electricity, water, telephones and post office services must be provided.

For projects located in Zone 1 or 2:

- ❑ 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent

For projects located in Zone 3:

- ❑ Exemption of import duty on machinery
- ❑ Corporate income tax exemption for five years, regardless of zone

#### **7.22 Convention halls (83101)**

Halls must have minimum capacity of 2,000 seats.

The Board must approve convention hall facilities and equipment.

The Board must approve construction blueprints

For projects located in Zone 1 or 2:

- ❑ 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent

For projects located in Zone 3:

- ❑ Exemption of import duty on machinery

Corporate income tax exemption for eight years, regardless of zone

#### **7.23 International trade exhibition center (83101) (1)**

Minimum project area of 50 rai, with minimum exhibition area of 30,000 square meters, of which 24,000 square meters must be indoors. There must be at least one exhibition building with minimum area of 10,000 square meters.

The following facilities must be provided:

- ❑ The parking area must be at least double the size of the exhibition area and not less than 60,000 square meters

- ❑ Each hall must have a meeting room

The purchase, sale and delivery of products are prohibited in the exhibition hall, except for exhibitions that meet the criteria of the Department of Export Promotion or the OBOI

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption will be granted for eight years, regardless of zone.

#### **7.24 Warehousing (71920)**

No conditions

#### **7.25 Cold storage (71920)**

No conditions

#### **7.26 Disinfection services for products or produce (93319)**

No conditions

#### **7.27 Infrastructure and services for aquaculture (95999)**

No conditions

#### **7.28 Research and development (83242) (1)**

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption will be granted for eight years, regardless of zone.

#### **7.29 Refuse, industrial waste, or water disposal services (92000)(1)**

Projects must be approved by the concerned government agencies.

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption for eight years, regardless of zone.

#### **7.30 Transportation of hazardous chemicals (92000) (1)**

Projects must be approved by the concerned government agencies.

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption granted for eight years, regardless of zone.

**7.31 Educational institutes or vocational training centers (93131, 93139, 93141, 93150) <sup>(1)</sup>**

Teaching must be provided in subjects related to industrial technology, engineering, science and technology.

The number of the enrolled students in industrial technology, engineering, science and technology must not be less than 50 percent of total enrollment.

Must be approved by the concerned government agencies.

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption for eight years, regardless of zone.

**7.32 Hospitals (93311)**

Projects located in Bangkok must have not less than 50 beds; those located in other provinces must have not less than 25 beds.

There must be at least two ambulances for projects located in Bangkok and one for those located in other provinces.

Must have facilities for outpatients, X-rays, surgical operations, storage of files and registration, and laundry, as well as a pharmacy, laboratories, emergency room(s), a morgue, a kitchen, and accommodations for nurses and hospital workers.

For a two-story building or more, an elevator that can carry a bed or wheel-chair must be provided.

Must have sufficient car park facilities.

For projects located in Bangkok:

- Corporate income tax exemption will not be granted

For projects located in other provinces:

- Corporate income tax exemption for five years

For projects located in Zone 1 or 2

- 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to

import duty greater than or equal to 10 percent

For projects located in Zone 3

- Exemption of import duty on machinery

**7.33 Thai motion picture production or related services (94110)**

The film must not be less than 35 mm, with soundtrack, and must not be less than 80 minutes in duration.

For production purposes, the following main machinery must be acquired: camera and lenses, stands and tripods, motor zooms, cranes, dollies and lighting.

For support services, the following main machinery must be acquired: film processor, film printer, film splicer, magnetic recorder, film color analyzer, optical film printer and film projector.

Eligible for 50 percent import duty reduction on machinery which is not included in the tariff reduction notification of the Ministry of Finance (Notification No. C13/2533) and which is subject to import duty greater than or equal to 10 percent.

**7.34 Coating and/or layer pipe for petrochemicals (50290), (38198)**

Projects must be located in Zone 2 or 3

**7.35 International transportation by refrigerated truck**

Must have an international transportation license.

Corporate income tax exemption for eight years.

**7.36 Independent power producer (IPP) (41011)**

Projects located in Zone 1 must use gas for power.

Projects must be approved by the government agencies concerned.

Corporate income tax exemption for eight years

Exemption of import duty on machinery.

### **7.37 Trade and Investment Support Offices**

Projects must have operating licenses from concerned government agencies.

Majority or total foreign ownership is allowed.

Operating expenses must be not less than 10 million baht per year.

Operating plans must be approved by the Board.

Non-tax privileges, only, will be granted

### **7.38 Activities supporting tourist attractions<sup>(1)</sup>**

- Amusement Parks
  - Minimum size of investment, excluding cost of land and working capital, must not be less than 500 million baht
  - The Board must approve details of the project
  - The park must be situated on at least 200 rai
  - At least 30 percent of the total area must be left vacant: 15 percent to be left as a green area, and 15 percent to be used as a car park
  - Projects must not be located in a trade center
- Open Zoos
  - Minimum size of investment, excluding cost of land and working capital, must not be less than 500 million baht
  - The Board must approve details of the project
  - The park must be situated on at least 500 rai of land
  - At least 30 percent of the total area must be left vacant: 15 percent to be left as a green area, and 15 percent to be used as a car park
- Art and Cultural Centers
  - Minimum size of investment, excluding cost of land and working capital, must not be less than 20 million baht.
  - Total area of the project must not be less than 10 rai
  - At least 30 percent of the total area must be left vacant: 15 percent to be left as a green area, and 15 percent to be used as a car park

- Center must have demonstration area

- Aquarium
  - Minimum size of investment, excluding cost of land and working capital, must not be less than 100 million baht
  - Total area of project must not be less than 10 rai
  - At least 30 percent of the total area must be left vacant, 15 percent to be left as a green area, and 15 percent to be used as a car park
  - Must have a study report covering environmental damage.

### **7.39 Software business**

Corporate income tax exemption for eight years, regardless of zone.

Exemption of import duty on machinery, regardless of zone.

Majority or total foreign ownership is allowed.

Scope of activity will be in accordance with the Board's consideration, on a case-by-case basis.

### **7.40 Software parks**

Corporate income tax exemption for eight years, regardless of zone.

Exemption of import duty on machinery, regardless of zone.

Businesses wishing to locate in software parks must be approved by BOI.

The plans and accommodations of projects will be in accordance with the Board's consideration, on a case-by-case basis.

### **7.41 Roadrailer transportation**

Exemption of import duty on machinery.

Corporate income tax exemption for eight years.

Must be approved by concerned government agencies.

### **7.42 Free trade zone**

Total area of the project must not be less than 500 rai. Projects located in Bangkok are not eligible for promotion, and projects in Samut Prakarn,

especially areas of industry and bonded warehouses, must be approved by the Ministry of Industry. Projects must be approved by the government agencies concerned prior to application. Entrepreneurs and promoted companies in free trade zones will receive privileges as follows:

- ❑ Exemption of import duty on machinery, regardless of zone
- ❑ Corporate income tax exemption:
  - Zone 1: For five years
  - Zone 2: For seven years
  - Zone 3: For eight years

#### **7.43 Human resource development**

- ❑ International schools
- ❑ Projects must be approved by the concerned government agencies
- ❑ Exemption of import duty on machinery, regardless of zone
- ❑ Corporate income tax and dividends exemption for eight years, regardless of zone
- Hotel training institutes
  - ❑ Projects must be approved by the concerned government agencies
  - ❑ Teaching must be provided in subjects related to hotel management and the number of enrolled students studying hotel management must not be less than 75 percent of total enrollment
    - ❑ Must have facilities including an operation room for students to practise lessons
    - ❑ Exemption of import duty on machinery, regardless of zone
    - ❑ Corporate income tax and dividends exemption for eight years, regardless of zone
- Maritime training institutes
  - ❑ Projects must be approved by the concerned government agencies
  - ❑ Teaching must be provided in subjects related to the maritime industry and the number of enrolled students studying maritime subjects must not be less than 75 percent of total enrollment
  - ❑ Exemption of import duty on machinery, regardless of zone

- ❑ Corporate income tax and dividends exemption for eight years, regardless of zone.

#### **7.44 Logistics**

Projects must have modern distribution centers, utilizing computerized systems approved by the BOI.

If the project primarily services international business or if the project locates in Zone 3, shareholding requirements will not apply.

For all merchandise, import duty must have been paid, unless customs or BOI incentives have been utilized (e.g. Merchandise for which the BOI provides import duty exemption or which has received exemption from the Director General of the Customs Department).

Exemption of import duty on machinery, regardless of zone.

Corporate income tax exemption will depend on the zone in which the project is located.

