



## Legal Alert

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### National Competitiveness Enhancement Act for Targeted Industries B.E. 2560 (A.D. 2017)



The National Competitiveness Enhancement Act B.E. 2560 (A.D. 2017) ("**the Competitiveness Enhancement Act**") came into effect on 14 February 2017 and the details can be summarized as follows:

Targeted industries entitled to incentives under the Competitiveness Enhancement Act are industries relating to the national capacity in providing benefits to the Thailand economy and increase Thailand's sustainable national competitiveness. Targeted industries must be a **new** industry that has never been produced or serviced in the country or alternatively must be an industry that **uses high technology or high knowledge** in manufacturing to create development and promotion of innovation.

Characteristic activities of the targeted industries, including policies, procedures, and conditions to grant the benefits from the Competitiveness Enhancement Act will be in accordance with an announcement of the Policy Committee ("**the Policy Committee**") that will be announced accordingly.

The incentives from the Competitive Enhancement Act are as follows:

1. Incentives from the Investment Promotion Act but does not include incentives on exemption or deduction of Corporate Income Tax ("**CIT**").

2. Incentives regarding CIT according to the Competitiveness Enhancement Act are as follows:
  - CIT exemption on net profits from conducting activity of targeted industry **not exceeding the maximum of 15 years** from the date of first income derived from such activity;
  - Deduction of annual loss during the period of receiving CIT exemption from net profits accrued after the expiration of the CIT exemption period not exceeding 5 years from the expiry date of such period. Such deductions can be deducted from net profit of any one or multiple years; and
  - Dividends from targeted industries is exempt from CIT computation throughout the period the promoted person receives CIT exemption, including paid dividends within 6 months from the last date of CIT exemption period.
3. The Policy Committee may consider subsidizing the promoted targeted industry in order to support the cost of research and development, innovation support, or targeted industry specialist development provided that the promoted person is able to comply with the conditions to be prescribed by the Policy Committee.

Once all matters regarding targeted industry activities have been defined then if the Nomination and Negotiation Committee deem that there is an investor in a targeted industry who is eligible to receive the incentives that are available under the Competitiveness Enhancement then the Thailand Board of Investment ("**BOI**") will notify the investor to enter into the negotiation process by submitting the proposed project and investment plan to the BOI and the Policy Committee accordingly.

The investor is also able to submit the application for investment promotion with details of the project to the BOI directly for consideration.



Get in touch

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