



Legal News

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Additional Target Activities - Special Economic Development Zones Policy

On 10 January 2016, the Board of Investment (“BOI”) announced additional target activities located in the Special Economic Development Zones of Kanchanaburi Province, Chiang Rai Province, Nakhon Phanom Province and Nongkhai Province (i.e. BOI Announcement No. 1/2559, 2/2559, 3/2559 and 4/2559, respectively). The target activities located in these four provinces that meet the BOI requirements for investment promotion shall be entitled to the incentives under the Announcement of the Board of Investment No.4/2557 dated 18 December 2014 in regard to

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the Policy on Investment Promotion in Special Economic Development Zone, as follows:

- Exemption of corporate income tax ("CIT") for a period of 8 years, with a corporate income cap not exceeding 100 percent of investment (excluding cost of land and working capital);
- 50 percent reduction of CIT from normal rate on net profit deriving from the promoted activity for a period of 5 years counting from the expiry date of the corporate income tax exemption;
- Double deduction of costs of transportation, electricity and water supply for a period of 10 years counting from the date of first revenue generated;
- Deduction of 25 percent of investment costs on the installation or construction of facilities used counting from the date of first revenue generated;
- Exemption of import duty for machinery;
- Exemption of import duty for raw materials and essentials used in the production of products for export for a period of 5 years;
- Permission to employ foreign unskilled workers in the promoted project, according to the conditions prescribed by the BOI; and
- Non-tax incentives.

The application for the BOI promotion of the activity or activities in the four provinces have to be submitted by 30 December 2017 to qualify for these incentives.

This announcement became effective on 16 November 2015.

Non-competition Clause in Employment Contracts Post Termination



An employer may incorporate a non-competition clause in an employment contract to protect the employer's business interests from an act of an employee that has been terminated. The past Supreme Court judgments provided the key criteria for a fair and valid non-competition clause in an employment contract which can be summarized below:

- The employer must be specific on types of business restricted and not prohibit the employee entirely from other types of business;
- The employer may reasonably consider the period restricting the employee from working with other companies operating the same type of business as the employer; and
- The non-competition clause must not cause excessive obligations to the employee.

The above are only some criteria that the Court has taken into consideration as to whether such non-competition clause is of contrary to public order and/or good morals or otherwise become void according to Section 150 of the Civil and Commercial Code.

Minister of Interior Order on Foreigners Banned from Re- entering Thailand



Effective on 20 March 2016, any foreigner found to be illegally overstaying in Thailand will be banned from re-entering the country. The two scenarios covered are as follows:

1. Foreigner that has voluntarily surrendered to authorities :

Period of Overstay	Period Banned
More than 90 days	1 year
More than 1 year	3 years
More than 3 year	5 years
More than 5 year	10 years

2. Foreigner being arrested and prosecuted :

Period of Overstay	Period Banned
Less than 1 year	5 years
More than 1 year	10 years

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