



## Legal News

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### Utilisation of used imported machinery for BOI projects

The BOI has issued an Announcement of the Board of Investment No. 6/2558 in regards to the Additional Amendment of the Announcement of the Board of Investment No. 2/2557 (“**Announcement**”) regarding the policies and criteria for Investment Promotion. This Announcement repeals the existing criteria and provides new criteria for granting approval to utilise used imported machinery in a promoted project. The Announcement applies to all applications submitted to the BOI from 2 April 2015 onwards.

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Inside this issue:

- Utilisation of used import machinery
- Investment promotion in Special Economic Development Zones

Granting approval for the use of used imported machinery in the promoted project are divided into 3 cases i.e. general case, factory relocation case and other cases.

Generally, used machinery aged not over 5 years from the year of manufacture to the year of importation is allowed to be counted as investment capital for the corporate income tax (CIT) exemption but is not granted an import duty exemption. If the used machinery is over 10 years old from the year of manufacture to the year of importation it may be allowed to be counted as investment capital for CIT exemption and granted import duty exemption as the BOI deems appropriate.

## Investment promotion in Special Economic Development Zones



The BOI has determined that the list of eligible general activities for investment promotion, according to the Announcement of the Board of Investment No.2/2557 dated 3 December 2011 in regards to policies and criteria for Investment Promotion which are located in the Special Economic Development Zone (situated in five provinces of Trat, Tak, Mukdahan, Songkhla, and Sa Kaew) will be entitled to incentives in addition to those normally granted by the BOI, according to the policies on investment promotion in Special Economic Development Zones for example:

- Receive an additional corporate income tax (CIT) exemption for 3 years but not exceed a total of 8 years;
- Receive 50 percent reduction of CIT from net profit derived from the promoted activity for a period of 5 years from the date in which the CIT exemption period ends in case the activities are in categorized under Group A1 or A2, which are entitled to 8 year CIT exemption; and
- Receive permission to employ foreign unskilled workers in the promoted project, according to the conditions prescribed by the BOI.

In addition, on 23 April 2015, the BOI has issued Announcements of the Board of Investment designating details of targeted activities promoted and the corresponding requirements. The targeted projects must be located in the Special Economic Development Zones. Such targeted activities will need to satisfy fewer requirements than provided in the list of eligible general activities in order to be promoted for investment and will be granted the following example of benefits:

- Receive exemption of 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);
- Receive 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; and
- Receive permission to employ foreign unskilled workers in the promoted project, according to the conditions prescribed by the BOI.

Applicants wishing to receive investment promotion under the policy of Special Economic Development Zones must submit the application to the BOI within 31 December 2017.

## Contact

For more information on the above and how Deloitte can support you, please contact:

### **Poljun Divari**

Director, Tax & Legal Services

[pdivari@deloitte.com](mailto:pdivari@deloitte.com)

+66 (0) 2676 5700 ext. 11231

### **Pornpun Niyomthai**

Director, Tax & Legal Services

[pniyomthai@deloitte.com](mailto:pniyomthai@deloitte.com)

+66 (0) 2676 5700 ext. 10404

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Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.

Rajanakarn Bldg., 25<sup>th</sup> – 26<sup>th</sup>, 28<sup>th</sup> Fl.

3 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

Thailand

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