



## Tax & Legal Symposium

*Navigating the new normal for tax & legal  
compliance management*

**Transfer Pricing Update, CbCR MCAA  
update**

17 January 2023

# Transfer Pricing Update, CbCR MCAA update



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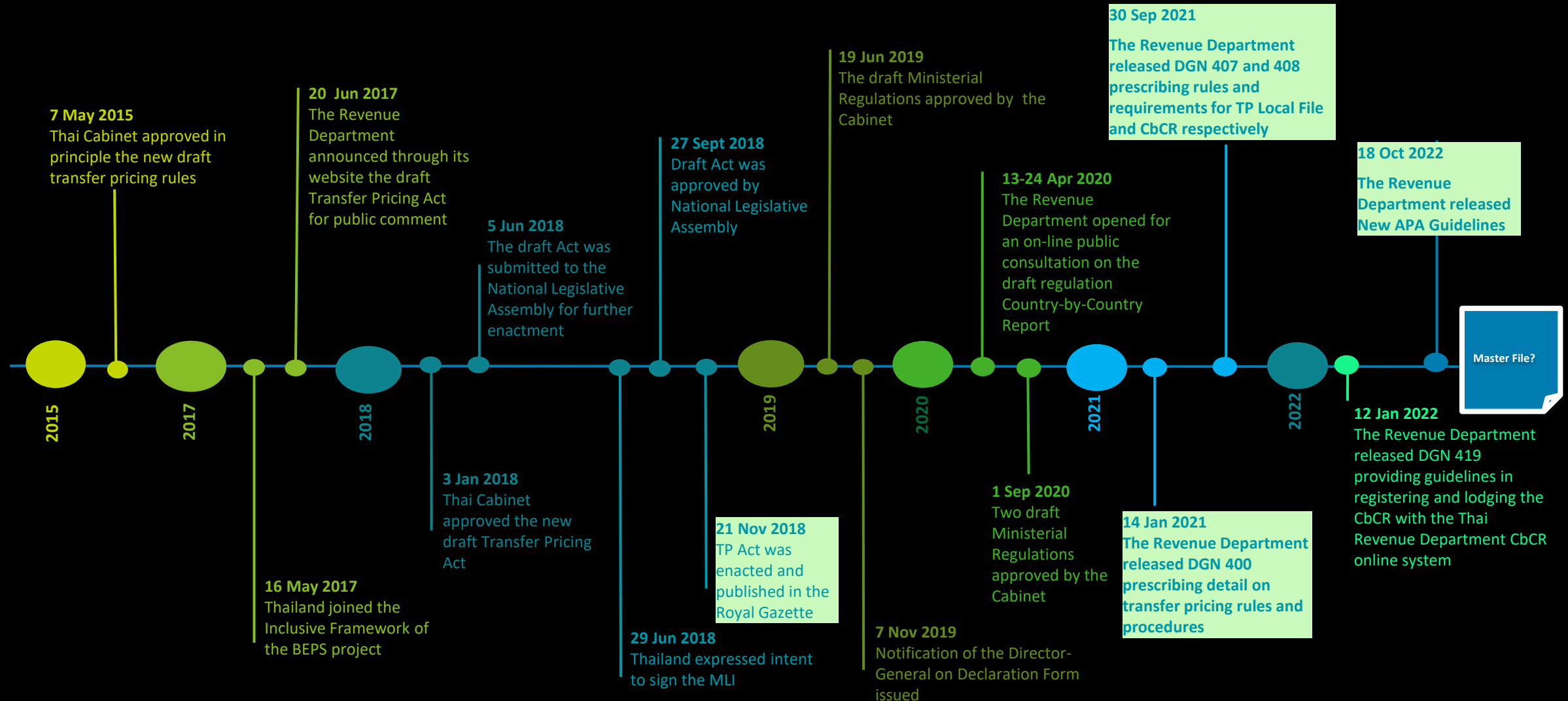
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# Thai Transfer Pricing Regulations Update

# Transfer Pricing Law Development in Thailand



# Thailand TP regulations

## Key features

New TP laws are effective for accounting periods commencing **on or after 1 January 2019** onwards. The key features of the laws are as follows:

1. The following reports are required:

- A **disclosure form** to be filed with the annual corporate tax return, which provides information on the relationship between entities and the value of intercompany transactions.
- **Transfer pricing documentation** based on the OECD approach:



### Country-by-Country Template

Key financial information on all group members on an aggregated basis, with activity code for each member



### Masterfile\*

Key information about the group's global operations, including an overview of the company's structure from a transfer pricing perspective



### Local File

Detailed transfer pricing analysis of the transactions undertaken by the local taxpayer

Disclosure Form & Local File  
Exempted for taxpayers  
with total revenue less than  
Baht 200 million

\* The Thai Revenue Department has not yet issued regulations in relation to the preparation and lodgment of the Master File.

## Thailand TP regulations (Cont.)

2. Taxpayers with total revenue **not exceeding Baht 200 million are exempted** from the requirement to lodge the disclosure form and transfer pricing documentation (Local File).
3. The TP laws require that transactions between related parties be determined on an “arm’s length” basis and these related party transactions are required to be disclosed in the disclosure form and transfer pricing documentation. The **definition of related companies** is:
  - i. A juristic person who holds **shares** or becomes a partner of another juristic person, directly or indirectly, with no less than 50 percent of the total equity;
  - ii. A shareholder or a partner who directly or indirectly holds **shares** or is a partner of a juristic person with no less than 50 percent of the total equity, who directly or indirectly holds shares or is a partner of another juristic person with no less than 50 percent of the total equity; or
  - iii. Juristic persons who are related by way of shareholding, **management, or control** whereby one juristic person is not able to act independently from one other juristic person as defined in the Ministerial Regulation.

The Thai Revenue Department has not yet issued the Ministerial Regulation to define “management and control” for the purposes of iii) above.

4. For the purpose of testing whether testing whether a (material) related party transaction is determined on an arm’s length basis, the Thai Revenue Department follows the OECD based **TP methods (DGN 400)**:
  - Comparable Uncontrolled Price Method
  - Cost plus Method
  - Resale Price Method
  - Transactional Net Margin Method
  - Profit Split Method

If another TP method is used, then it will be necessary to submit a letter to the Thai Revenue Department within the accounting period in which the method commenced being used providing a preliminary explanation for the use of the method.

# Thailand TP regulations (Cont.)

5. The Thai Revenue Department has provided a required list of the information, which is required to be included in the TP documentation (**Director-General Notification on Income Tax No. 407**).

Business Overview	Related Party Transactions and TP Analysis
<ul style="list-style-type: none"><li>• A description of business operations, value chain including key trading partners, key competitors, business strategies and industry analysis</li><li>• Local organization chart, including the number of employees</li><li>• Shareholding structure for the related companies or juristic partnerships that have transactions with the reporting entity</li><li>• Description of any business restructuring which took place between the related parties during the accounting period or prior period and the impact on profitability of the restructuring.</li><li>• Description of intangible property transfers between related parties and the impact on profitability on the reporting entity.</li></ul>	<ul style="list-style-type: none"><li>• List of related party transactions showing category, counterparty and their country and amount of transaction. Material related party transactions should also include a description of the transactions and pricing policies.</li><li>• List of the all the agreements for the <b>material</b> related party transactions, including summary of the main information and pricing conditions.</li><li>• Analysis of the functions, assets and risks for the reporting entity and related parties in relation to <b>material</b> related party transactions and any differences compared to the prior accounting period.</li><li>• Rationale for the selection of TP method(s) for the <b>material</b> related party transactions, including reasons for the rejection of other TP methods, and identification of the tested party for the purposes of applying the TP method.</li><li>• Details of the benchmarking analysis to apply the selected TP method(s), including:<ul style="list-style-type: none"><li>✓ Search process and sources for identifying the comparable transactions or companies/partnerships</li><li>✓ List of the final set of comparable transactions or companies/ partnerships</li><li>✓ Arm's length range based on the profit level indicator selected</li></ul></li></ul> <p>&lt;exemption may be applied&gt;</p>

The tax assessment officer may also request other information apart from that listed above for the purposes of the transfer pricing analysis in notification letters approved by the Director-General of the Revenue Department.



# New Local File Requirements

Required Information	Paw 113/2545	DGN 407 (FYE 2021 onwards)
<b>Language</b>	Not identified	THAI
<b>Information regarding business operations</b>		
Shareholding Structure and business operations	•	•
Business strategies	•	•
Budgets, business plans and financial projections	•	
Sales amount and financial results of reporting entity	•	
Pricing policies, profitability by products, market information and profit allocation of each party	•	
Organization chart including the number of employees		•
Value chain analysis		•
Key trading partners and key competitors		•
Industry analysis		•
Business restructuring		•
Transfer of Intangibles and impact on profitability		•

# New Local File Requirements (cont.)

Required Information	Paw 113/2545	DGN 407 (FYE 2021 onwards)
<b>Information regarding controlled transactions</b>		
Reasons for entering into intercompany transactions	•	
Evidence of negotiation basis and negotiation process with contractual parties	•	
List of <b>all</b> intercompany transactions (categories, amounts, contractual parties, tax jurisdictions)		•
<i>&lt; Below is for material intercompany transactions only &gt;</i>		
Description of intercompany transactions, their pricing policies and assumptions used to set prices		•
List of intercompany agreements and summary of their key terms		•
Function, risk and asset analysis of reporting entity	•	•
Function, risk and asset analysis of <b>contractual party(ies)</b>	•	•
TP methodologies (including reason for choosing or rejecting particular methods)	•	•
Financial information used for application of the selected pricing method		•
A list and description of comparables, profit level indicator, arm's length range, including comparable search process and source of information ( <b>Benchmarking Study</b> ) <i>&lt;exemption may be applied&gt;</i>		•
Other related documentation	•	•

# Benchmarking Study Exemption for Local File

(๑) กรณีที่ผู้มีหน้าที่ยื่นเอกสารหรือหลักฐานมีลักษณะดังต่อไปนี้

(ก) มีรายได้จากกิจการหรือเนื่องจากกิจการที่กระทำในรอบระยะเวลาบัญชีไม่เกิน ห้าร้อยล้านบาท

(ข) ไม่มีธุรกรรมที่ถูกควบคุมกับบริษัทหรือห้างหุ้นส่วนนิติบุคคลที่อยู่ในบังคับต้องเสียภาษีเงินได้นิติบุคคลในอัตราที่แตกต่างจากผู้มีหน้าที่ยื่นเอกสารหรือหลักฐาน

(ค) ไม่มีธุรกรรมที่ถูกควบคุมกับบริษัทหรือห้างหุ้นส่วนนิติบุคคลที่จดทะเบียนจัดตั้งในต่างประเทศ และ

(ง) ไม่มีผลขาดทุนสุทธิในรอบระยะเวลาบัญชีก่อน ๆ ยกมาเป็นรายจ่ายในการคำนวณกำไรสุทธิเพื่อเสียภาษีเงินได้นิติบุคคลสำหรับรอบระยะเวลาบัญชีนั้น และคู่สัญญาของธุรกรรมที่ถูกควบคุมต้องไม่มีผลขาดทุนสุทธิในลักษณะเช่นว่านั้นด้วย

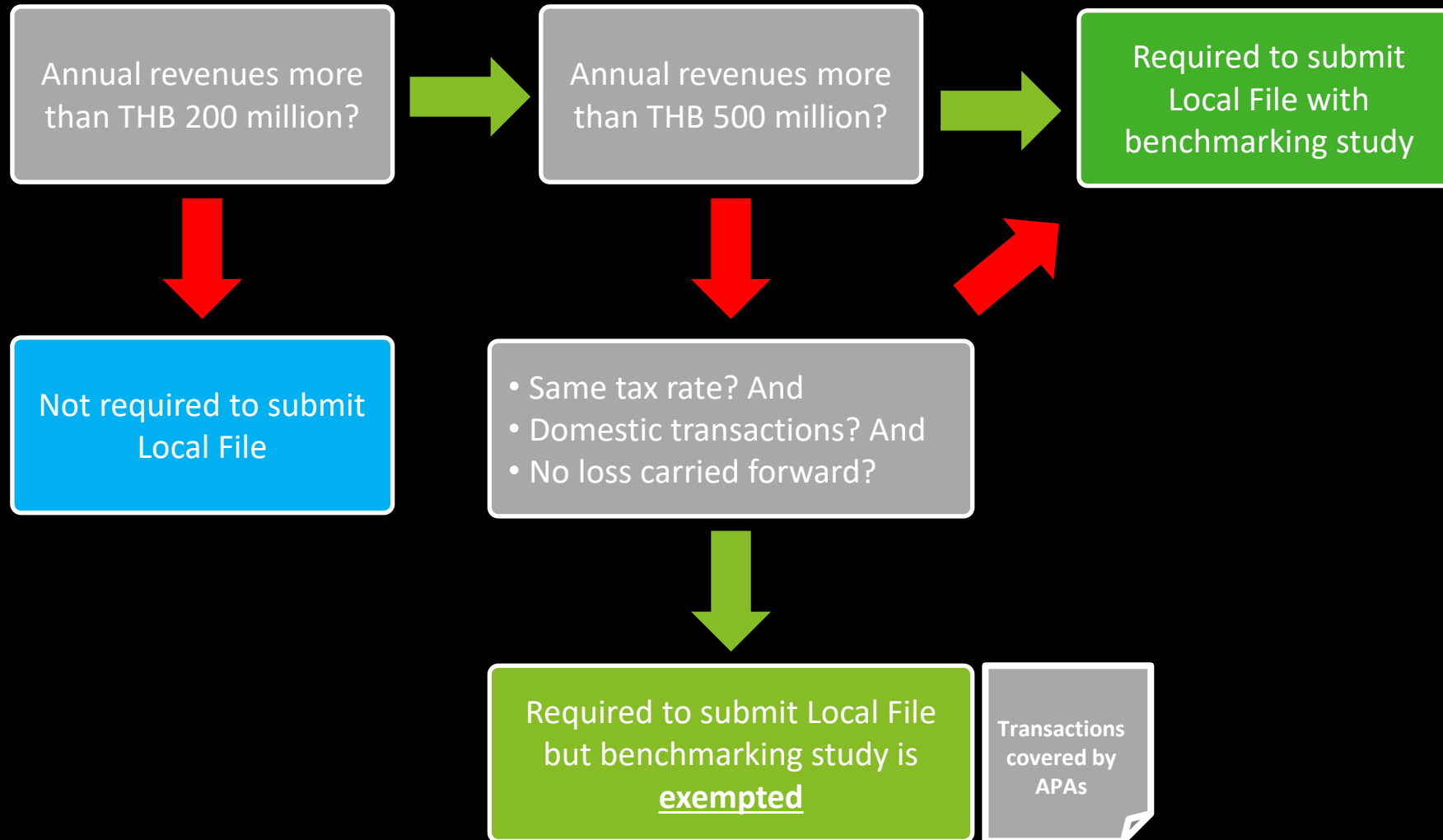
(๒) กรณีที่ผู้มีหน้าที่ยื่นเอกสารหรือหลักฐานได้ร้องขอให้การจัดทำข้อตกลงการกำหนดราคาล่วงหน้าตามสัญญาหรือข้อผูกพันว่าด้วยการเว้นการเก็บภาษีซ้อน และเจ้าหน้าที่ผู้มีอำนาจของประเทศไทยหรือสำนักงานการค้าและเศรษฐกิจไทยได้มีการจัดทำข้อตกลงดังกล่าวกับเจ้าหน้าที่ผู้มีอำนาจของต่างประเทศหรือสำนักงานเศรษฐกิจและการค้าของต่างประเทศตามที่ผู้มีหน้าที่ยื่นเอกสารหรือหลักฐานร้องขอแล้ว ทั้งนี้ เฉพาะข้อมูลที่เกี่ยวข้องกับธุรกรรมที่ถูกควบคุมที่อยู่ภายใต้ข้อตกลงการกำหนดราคาล่วงหน้าดังกล่าวที่ยังมีผลบังคับใช้อยู่สำหรับรอบระยะเวลาบัญชีตามกำหนดเวลาของข้อตกลงนั้น

**I. The following criteria are met:**

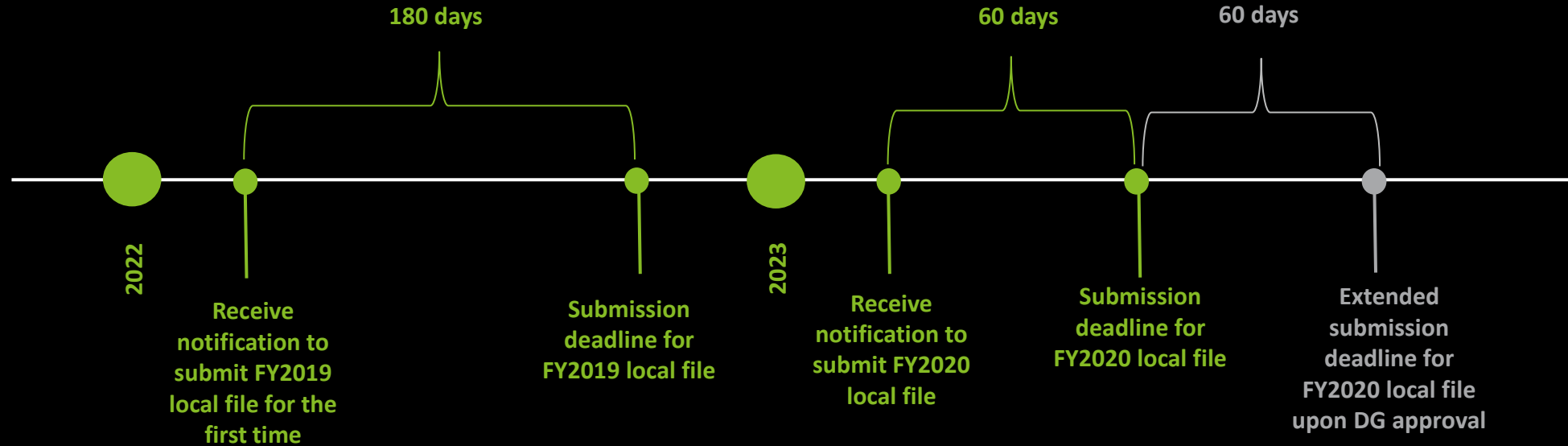
- **Rev < 500MB.;**
- **Counterparties have same tax rate;**
- **Only domestic transactions; and**
- **No LCF (both tested party and counterparties)**

**II. Existing APA in place**

# Filing Requirements for Local File Benchmarking Study Exemption



# Filing Timeline and Penalty for Local File



## Penalty for late submission:

- Submission within 15 days after the due date, a fine of THB 50,000 would apply.
- Submission after 15 days after the due date, a fine of THB100,000 would apply.
- Submission after receiving a late submission notice, a fine of THB200,000 would apply.

## Penalty for inaccuracy of information:

- A fine of THB 25,000 voluntary lodgment after due date.
- A fine of THB 50,000 after officer detects incorrect.

*\* Note: Inaccurate information can be amended before the submission deadline without any penalty.*

# Penalty for TP Disclosure Form

## Penalty for late submission (Manual filling):

- Submission within 7 days after the due date, a fine of THB 50,000 would apply.
- Submission after 7 days after the due date, a fine of THB100,000 would apply.
- Submission after receiving a late submission notice, a fine of THB200,000 would apply.

## Penalty for late submission: (E-filing)

- Submission within 30 days after the due date, a fine of THB 10,000 would apply.
- Submission after 30 days but within 60 days after the due date, a fine of THB 25,000 would apply.
- Submission after 60 days after the due date, a fine of THB 50,000 would apply.
- Submission after receiving a late submission notice, a fine of THB 200,000 would apply.

## Penalty for inaccuracy of information:

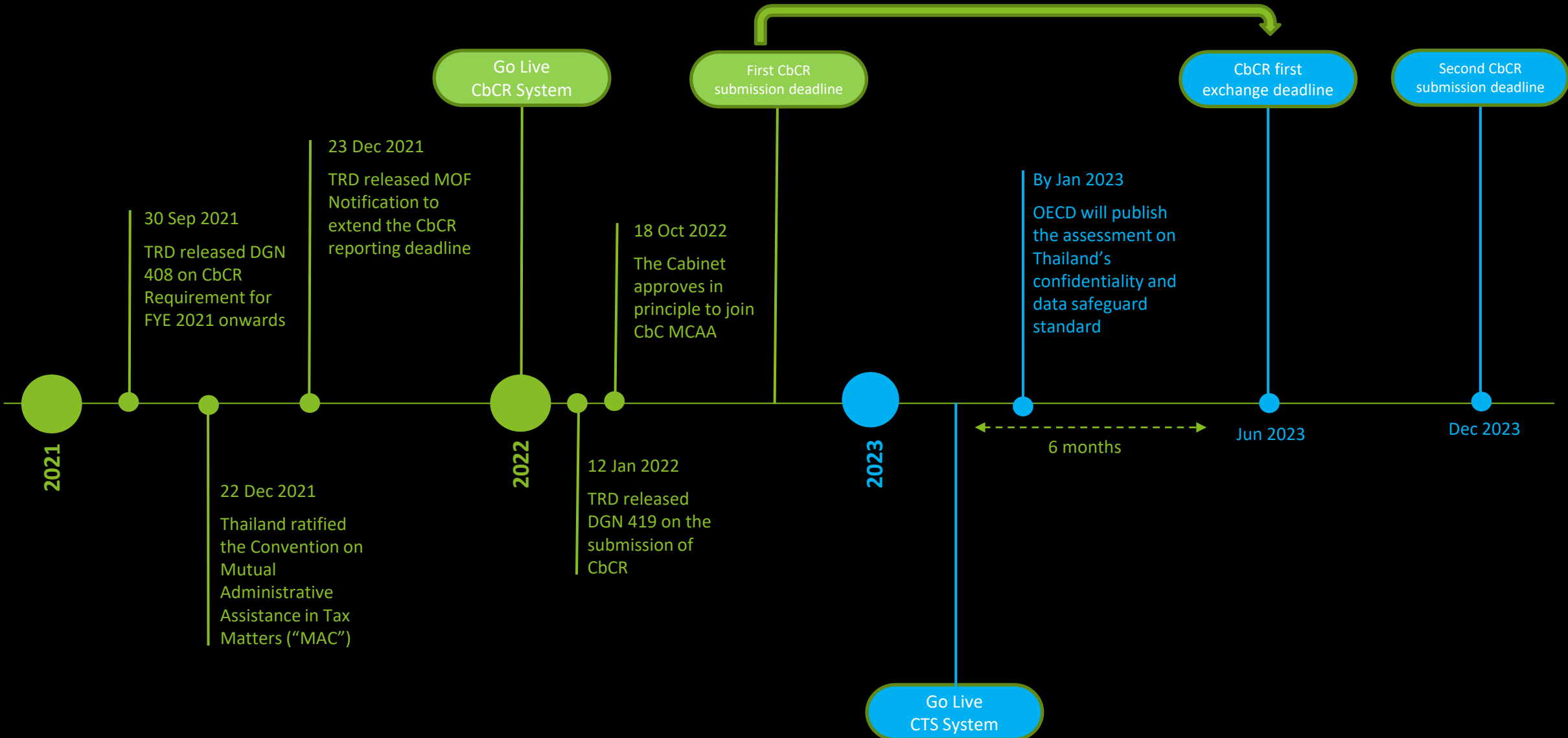
- A fine of THB 25,000 **voluntary lodgment after due date** .
- A fine of THB 50,000 **officer detects incorrect**.

*\* Note: Inaccurate information can be amended before the submission deadline without any penalty.*

Penalty rates are based on  
internal practice or  
TRD's announcement

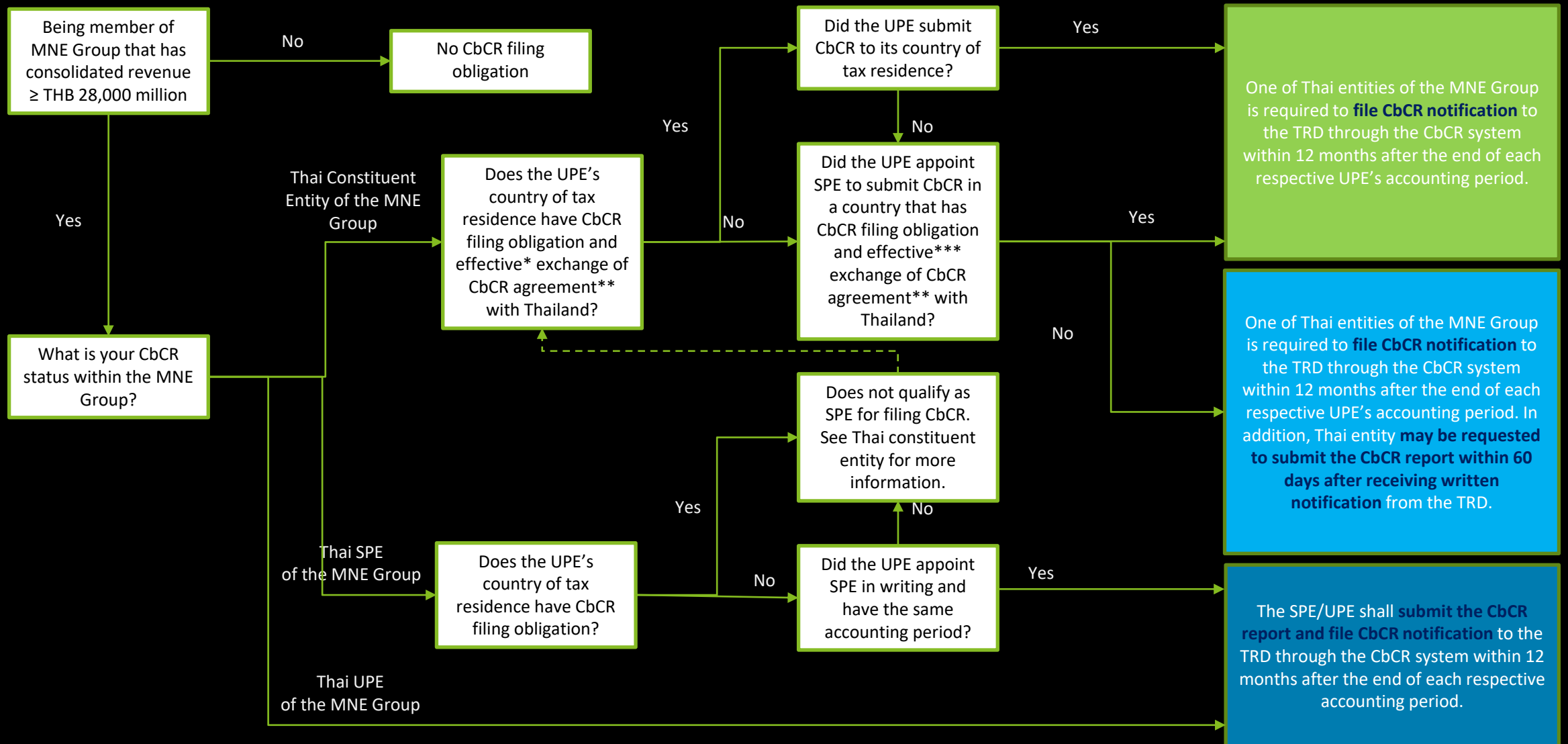
# **Country-by-Country Reporting (“CbCR”) Requirements under DGN408 dated 30 Sep 2021**

# Thailand CbCR Implementation Timeline





# Thailand Country-by-Country Reporting (“CbCR”) Requirements



\* Agreement is in place for the reporting accounting period and no systematic failure in exchange

\*\* Exchange of CbCR agreement including, but not limited to, CbCR MCAA and Bilateral TIER with respect to CbCR.

\*\*\* Agreement is in place by the end of the prescribed period for CbCR lodgment and no notification of obstacle of failure to exchange

# CbCR Template

Table 1. Overview of allocation of income, taxes and business activities by tax jurisdiction

Name of the MNE group: Fiscal year concerned: Currency used:										
Tax Jurisdiction	Revenues			Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued – Current Year	Stated Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							

Table 2. List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

Name of the MNE group: Fiscal year concerned:															
Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence	Main Business Activity(ies)												
			Research and Development	Holding or Managing Intellectual Property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to Unrelated Parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Dormant	Other <sup>1</sup>
	1.														
	2.														
	3.														
	1.														
	2.														
	3.														

1. Please specify the nature of the activity of the Constituent Entity in the "Additional Information" section.

# CbCR Notification

## Revised Disclosure Form for FY 2022

**ส่วน ค รายละเอียดอื่นๆ**  
**(Part C Other Information)**

1. ผู้ยื่นแบบรายงานฯ อยู่ในกลุ่มบริษัทหรือห้างหุ้นส่วนนิติบุคคลข้ามชาติที่อยู่ในบังคับต้องแจ้งข้อความตามรายงานข้อมูลรายประเทศ (Country-by-Country Report)  ใช่ (Yes)  ไม่ใช่ (No)  
(Taxpayer is a part of a multinational companies or juristic partnerships group obliged to file Country-by-Country Report.)

ถ้าใช่ บริษัทหรือห้างหุ้นส่วนนิติบุคคลใดในกลุ่มบริษัทหรือห้างหุ้นส่วนนิติบุคคลข้ามชาตินั้นเป็นผู้แจ้งข้อความ  
(If yes, which company or juristic partnership in the group is designated to file report:

ชื่อ ..... ประเทศหรือเขตเศรษฐกิจที่แจ้งข้อความ  ประเทศไทย  อื่น ๆ (ระบุประเทศหรือเขตเศรษฐกิจ .....)  
(Name) (Jurisdiction of Filing) (Thailand) (Other: please specify the jurisdiction)

## CbCR Notification Template for Uploading thru CbCR System

Excel TemplateEng - View-only

File Home Insert Draw Page Layout Formulas Data Review View Help Viewing

Calibri 11 B I Merge General

A	B	C	D	E	F	G	H	I	J
1	<b>Tax Identification Number</b>	<b>Constituent Entity in Thailand (English name)</b>							
2	1459900253927	Company A							
3	1234545453927	Company B							
4	3459900123456	Company C							
5									
6									

Notification Accounting Period 2564

Ultimate Parent Entity Country: Thailand

Ultimate Parent NID: [ ]

Name of Ultimate Parent Entity: [ ]

CbCR reporting Entity:  Ultimate Parent Entity (UPE)  Surrogate (SPE)

Fiscal Year Concerned Starting: mm/dd/yyyy Ending: mm/dd/yyyy

List of Constituent Entity to be included in this Notification: [ ] File size must not exceed 3 MB. Browse

# APA In Thailand

# Guideline on APA process

## *The TRD issued revised Guideline on APA process*

- **Eligible Applicants:** Thai companies transacting with related companies in countries that have DTA with Thailand
- Provides **list of documents** required for APA application
- **Pre-filing Meeting** required
- **APA Period**
  - Generally, between 3 to 5 accounting periods
  - Last day of the first accounting period must be within or after the date of the submission of APA application
  - “Roll Back” cannot be more than 2 accounting periods
- Provides **criteria for the rejection** of an APA application



## Tax & Legal Symposium

*Navigating the new normal for tax & legal  
compliance management*

### Update on BOI's New 5-year investment Promotion Strategy (2023-2027)

17 January 2023

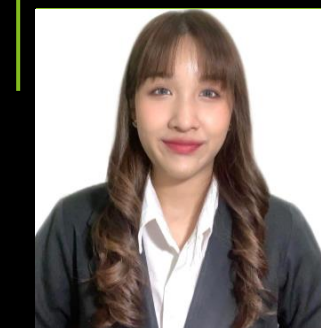
# Speakers



**Nont Nijanantra**  
Manager  
Deloitte Thailand



**Thanittha Deeying**  
Associate 1  
Deloitte Thailand



# Update on New 5-year Investment Promotion Strategy



# Update on New 5-year Investment Promotion Strategy (2023-2027)

Under the framework of the new investment promotion strategy, the BOI will emphasize on 7 core pillars in order to articulate its future investment promotion policies.

1. Upgrade the industries

2. Accelerate Thailand's transition to green and smart industries

3. Promote Thailand as a main business center

4. Enhance the competitiveness of SMEs & Start-ups

5. Promote investment in different regions

6. Stimulate investment

7. Boost Thailand's overseas investment

# Conditions and incentives

# Update on New 5-year Investment Promotion Strategy (2023-2027)

New Policies and Conditions for BOI Investment Promotion (cont.)

## Conditions for project approval



- The value added of the project must not be less than 20 percent of revenues.
- Modern production process or servicing procedure in accordance with the BOI's approval must be used.
- New machinery must be used. Some projects may be permitted to import used machinery.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

## New Policies and Conditions for BOI Investment Promotion (cont.)

### Conditions for project approval

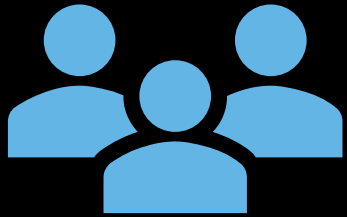


- Any projects that have investment capital of THB 10 million or more (excluding cost of land and working capital) must obtain ISO 9000 or ISO 14000 certification or similar international standard certification within 2 years from the date of official commencement of project operation.
- Adequate and efficient guidelines and measure to protect environmental quality and to minimize environmental impact must be installed.
- Minimum capital investment requirement of each project is THB 1 million. For knowledge-based activities, the minimum capital investment required is based on the minimum annual salaries' expenses
- For newly established projects, the debt-to-equity ratio must not exceed 3 to 1.
- Any projects with investment value of over THB 2,000 million, the project's feasibility study report must be submitted to the BOI.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

New Policies and Conditions for BOI Investment Promotion (cont.)

## Conditions for foreign shareholding



- For projects in activities under List One annexed to the Foreign Business Act (B.E. 2542), Thai nationals must hold shares totaling not less than 51 percent of the registered capital.
- For projects in activities under List Two and List Three annexed to the Foreign Business Act (B.E. 2542), there are no restrictions on equity for foreign investors.
- The BOI may set foreign shareholding limits for some activities eligible for investment promotion as deemed appropriate.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

## Granted incentives



Activity-based  
incentives



Additional  
incentives in  
targeted areas



Import duty  
exemption  
incentives

# Update on New 5-year Investment Promotion Strategy (2023-2027)

Granted incentives (cont.)

## Activity-based incentives (Tax incentives)

Classification	CIT exemption	Exemption of import duties		
		Machinery	Items used for research and development	Raw materials for use in production for export
A1+	10 - 13 years (without cap)	/	/ (certain activities)	/
A1	8 years (without cap)	/	/ (certain activities)	/
A2	8 years (with cap)	/	/ (certain activities)	/
A3	5 years (with cap)	/	/ (certain activities)	/
A4	3 years (with cap)	/	/ (certain activities)	/
B	N/A	/ (certain activities)	N/A	/

# Update on New 5-year Investment Promotion Strategy (2023-2027)

Granted incentives (cont.)

## Activity-based incentives (Non-tax incentives)



Permit to operate the restricted business under the majority foreign-owned structure



Right to own land for the promoted activity



Relaxation to receive or remit foreign currencies abroad



Work permit for skilled worker/expert



Visa for foreign skilled worker/expert, spouse and dependent



# Update on New 5-year Investment Promotion Strategy (2023-2027)

Granted incentives (cont.)

## Additional incentives in targeted areas

1

### Additional incentives for industrial area development

- Any projects located in industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption.

2

### Additional incentives for decentralization

- The promoted project shall be granted 3 additional years of CIT exemption.
  - Projects with activities in Group A1 or A2 shall receive a **50 percent** reduction of CIT on net profit derived from the promoted activity for 5 years after the CIT exemption period expires.
- The promoted project shall be granted double deduction for the cost of transportation, electricity, and water for 10 years from the date of the first income derived.
  - The promoted project shall be granted deduction from net profit of 25 percent of the project's infrastructure installation or cost of construction in addition to normal depreciation.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

Granted incentives (cont.)

Additional incentives in targeted areas

3

## Additional conditions for granting incentives

- For the case of manufacturing consecutive products in the continual production process of the same project, the BOI may consider to grant premium incentives based on the activity criteria for manufacturing upstream products.
- In any case, the maximum period of CIT exemption must not exceed 13 years.

- A project eligible for CIT reduction granted by measure which provides additional incentives combined with granted incentives under other measures must not exceed 5 years.

- Any investments, expenses, and implementations necessary to obtain investment promotion incentives based on the condition of activity or extra incentives under any measures shall not be reapplied for further incentives under other measures

# Update on New 5-year Investment Promotion Strategy (2023-2027)

Granted incentives (cont.)

## Import duty exemption on machinery

1

### Import duty exemption on machinery



Promoted project using machineries for research



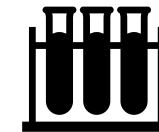
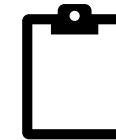
Promoted project using machineries for pollution prevention or treatment



Promoted project using machineries to manufacture electronic products and parts for improving or replacing existing machinery or for increasing production capacity in existing projects

2

### Import duty exemption on goods imported for research and development



The BOI shall grant import duty exemption on goods imported for research and development and all related experimentation for a period of 1 year for each occasion. Import duty exemption shall be in accordance with the requirements on the type, quantity, time period, and procedures as prescribed by the BOI.

# 14 New Investment Promotion Measures

# Update on New 5-year Investment Promotion Strategy (2023-2027)

14 new investment promotion measures

Measure to promote investment in industries that are crucial to develop the country



Measure to strengthen competitiveness



Measure regarding relocation program

Measure for retention and expansion program



Measure to stimulate investment in the economic recovery phase

# Update on New 5-year Investment Promotion Strategy (2023-2027)

14 new investment promotion measures (cont.)

Measure to accelerate Thailand's transition to become smart and sustainable



Measure to enhance the competitiveness of Small and medium-sized Enterprises

Measure to promote investment in targeted areas



Measure to stimulate investment that will enhance community and society development



Measure to promote the establishment of institution for the development of Thai personnel's skills

# Update on New 5-year Investment Promotion Strategy (2023-2027)

14 new investment promotion measures (cont.)

Measure to promote investment in  
Science and Technology Park

11

12

Measure to promote investment in  
Medical Innovation District

Measure to promote investment in the  
Southern Border provinces

13

14

Measure to promote investment in  
Special Economic Development Zones

# Update on New 5-year Investment Promotion Strategy (2023-2027)

14 new investment promotion measures

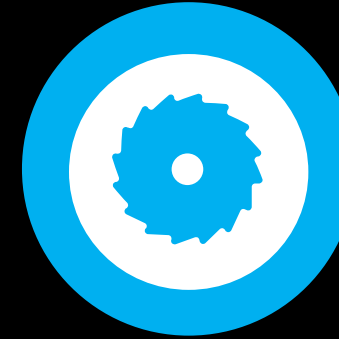
## 1. Measures to promote investment in industries that are crucial to develop the country



Category 1 : Agricultural, Food, And Biotechnology Industries



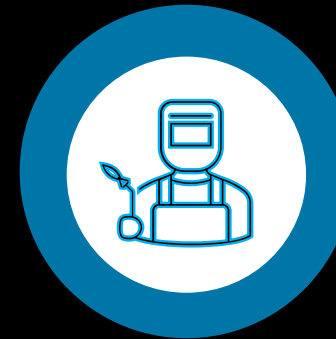
Category 2 : Medical Industries



Category 3 : Machinery and Vehicles Industry



Category 4 : Electrical Appliances and Electronics Industries



Category 5 : Metal and Material Industry



# Update on New 5-year Investment Promotion Strategy (2023-2027)

14 new investment promotion measures

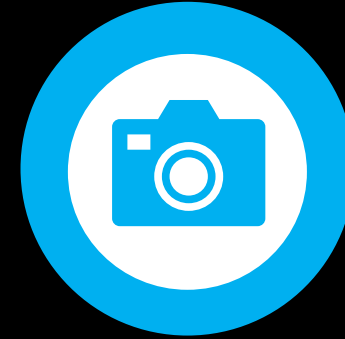
## 1. Measures to promote investment in industries that are crucial to develop the country (cont.)



Category 6 : Chemical and Petrochemical Industries



Category 7 : Public Utilities



Category 8 : Digital Industry



Category 9 : Creative Industry



Category 10 : High Value Service

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## 2. Measure to strengthen competitiveness



- Provide additional incentives to investments that strengthen competitiveness such as research and development, human resource development, local suppliers' development, and establishment of institutions focusing on high-skilled personnel development.

**The total combined CIT exemption period must not exceed 13 years \*\***

Minimum investment or total sales expenses for the first 3 years (which is lower)		Additional CIT exemption period
Total sales expenses	Minimum investment	
≥ 1%	≥ 200 million baht	1 Year
≥ 2%	≥ 400 million baht	2 Years
≥ 3%	≥ 600 million baht	3 Years
≥ 4%	≥ 800 million baht	4 Years
≥ 5%	≥ 1000 million baht	5 Years

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## 3. Measure for retention and expansion program



- Conditions :**
1. Applicants must be existing promoted projects who have at least 3 promoted projects over the past 15 years (during 2008 – 2022) with a combined investment value of not less than 10 billion baht
  2. Expansion projects with an investment value of not less than 500 million baht

- Incentives :**
- Group A1+ : additional 3 years of CIT exemption
  - Group A1 and A2 : 50 percent of CIT reduction for a period of not more than 5 years
  - Group A3, A4, and B : additional 3 years of CIT exemption

Target customers: Companies who already have at least 3 existing promoted projects during the past 15 years (from 2008-2022)

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## 4. Measure regarding relocation program



### Conditions :

1. Applications for investment promotion of manufacturing projects must be submitted together with applications for investment promotion of International Business Center (IBC) activities only.
2. The IBC activity must have first revenue or starting servicing within 3 years from the date of investment promotion certificate issuance.
3. Applicants must undertake the substantial functions of regional headquarters and/or R&D centers as approved by the BOI.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 4. Measure regarding relocation program (cont.)



### Incentives :

- Manufacturing project applying for investment promotion together with an IBC and a R&D center establishment is eligible for **additional 5 years CIT exemption** on the net profit from investment in the manufacturing activities (total CIT exemption period must not exceed 8 years).
- Manufacturing project applying for investment promotion together with an IBC is eligible for **additional 3 years CIT exemption** on the net profit from investment in the manufacturing activities (total CIT exemption period must not exceed 8 years).
- Manufacturing project applying for investment promotion together with a R&D center establishment is eligible for **additional 1 to 5 years CIT exemption** on the net profit from investment in the manufacturing activities.

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## 5. Measure to stimulate investment in the economic recovery phase



### Conditions :

1. The projects must be activities in group A1, A2, A3 and A4 (except for activities without specific locations, i.e. air transport services and maritime transport service)
2. The projects must have actual investment capital of not less than 1 billion baht within 12 months from the date of investment promotion certificate issuance
3. Extension of time for investment promotion acceptance and submission of supporting documents for investment promotion certificate issuance shall not be allowed.
4. The evidence of actual investment must be submitted in order to apply for additional rights and benefits by the using the form specified by the BOI within 18 months from the date of investment promotion certificate issuance.

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## 5. Measure to stimulate investment in the economic recovery phase (cont.)



- Incentives :**
- 50 percent CIT reduction for a period of 5 years from the expiry date of the CIT exemption.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 6. Measure to accelerate Thailand's transition to become smart and sustainable



### Conditions :

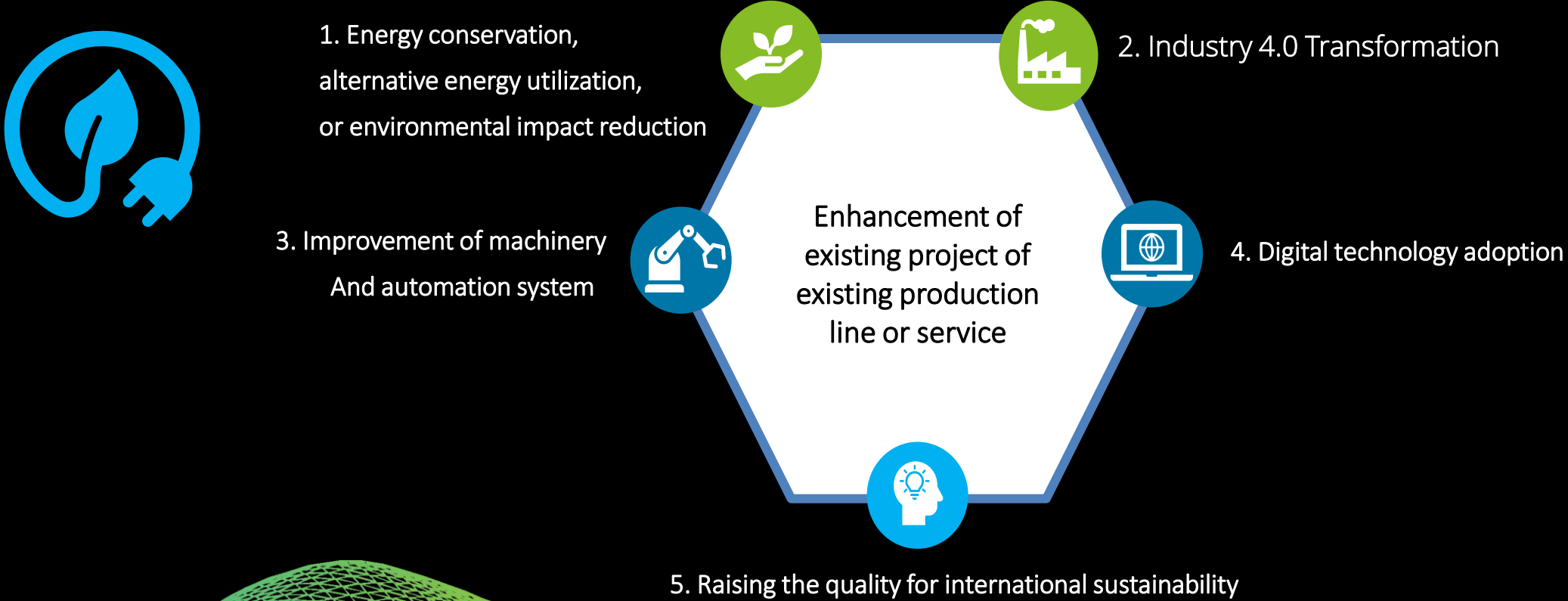
1. This measure applies to existing projects whether BOI or non-BOI promoted projects.
2. The project must have minimum capital investment of not less than **THB 1 million**.
3. The applicant must submit an investment plan relating to one of the following measures:



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## 6. Measure to accelerate Thailand's transition to become smart and sustainable (cont.)



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## 6. Measure to accelerate Thailand's transition to become smart and sustainable (cont.)



### Incentives :

- 3-year of CIT exemption with a cap of 50 to 100 percent of the investment capital
- Exemption of import duty on machinery
- The CIT exemption period shall be started from the date of revenue derivation after the investment promotion certificate is issued.

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## 7. Measure to enhance the competitiveness of Small and Medium-sized Enterprises



Conditions :

1. The size of investment shall not be less than THB 500,000 (excluding cost of land and working capital)
2. Thai shareholders shall hold shares not less than 51 percent of registered capital
3. The ratio of liability to capital shall not exceed 4:1
4. Used machinery is allowed to be used in the promoted project, the value of machinery must not exceed THB 10 million and there must be new investment in main machinery of not less than 50 percent of value of all machinery which will be used in the project.
5. Total revenue including both BOI and Non-BOI projects must not exceed THB 500 million for the first 3 years the date of revenue derivation after the promoted project starts the operation.

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## 7. Measure to enhance the competitiveness of Small and Medium-sized Enterprises (cont.)



- Incentives :**
1. Exemption of import duty on machinery
  2. CIT exemption with a cap of 200 percent of the investment capital
  3. Other tax and non-tax incentives according to the activity of the proposed project as specified in the BOI Announcement No.8/2565 on policies and criteria for investment promotion

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 8. Measure to promote investment in targeted areas



- Conditions :**
1. The projects must locate in Special Economic Zones (“SEZ”) in four regions
    - Northern Economic Corridor
    - North-Eastern Economic Corridor
    - Central-Western Economic Corridor
    - Southern Economic Corridor
  2. The proposed project that is located in each SEZ must conduct activities under targeted industries as follows: -

Special Economic Zones	Targeted Industries
Northern Economic Corridor	Agriculture and Food Industry, Digital Industry, Creative Industry,
North-Eastern Economic Corridor	Agricultural, Food and Biotechnology Industries
Central-Western Economic Corridor	Agriculture and Food Industry, Electrical Appliances and Electronics Industries
Southern Economic Corridor	Agricultural, Food and Biotechnology Industries

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## 8. Measure to promote investment in targeted areas (cont.)



### Incentives:

- Group A1+ : additional 2 year of CIT exemption
- Group A1 – A4 : additional 3 years of 50 CIT reduction

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## 9. Measure to stimulate investment that will enhance community and society development



- Conditions :**
1. This measure applies to both the BOI promoted project and Non-BOI project.
  2. Must have total investments or expenses of not less than THB 5 million.
  3. Must support local organizations (i.e. cooperative and community enterprises) of not less than THB 500,000 per organization, i.e. cost of construction and cost of machinery
  4. Must provide a cooperation plan with a local organization to support and facilitate competitiveness in manufacturing and services

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 9. Measure to stimulate investment that will enhance community and society development (cont.)



**Incentives :** • 3-year of CIT exemption with a cap of 200 percent of the subsidy for the local organizations



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## 10. Measure to promote the establishment of institution for the development of personnel's skills



- Conditions :**
1. This measure applies to existing companies both projects that have already received investment promotion and the ones that have never received investment promotion.
    - For projects that have already received investment promotion, CIT exemption or reduction period must have expired or have not received the benefit of CIT exemption.
  2. Must establish a high-level educational or a training institution to develop personnel's skills in fields of Science, Technology, Engineering, Mathematics.
  3. Must have an investment in the establishment of educational and training of **not less than THB 1 million** (excluding cost of land and working capital).

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 10. Measure to promote the establishment of institution for the development of personnel's skills (cont.)



- Incentives :**
- Projects that have already received investment promotion: 5 year of CIT exemption with a cap of 100 percent of the investment (excluding cost of land and working capital for the establishment of education or training institution) and other non-tax incentives
  - Projects that have never received investment promotion: exemption of import duty on machinery and other non-tax incentives.

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## 11. Measure to promote investment in Science and Technology Park



- Conditions :**
1. This measure applies to projects that are located in Science and Technology Park which have been approved by the BOI.
  2. The activity of the proposed project must fall within targeted activities which have been approved by the BOI, i.e. the development of Biotechnology, Nanotechnology, and Advanced Materials Technology

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 11. Measure to promote investment in Science and Technology Park (cont.)



- Incentives :**
- Additional 2 year of CIT exemption; or
  - 5 years of 50 percent CIT reduction from the expiry date of the granted CIT exemption

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## 12. Measure to promote investment in Medical Innovation District



- Conditions :**
1. This measure applies to projects that are located in Medical Innovation District which have been approved by the BOI.
  2. The activity of the proposed project must fall within targeted activities which have been approved by the BOI, i.e. Biotechnology and Clinical Research.
  3. There must be a cooperation concerning medical innovation between the applicant and an institution or a governmental authority which is located in Yothi Medical Innovation District.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 12. Measure to promote investment in Medical Innovation District (cont.)



- Incentives :**
- 5 years of 50 percent CIT reduction from the expiry date of the granted CIT exemption

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## 13. Measure to promote investment in the Southern Border provinces



- Conditions :**
1. This measure applies to projects that are located in the Southern Border provinces, i.e. Narathiwat province, Pattani province, Yala province, Satun province, and etc.
  2. Must have total investment of **not less than THB 500,000** (excluding of land and working capital)
  3. Used machinery is allowed to be used in the promoted project, the value of machinery must not exceed THB 10 million and there must be new investment in main machinery of not less than 25 percent of value of all machinery which will be used in the project.

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## 13. Measure to promote investment in the Southern Border provinces (cont.)



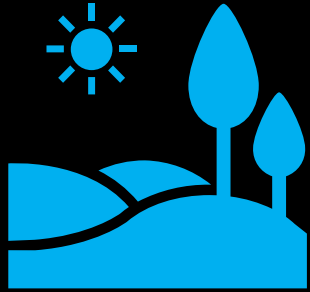
- Incentives :**
- Projects that have already received investment promotion: 3 year of CIT exemption with a cap of 100 percent of the investment (excluding cost of land and working capital for the establishment of education or training institution)
  - Projects that have never received investment promotion: exemption of import duty on machinery, 8 year of CIT exemption without a limitation on the cap amount, 5 year of CIT reduction with a cap of 50 percent from the expiry date of the granted CIT exemption, exemption of import duty on machinery for 5 years, and exemption of import duty on raw and essential materials for use in production for export for 5 years.



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## 14. Measure to promote investment in Special Economic Development Zones

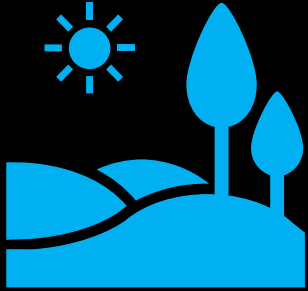


- Conditions :**
1. This measure applies to projects that are located in Special Economic Development Zones which have been approved by the BOI.
  2. The activity of the proposed project must fall within targeted activities which have been approved by the BOI, i.e. manufacture of construction materials and pre-stressed concrete for public utilities, manufacture of metal platform for construction or fabrication industry, etc.

# Update on New 5-year Investment Promotion Strategy (2023-2027)

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## 14. Measure to promote investment in Special Economic Development Zones (cont.)



- Incentives :**
- Exemption of import duty on machinery
  - 8 year of CIT exemption with a cap of 100 percent of the investment (excluding cost of land and working capital)
  - 5 year of CIT reduction with a cap of 50 percent from the expiry date of the granted CIT exemption
  - Exemption of import duty on raw and essential materials for use in production for export for 5 years.

# Key takeaways

Review your current and future BOI investment plan to assess your project's eligibility under the New Investment Promotion Strategy



Apply for available additional incentives for current BOI projects (after tax holiday)



Ensure correct understanding of BOI and tax laws and regulations to mitigate BOI and tax compliance risks



Seek for assistance in identifying the BOI incentives that suit your new business model or supply chain change



# Contact

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