



Global Investment and Innovation Incentives (Gi3) Alert

Update on investment incentives in Thailand per the BOI Announcements

Introduction

The Thailand Board of Investment (“BOI”) introduced new announcements aiming at boosting investments. The BOI issued Announcement No. 5/2565 to enhance incentives of import duty on raw and essentials materials for the manufacture of battery. In addition, the Announcement No. 6/2565 was released to specify new guidelines and conditions for granting land ownership to foreign juristic persons receiving investment promotion from the BOI for the establishment of offices and residences.

What to know?

1. Enhancing Incentives of Import Duty on Raw and Essentials for Manufacture of Battery

The BOI issued Announcement No. 5/2565 Re: Enhancing Rights and Benefits under Section 30 of the Investment Promotion Act B.E. 2520 (“IPA”) for Manufacture of Battery and Manufacture of High Energy Density Battery. In case where the projects have the production of both battery modules and battery cells, the projects will be granted with the following incentives: -

Conditions	Incentives
Activity 4.8.3.1 (Manufacture of Battery) <ul style="list-style-type: none"> Having the production of both battery modules and battery cells 	90% reduction of import duties on raw or essential materials which are not available in Thailand is extended from a period of 2 years to 5 years according to Section 30 of the IPA. This period for the reduction of import duties will be granted 1 year for each time of BOI consideration from the first time of importation of the raw materials.
Activity 5.2.6.1 (Manufacture of High Energy Density Battery) <ul style="list-style-type: none"> Having the production of both battery modules and battery cells 	

In addition, the BOI also allows existing battery projects currently being promoted by the BOI or projects that already submitted their BOI applications that have the production of battery modules and battery cells to apply for project amendment to enjoy the additional BOI incentives.

2. New Guidelines on Land Ownership of Foreign Juristic Person Receiving Investment Promotion for the Establishment of Offices and Residences

In order to facilitate promoted foreign juristic persons to own land for the establishment of offices and residences, the BOI specified guidelines and conditions as follows: -

1. Foreign juristic persons receiving investment promotion from the BOI must have paid-up registered capitals of not less than THB 50 million for the establishment of offices and residences and need to comply with the following general conditions: -
 - 1.1 Land for the establishment of offices for promoted project must not exceed 5 rai.
 - 1.2 Land for the residence of executives or experts must not exceed 10 rai.
 - 1.3 Land for the residence of employees must not exceed 20 rai.
 - 1.4 Land for the establishment of offices and residences can either be in or not in the same area of the area of the land on which the business establishment is situated.
2. The land must be sold or transferred within 1 year once the promoted status has been cancelled or revoked.

The BOI will issue relevant announcements in order to specify additional guidelines as deemed appropriate e.g. types of activity, distance between offices and residences, etc.

What's next?

Both BOI Announcements were issued in early August 2022 but became retroactively effective on 13 June 2022. Foreign and domestic investors are highly recommended to review their business activities and investment to see if they are eligible for these incentives. Our Deloitte's Gi3 professionals can advise whether your business and investment plans are eligible for existing and new investment incentives.

Furthermore, we can help you with:

- Review of your business (activity) and investment and perform feasibility study for the eligibility of the promoted activities by the BOI;
- Preparation of the BOI application;
- Liaison with the BOI authorities and following up on the application to support application for the BOI's approval; and
- Setting up of guidance and internal BOI compliance including trainings.

For further information or support, please reach out to our Deloitte Gi³ professionals.

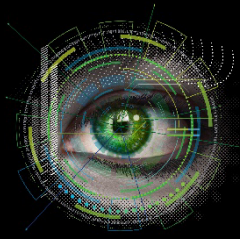
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