



Global Investment and Innovation Incentives (Gi³) Alert

Update on New Investment Promotion Measure for Mitigating the Impact on the Implementation of the Global Minimum Tax Collection Rules

Introduction

To effectively support the implementation of the Global Minimum Tax rules in Thailand and align with the Base Erosion and Profit Shifting (“BEPS”) 2.0 Pillar Two issued by the Organisation for Economic Co-operation and Development (“OECD”), Thailand’s Board of Investment (“BOI”) was assigned to propose measures to alleviate the impact on the implementation of the Global Minimum Tax collection rules. Recently, the BOI introduced a **draft** version of the new relief measure to mitigate the impact of the new approach to collect taxes under the Global Minimum Tax rules (“**Draft Measures**”).

What to know?

The Draft Measures apply to both existing BOI-promoted companies and new companies. Under the framework of the Draft Measures, eligibility conditions and granted benefits are summarized below:

	Existing BOI-promoted company	New company
Eligible conditions	<p>1. The applicant must be a company in a Multinational Enterprise (“MNE”) group having total consolidated group revenue for accounting period prior to the submission of the BOI application in any of the following cases:</p> <p>1.1 Not less than THB 28,000 million/EUR 750 million;</p> <p>1.2 Not less than an average of 28,000 million Baht/EUR 750 million calculating from number of days of mentioned accounting period (in</p>	<p>1. Same conditions as mentioned no.1 for existing BOI-promoted company</p> <p>2. The applicant’s proposed activity must be eligible for investment promotion as at the date of applying for the investment promotion under the Draft Measures.</p>

	<p>case accounting period is less than 12 months); or</p> <p>1.3 Be subject to the requirement of Country-by-Country Reporting.</p> <p>2. The applicant must be an existing BOI promoted company and the applicant's existing activity must still be eligible for investment promotion as at the date of applying for the investment promotion under the Draft Measures.</p> <p>3. In case of an existing BOI-promoted company, at the time of applying for the investment promotion, the applicant must not be promoted under any measures granting additional incentives, e.g., Efficiency Enhancement Measures, etc.</p> <p>4. The applicant must have a remaining CIT exemption period of at least 1 year and accumulated amount of CIT exemption must not reach the capped amount and the applicant must comply with procedures as prescribed by the BOI.</p>	
CIT benefits	<ul style="list-style-type: none"> • The applicant has an option to convert from the current CIT exemption benefit to 50% of CIT reduction benefit. • The application can still enjoy remaining benefits granted to exiting BOI promoted project. 	<ul style="list-style-type: none"> • The applicant has an option to choose between either CIT exemption benefit or 50% CIT reduction benefit. • The application will receive other tax and non-tax benefits
Period of the CIT benefit	<ul style="list-style-type: none"> • CIT reduction period will not exceed 2 times of the remaining (full year) CIT exemption benefit period plus CIT reduction benefit per Section 35 of the Investment Promotion Act (IPA) granted for the existing BOI promoted project. • The total period of the CIT reduction benefit must not exceed 10 years. <p>The period of CIT reduction will be triggered in two cases:</p> <ol style="list-style-type: none"> 1. After obtaining new BOI promotion certificate in case the company has already generated the 1st income; or 2. After generating the 1st income in case the company has not generated any income. 	<p>CIT exemption benefit</p> <ul style="list-style-type: none"> • CIT exemption period will depend on the type of BOI-promoted activities between 0-13 years. <p>CIT reduction benefit</p> <ul style="list-style-type: none"> • CIT reduction period will not exceed 2 times of the remaining (full year) CIT exemption benefit period plus CIT reduction benefit per Section 35 of the IPA. The total period of the CIT reduction benefit must not exceed 10 years. <p>The period of CIT exemption or CIT reduction will be triggered when the company generates the 1st income.</p>

Remark: All projects that are approved and granted with the investment promotion by the BOI under this Draft Measures would **not** be eligible to apply for additional benefits under any other measures.

What's next?

The BEPS 2.0 project's Pillar 2 seeks to address tax challenges from digitalization and globalization by introducing a Global Minimum Tax for in-scope MNEs. This eliminates the race to the bottom fuelled by extensive use of tax incentives and holidays.

The BOI's proposed revision of incentive packages demonstrates its commitment to adapt to global tax reforms while maintaining a competitive investment environment in

Thailand. This follows the Cabinet's resolution earlier this year, approving the principle of the Global Minimum Tax.

BOI-promoted companies and new companies falling within the scope of MNEs are encouraged to conduct a comprehensive impact assessment resulting from Pillar 2. Understanding the implications of the Global Minimum Tax and exploring available relief options will enable informed decision-making. The companies can explore conversion options or engage in negotiations to secure suitable incentives for their investments in Thailand.

While the BOI has taken the above proactive steps to revise its incentive packages, it is important to note that the official stance of the Revenue Department on this matter is yet to be announced. Also, the Revenue Department has not provided any official updates regarding the development of tax incentives by the Revenue Department, such as the International Business Center, in response to the Global Minimum Tax implementation. Thailand's domestic tax legislation regarding the Global Minimum Tax is currently in draft state and expected to take effect in 2025.

Given the dynamic nature of the situation, stakeholders should note that the Draft Measures are subject to change. Updates from the BOI and Revenue Department should be closely monitored for relevant developments.

For further information or support, do not hesitate to reach out to our Deloitte Tax and Gi³ professionals.

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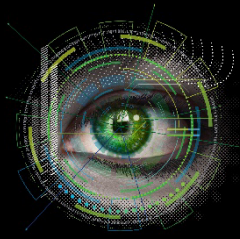
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