



Global Investment and Innovation Incentives (Gi3) Alert

Update on New 5-Year Investment Promotion Strategy

Introduction

According to press release no. 100/2565 (Or.30) dated 17th October 2022 and no. 105/2565 (Or.32) dated 4th November 2022, the Thailand Board of Investment (“BOI”) has approved the framework of a new Investment Promotion Strategy for 2023-2027. Under this new strategy, the BOI aims to facilitate technological advancement, move forward to the transition to green and smart industries, and encourage creativity and innovation to keep up with current and future situation and challenges.

What to know?

The framework of the new 5-year strategy is introduced to promote future investment and restructure Thailand’s economy through three key concepts:

1. Innovation, technology, and creativity;
2. Competitiveness; and
3. Inclusiveness.

Under the framework of this strategy, the BOI has approved the following 9 measures in order to stimulate investment:

1. Measures to promote industrial investment that are important for the country’s development
 - Upgrade existing main industries from 7 to 10 industries.
 - Introduce new industries such as manufacturing of hydrogen vehicles, setting up electric vehicle battery swapping stations, manufacturing of novel food, organic foods, etc.
 - Provide additional incentives to activities under group A1+ which are activities relating to high technology and innovation such as biotech, nanotech, advanced materials, etc. These activities will be granted Corporate Income Tax (“CIT”) exemption between 10 to 13 years.

2. Measures to strengthen competitiveness

- Provide additional incentives to investment that strengthen competitiveness such as research and development ("R&D"), human resource development and local suppliers development.
- Promote the establishment of institutions focusing on high-skilled personnel development.

3. Measure regarding retention and expansion program

- Provide special incentives to long-standing investors who have been granted investment benefits for at least three projects over the past 15 years with a combined investment value of not less than 10 billion baht. The long-standing investors will be granted special incentives including CIT exemption up to 3 years or 50% CIT reduction up to 5 years depending on the type of activity if the long-standing investors have been approved for a new project or expansion project with an investment of 500 million baht or more.

4. Measure regarding relocation program

- Provide the following incentives to investors who relocate their business to Thailand: -

Conditions	Incentives
○ Relocate all activities i.e., regional headquarters, R&D center and manufacturing facilities	CIT exemption for 5 years
○ Relocate only manufacturing facilities and regional headquarters	CIT exemption for 3 years
○ Relocate only manufacturing facilities and R&D	CIT exemption for 1 to 5 years
Remark: All CIT exemptions apply only to revenue generated from the relocated manufacturing activities.	

5. Measure to stimulate investment in the economic recovery phase

- Stimulate investment in the targeted industries i.e., activities under group A1-A4.
- Must have actual investment of not less than 1,000 million baht within 12 months from the date of issuance of promotion certificate.
- Must submit an application within the end of 2023.

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

- Support entrepreneurs to improve their efficiency in productions or services to become 'smart' and 'sustainable' such as adoption automation systems, digital technology, industry 4.0 and decarbonization.

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

- Relax certain conditions required for SMEs such as minimum investment of not less than 500,000 baht.

8. Measure to promote investment in targeted areas

- Promote new economic corridors as special investment zones in four regions of Thailand i.e., the Northern Economic Corridor, North-Eastern Economic Corridor, Central-Western Economic Corridor and Southern Economic Corridor.

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

- Must have total investments or expenses of not less than 5 million baht.

- Must support local organizations of not less than 500,000 baht per organization.
- Will be granted with CIT exemption 200% of the amount of fund supporting to the local organization.

What's next?

We understand that the BOI is working on more details to implement their strategy for the period 2023-2027. Investors who have future investment plans are recommended to assess whether they are potentially eligible for incentives under the proposed 9 measures. We will continue to follow up on these developments and provide updates once the BOI's announcements relating to this new investment promotion policy are issued.

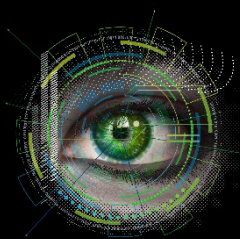
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