



Global Investment and Innovation Incentives (Gi³) Alert

Update on investment incentives in Thailand

Introduction

The Thailand Board of Investment (“BOI”) approved to the launch of investment incentives in Thailand as referred to Press Release No 140/2563 (Or. 59), aiming to accelerate an investment in all major types of Electric Vehicles (“EV”) production, promote Thailand to be an international medical hub, a regional investment and trading center and one of the important manufacturing bases in the World and also support investors to improve productivity for sustainability growth.

Who will benefit

Foreign investors and domestic companies who are interested in investing in the newly promoted projects for which non-tax and/or tax incentives will be granted by the BOI as well as companies that are currently being promoted by the BOI for which their corporate income tax exemption is about to be expired.

New Promotion Package for EV Production

The Thailand BOI approved the promotion package for EV production which the first package was expired in 2018 by granting qualifying investors with a corporate income tax (“CIT”) exemption, provided that certain investment conditions are met. The promotion package covers a comprehensive range of EV production with benefits and conditions as summarized below:-

Promoted business		CIT exemption	Requirements of additional incentives
New Promotion Package for EV Production			
1.	Four wheelers for Battery Electric Vehicle (“BEV”) with an investment of at least 5 billion Baht	8 years	Investment in Research and Development (R&D)
2.	Four wheelers for Plug-in Hybrid Electric Vehicle (“PHEV”) with an investment of at least 5 billion Baht	3 years	

3.	Four wheelers for BEV or PHEV with an investment lower than 5 billion Baht	3 years	Only if meeting other requirements for BEV only
4.	Motorcycles, three-wheelers, buses and trucks	3 years	Only if meeting other requirements
5.	Electric-powered ship production for vessels with less than 500 gross tonnage	8 years	

The CIT exemption period will be extended if the investment project for the BEV production of four wheelers with an investment of at least 5 billion Baht has an investment in R&D. Other requirements for the BEV production with the investment of lower than 5 billion Baht to obtain additional CIT exemption are commencement of the production by year 2022, production of important parts in addition to the basis requirement, minimum production of 10,000 units per year and investment in R&D. The CIT exemption will also be extended in the case of the production of motorcycles, three wheelers, buses and trucks if other requirements such as commencement of the production by year 2022, production of electronic battery starting from module process, production of other important parts such as Traction Motor and investment in R&D are met.

The Thailand BOI also expanded the promoted incentives to cover four more types of critical EV parts, i.e. high voltage harness, reduction gear, battery cooling system and regenerative braking system, which will all enjoy the CIT exemption for eight years. In order to provide more attractive promotion package for the battery production, the Thailand BOI will grant an additional incentive of 90% reduction of import duty for two years on raw or essential materials which are not locally available for the production of EV battery modules and battery cells.

Incentives for Promoting Thailand as a Medical Hub

The Thailand BOI approved to add new eligible promoted activities to strengthen Thailand's status of regional medical hub and increase its competitiveness in health care business by providing qualifying investors with a CIT exemption depending on type of activity as follows:

- Clinical Research

The Thailand approved new incentives to promote clinical research including (i) Contract Research Organization (CRO) and (ii) Clinical Research Center (CRC) by providing CIT exemption of eight years without a limit of investment amount. An investor must spend at least 1.5 million Baht per year on salaries of newly hired Thai researcher or invest at least one million Baht (excluding cost of land, working capital and vehicles) in the project.

- Senior Care Hospitals and Services

The Thailand BOI also approved new eligible promoted activities for setting up senior care hospital and services with the granted benefits and requirements as follows:-

	Promoted business	CIT exemption	Requirements
1.	Senior care hospitals	5 years	A capacity of at least 50 beds.

2.	Senior or dependent services	3 years	<ul style="list-style-type: none"> • A capacity of at least 50 beds • Thai shareholders of not less than 51% of capital
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Re-instatement of International Procurement Office (“IPO”)

The Thailand BOI approved to reinstate the eligible activity of IPO in order to promote Thailand’s position as the regional investment and trading center. IPO business will be granted with import duty exemption on machinery and raw materials for use in production for export.

Extension of Productivity Improvement Measure

The Thailand BOI agreed to extend the deadline for application of the Productivity Improvement Measure to the end of year 2022 and to cover both manufacturing and service sectors. In addition, the terms of productivity improvement measure are expanded to promote sustainable development in other industries in order to encourage the implementation of international standards, e.g. Food Safety Management System (ISO 22000) and Sustainable Forest Management System (ISO 14061). The promoted incentive for this productivity improvement measure includes a 50% CIT exemption for three years, which cover the following four measures:-

- Energy conservation, alternative energy utilization or reduction of environmental impact;
- Production efficiency improvement through machinery upgrade;
- R&D and engineering designs for efficiency improvement; and Sustainable development.

What’s next

The Thailand BOI is currently preparing the official Announcements with detailed incentives and conditions for each eligible activity. We will keep you updated once the Announcements are released. In the meantime, foreign and domestic investors are recommended to review your business and investment plan to see if there are eligible activities as promoted by the BOI to enjoy any non-tax and/or tax incentives.

For more information or support, do not hesitate to reach out to our Deloitte’s Gi3 professionals.

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