



Global Investment and Innovation Incentives (Gi³) Alert

New Investment Promotion Measure for the Automotive Industry

Introduction

To effectively encourage automotive manufacturers in investing in automation system and robotics in order to enhance the production efficiency and improve competitiveness of the automotive industry, the Thailand Board of Investment (“**BOI**”) released Announcement no. 2/2566 dated 12 December 2023 aiming to introduce a new investment promotion measure for automotive companies (“**New Measure**”).

Who will benefit?

This New Measure is applied to both existing companies, whether BOI or non-BOI projects, and new companies who are interested in applying for investment promotion with the BOI under the eligible activities related to general automotive, Plug-in hybrid electric vehicles (“**PHEV**”), and hybrid electric vehicles (“**HEV**”) manufacturing. Please note that this New Measure does **not** apply to the manufacture of battery electric vehicles (“**BEV**”), and BEV platforms.

What to Know?

To be eligible for the incentives under the New Measure, the applicant must comply with the conditions specified by the BOI. Significant eligibility conditions and granted incentives are summarized below:

	Existing Company	New Company
Conditions	<ul style="list-style-type: none"> In case of BOI-promoted project, the applicant's CIT exemption or reduction benefit must already be expired, or the applicant's promoted project is only entitled for non-tax incentives (incentive group B). In case of non-BOI project, the proposed project must comply with the general criteria for project approval specified by the BOI, e.g., ratio of debt-to-equity requirement (3:1). 	<ul style="list-style-type: none"> The proposed project must comply with the general criteria for the project approval specified by the BOI, e.g., ratio of debt-to-equity requirement (3:1).
	<ul style="list-style-type: none"> The proposed project must have a new investment of at least THB 1 million (excluding cost of land and working capital). The proposed project must include a business plan for the investment in machinery adopting automation system or robotics in order to support the production or services of the proposed project. The proposed project must include a plan in developing automobiles which utilize intelligent driving technologies or other suitable technologies with clean energy to reduce energy consumption and increase safety. 	
Granted Incentives	<ol style="list-style-type: none"> 3-year CIT exemption with a cap of 50 percent of the investment capital for automation systems and robotics (excluding land costs and working capital); and Import duty exemption for machinery. <ul style="list-style-type: none"> For existing project, the CIT exemption will be granted for revenues arising from the existing project. The CIT exemption period will start from the date of revenue derivation after the BOI promotion certificate is issued. 	

	<ul style="list-style-type: none"> • For a new project, if the proposed project utilizes machinery which support the adoption of automation system and robotics in machinery production industry in Thailand of not less than 30 percent of the value of the upgraded machinery or the total value of machinery, the proposed project will be granted 3-year CIT exemption with a cap of 100 percent of the investment capital for the automation system and robotics (excluding land cost and the working capital). 	
Investments that are counted as investment value of the proposed project	Investment/Expenditures	Counted in
	Investment or expenditures on machinery and equipment	Full value
	Investment or expenditures on software, program, or information technology integrated with machinery or equipment to operate, control, or support the manufacturing processes.	Full value
	Investment or expenditures on utilization of Artificial Intelligence (AI), machine learning or utilization of big data for data analytics.	Full value
	Investment or expenditures on software, program, or information technology utilizing for enterprise management which are improved or developed by developers in Thailand who are certified by relevant authorities.	Full value
	Investment or expenditures on software, program, or information technology utilizing for enterprise management which are improved or developed by developers overseas or by developers in Thailand who are not certified by relevant authorities.	Half value
	Expenditures on renting or using cloud services or data centres <u>in Thailand</u>	Full value
	Expenditures on renting or using cloud services or data centres <u>in overseas</u>	Half value

Remarks: The applicant must submit the application for this investment promotion measure to the BOI within the last working day of 2024 and complete the operation start-up within **3 years** from the date of issuance of the BOI promotion certificate. This New Measure has been retroactively effective on **9 November 2023**.

What's next?

Foreign and domestic automotive companies who are interested in applying for the New Measure on automotive industry are highly recommended to review their business activities and investment to see if they are eligible for the incentives of the New Measure. Our Deloitte's Gi³ professionals can advise whether your business and future investment plan are eligible for new investment incentives.

- Review of your business (activity) and investment and perform feasibility study for the eligibility of the promoted activities by the BOI;
- Preparation of the relevant applications;
- 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, do not hesitate to reach out to our Deloitte Gi³ professionals.

Deloitte Tax Self-check assessment

You can initially assess your current business operation by scanning QR code below.



Contacts

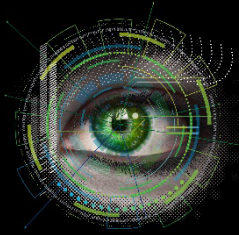
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