



|BOI Policy Update

February 7, 2019

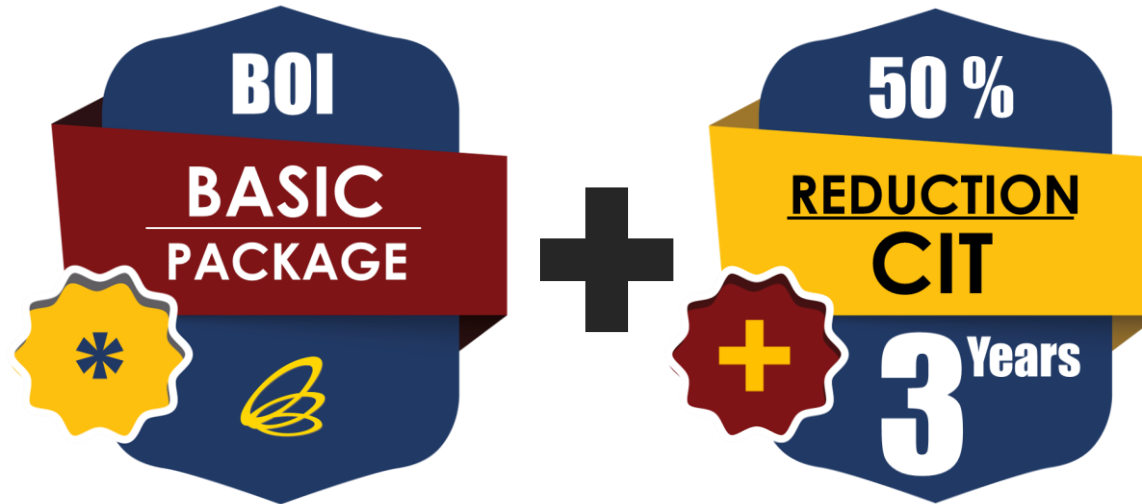


Duangjai Asawachintachit
Secretary General
Thailand Board of Investment



Measures for Stimulating Investment

Thailand Investment Year Package



- Application submitted during **19 November 2018 – 30 December 2019**
- Total investment value (excluding land and working capital) \geq **1 Billion THB**
- Activities in categories entitled to **5 to 8 years of CIT exemption**
- Located outside Bangkok

Remarks: No extension of project implementation deadline
(from acceptance of promoted status to operation startup)

Measures for Building Investment Ecosystem

Investment Promotion for Enhancing **Startup Ecosystem**



Activity 7.9.2.4 Innovation Incubation Center



1. Maker Space/ Fabrication Laboratory



MAKER SPACE



2. Co-Working Space



Innovation Incubation Center (IIC)

Original requirements

- Fiber to the x (FTTX)
- Continuous backup power supply system
- Business mentor
- A plan for creating an ecosystem or a technology community
- Facility area of at least 300 square meters
- Technological training related to the development of technology, as approved by the Board

Revised Requirements

- Invest in or provide infrastructure such as Fiber to the x (FTTX), continuous power supply system, and fire and explosion prevention system
- Facility area of at least 1,000 square meters
- A plan for creating an ecosystem or a technology community, including a plan for innovation incubation
- Mentor for business and innovation consulting
- Income eligible for corporate income tax exemption includes service revenue for innovation within the Center such as membership fees, facility area rents, equipment charge or fees for organizing activities

Maker Space/Fabrication Laboratory

Maker Space/Fabrication Laboratory for innovation, which requires tools and equipment for the development and creation of prototype products.



Requirements

- 1. Space for a laboratory used for the creation of innovation or prototype products**
- 2. Provision of basic equipment necessary for the development of prototypes** such as CNC Machine, 3D Printer, Water jet, Tooling, Software Tools for the development of artificial intelligence, and chemical mixer
- 3. Provision of infrastructure within the project** such as Fiber to the x (FTTX), continuous supply system, air condition system and fire and explosion prevention system
- 4. Provision of Specialists** who provide advices on innovation or prototype development

Co-Working Space

The co-working consists of 3 main components as follows:

Co-Working Management

- Relationship facilitation
- Community & Communication
- Networking event & Party

Membership Management

- Service Diversity & Price plan
- Alliance & Partnership
- Promotion & Public Relation

Supporting Management

- Space & Interior
- Mentoring & Education
- Facility & Device, Solution

Requirements

1. Service area of at least **2,000 square meters**
2. Investment capital (Excluding land cost and working capital) of at least **10 million baht**
3. Management Components including Co-Working Management, Membership Management System and Supporting Management
4. Provision of basic equipment such as office appliances, computers and printers
5. Provision of infrastructure within the project such as Fiber to the x (FTTX), continuous supply system, air condition system, and fire and explosion prevention system

Promotion Measures for Smart City

Three business activities eligible under this measures are:



1. Smart City Development



2. Smart City System Development



3. Smart Industrial Estate or Zone



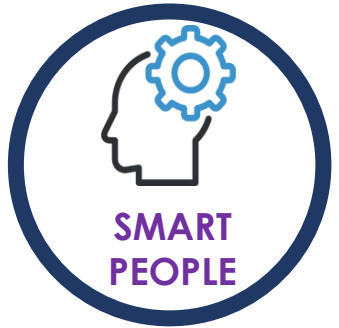
7 Components of Smart City

#MUST HAVE!

SmartCity



- Resource Conservation
- Pollution Management
- Development Balancing
- Environmental Management and Monitoring



- Knowledgeable and Digital Citizen
- Creative and Life-Long Learning Environment
- Inclusive Society



- Healthy People
- Public Safety
- Full of Intelligent Living Facilities



- Government Services Accessibility
- Citizen Participation
- Transparency



- Accessibility, Convenience, Safety
- Efficiency Transportation and Logistics
- Sharing and Green Mobility



- Efficiency Energy Consumption
- Alternative Green Energy



- Business Agility
- Business Connectivity
- Business Innovation and Transformation

The Smart City Development Goals



**7 Smart provinces;
11 areas**

Targeted provinces

1. Bangkok; Phaholyothin, Patumwan
2. Phuket; Phuket Island
3. Chiangmai; Nimman
4. Khon kaen; Amphoe Mueang
5. Chonburi; Ramchabung, Amata Nakorn
6. Rayong; Amphoe Mueang
7. Chachoengsao; Padriew

**8 Smart provinces;
15 areas**

Additional Targeted provinces

1. Rayong; U-Tapao
2. Rayong; EECi
3. Chonburi; EECd
4. Bangkok Metropolitan, Chiang Rak Noi
5. Chonburi-Rayong; Financial Hub

**30 Smart
provinces/areas**

from City Challenge

- City Data Platform
- At least 100 services provided by the private sector
- 3 globally accepted Smart Cities

Incentives and Requirements for Smart City Development

Requirements



ICT infrastructure



Smart Environment system plus at least one of 6 key systems

Thai ownership > 51%



Open data platform



Approval from relevant agencies or committees **before applying for the incentives**



Public hearing and local community involvement plan



KPIs in line with area-specific development

Incentives

Case 1: Provision of all 7 key systems
8 years CIT exemption (with cap)

Case 2: Provision of less than 7 key systems
5 years CIT exemption (with cap) on income from smart service

For EEC,
+50% CIT reduction for 5 years



Import duty exemption on machinery

Other relevant incentives under BOI announcement 2/2014



Investment Incentives for Smart City System Development

Requirements



Provision of at least one of the 7 key systems of Smart City



Eligible projects on Smart City System must be part of a Smart City Development project approved by relevant agencies or committees

Incentives

Case 1: Part of the project that provide All 7 key systems
8 years CIT exemption (with cap)

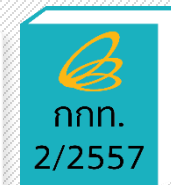
Case 2: Part of the project that provide less than 7 key components
5 years CIT exemption (with cap) on income from smart service

For EEC,
+50% CIT reduction for 5 years



Import duty exemption on machinery

Other relevant incentives under BOI announcement 2/2014

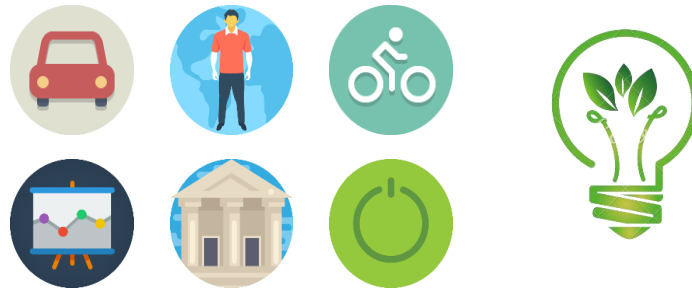


Investment Incentives for Smart Industrial Estate or Zone

Activities	Years of CIT Exemption
General industrial estates/zones	5 Years

Smart industrial estates/zones

1. Provision of **all 7 key systems** of Smart City



8 Years

2. Approval from relevant agencies
3. Thai ownership > 51%
4. Other conditions similar to general industrial estates/zones

International Business Center (IBC)

In accordance with the updated policies of the Revenue Department, the Board of Investment therefore proposes the following:

1. **Repeal** of Category 7.5 (International Headquarters) and Category 7.6 (International Trading Center) entities
2. **Commence** promotion of **International Business Center (IBC)** entities instead.



Requirements

1. Must have a plan to provide any of the following services to its associated enterprises.
2. Paid-up registered capital must be at least 10 million baht.
3. Must employ at least 10 staff who have the requisite skills and knowledge to work in an International Business Center. Exceptions are made for cases where that business provides only financial advisory services to its associated enterprises; in such cases at least 5 employees must have the requisite skills and knowledge.
4. In case where the business has applied for privileges under 1.11 (international trading-related services), the business must also provide at least one of the services specified in 1.1 – 1.10.
5. Not eligible for exemption of import duty on raw materials used in production for export according to Section 36.

Measure to Encourage Company Listing on SET/MAI

Incentive

CIT exemption ceiling to **increase to 200% of actual investment** for all BOI-approved projects under the listed entity



The Stock Exchange of Thailand



Market for Alternative Investment

Eligibility

- Company listing on SET/MAI before the day of the issuance of the announcement
- Applications for increased incentive to be submitted after SET/MAI listing and **by December 2020**

Review of Criteria for the Use of Unskilled Foreign Labor in Promoted Projects

Criteria for the use of unskilled foreign workers in projects receiving investment promotion starting from 1 January 2019, established as follows:

- 1** Promoted projects are permitted to use unskilled foreign workers only under the conditions stipulate in the MOU. This must be in accordance with the criteria and conditions established by the Ministry of Labor..
- 2** Projects located in the SEZ and other areas designated for investment promotion in the Southern Border Provinces may use unskilled foreign workers who have received permission to work under the Immigration Act 1979.

Revisions of Smart Visa Criteria (Cabinet Decision on 6th November 2018)

1. Addition of Targeted Activities



Alternative Dispute Resolution Service



Human Resource Development in Science and



Environmental and Alternative Energy Management

2. Enhanced Incentives



Access to the Immigration Fast Track or Priority Lanes at 6 International Airports (Suvarnabhumi, Don Mueang, Phuket, Chiang Mai, Chiang Rai, Hat Yai)

Revisions of Smart Visa Criteria (Cabinet Decision on 6th November 2018)

Lower minimum salary for smart T

Salary $\geq 200,000$ baht



NEW

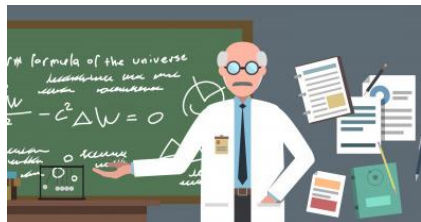
Income $\geq 100,000$ baht

General Case

income $\geq 50,000$ baht/month



Highly-Skilled Experts (Talents)



Retired Experts



Experts working for startups

No minimum period of employment contracts

In case of foreigners working for alternative arbitration resolution

At least 1 year of employment/service contract



NEW

No minimum period of contract required



Endorsed by Government Agency or Arbitration Center

Revisions of Smart Visa Criteria (Cabinet Decision on 6th November 2018)

Lower Threshold



General Case

Direct Investment
≥ 20 mil baht

Direct Investment or
through Venture Capital

NEW

≥ 20 mil baht

Invest ≥ 5 mil baht in Startups/
Incubators/ Accelerators

Broader Definition



“Salary”
≥ 200,000 baht/month

NEW

“Income”
≥ 200,000 baht/month

Revision of conditions qualifications and incentives

6 **NEW**
month

No financial supporting document required

No Incubation /Accelerator program or Joint Venture with Government Agency required

Must have plan to set up the Startup or Participating any relating activities i.e. Startup Camp

1
year

Fixed deposit
≥ 600,000 baht

NEW
Deposit
≥ 600,000 baht



2
years

1 -year visa
for the first time



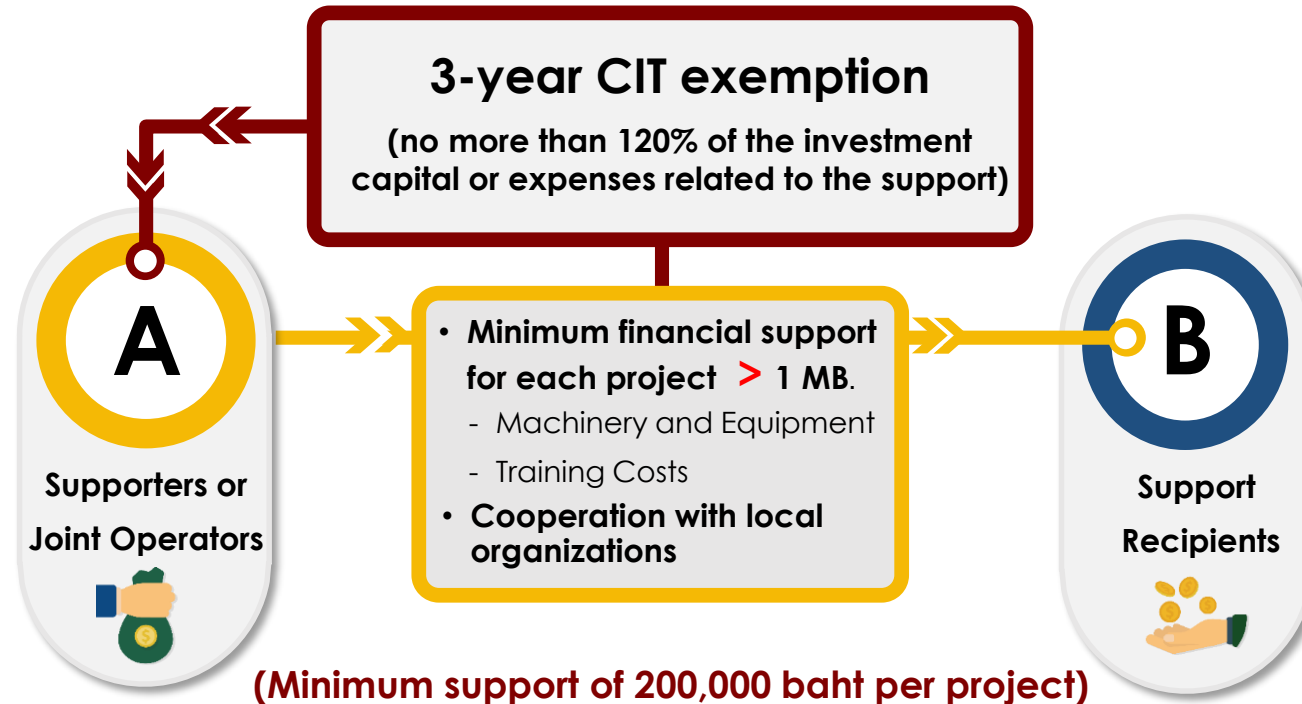
NEW
2-year visa
from the first time

Must set up a company in Thailand with shareholding ≥ 25 % or being the committee

Measure to Support Grassroots Economy Development

Measure to support Grassroots Economy Development

- Any activity within BOI's eligible activity list
- Projects that have been promoted but have never received corporate income tax incentives or of which corporate income tax incentives have expired



- Expected Outcomes**
1. To upgrade the capacity of community enterprises/cooperatives
 2. To be a mechanism to encourage the private sector to participate in boosting the local economy at the grassroots level
 3. To be a channel for research results to have a broader effect and greater positive impact within the country

Community enterprises/
Cooperatives registered
with relevant agencies/
Local administrative
authorities



Agriculture and
agricultural products



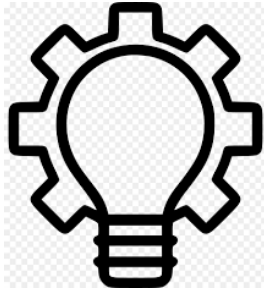
Light industry



Community-based tourism

Effective for applications submitted from 2 January 2019 to the end of 2020

Sample Guidelines for Support of Agricultural and Light Industry



- **Utilization of Technology or Innovation**, such as digital machinery and technology, in order to enhance productivity.



- **Training for Technology Advancement or Enhanced Production Standards**, such as production and use of bio-fertilizers, food safety standards, and product design training.



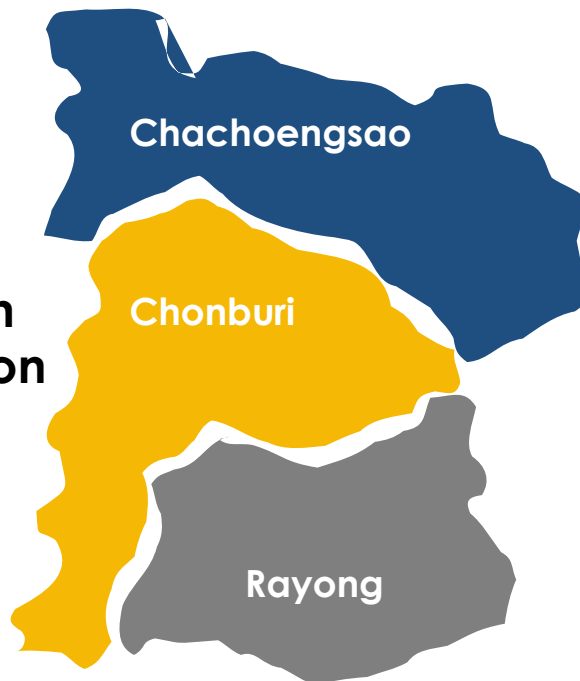
- **Quality Development for Community Products to Showcase Local Identity and Culture**, such as the design and manufacturing of packaging and/or products.

Area Development

Targeted Area Development: Eastern Economic Corridor (EEC)

Additional years of corporate income tax exemption or reduction are available for investments located in the EEC if they are:

- Engaged in the designated activities
- Located in the designated areas
- Engaged in a co-operative education program with an educational institution

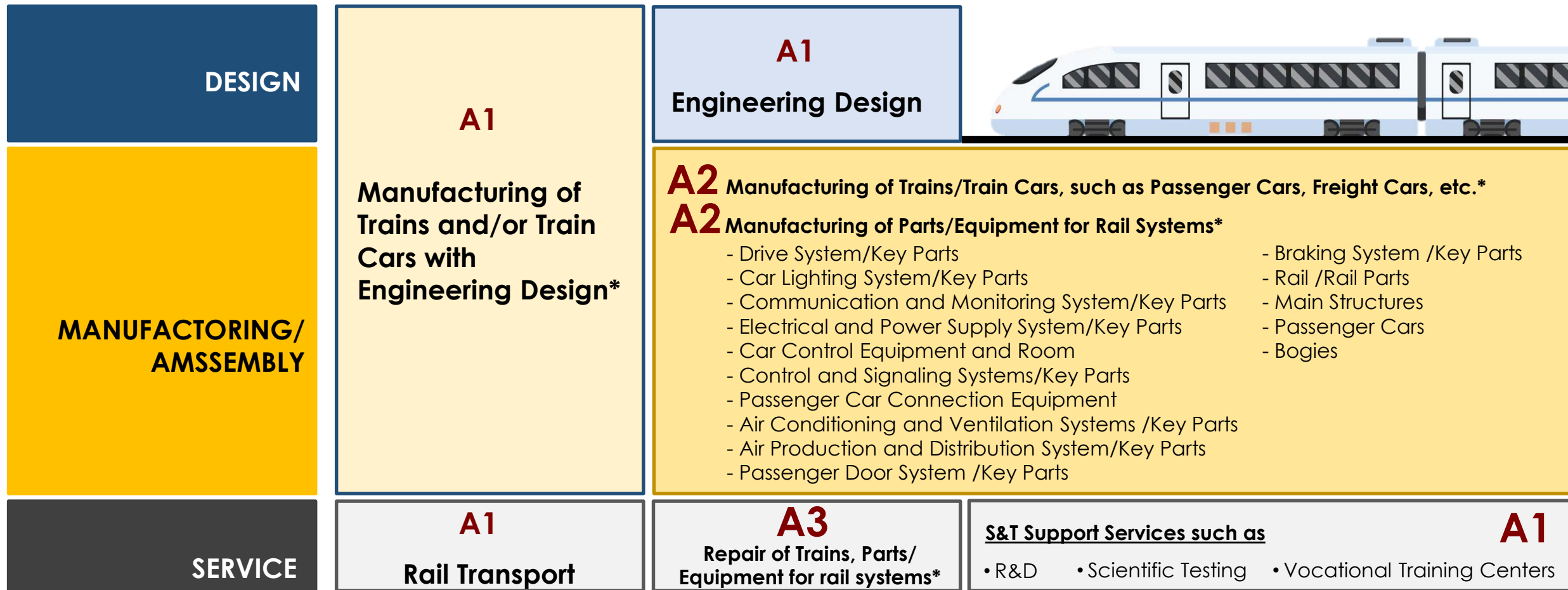


EEC Package

EECi, Eecd EEC Aerotropolis	Industries of Focus 13 years/12 years/ 7 years + 50% (5 years) Other Targeted Industries 11 years/ Basic + 50% (3 years)
Promoted Zones for Targeted Industries	Industries of Focus 12 years / Basic + 50% (5 years) Other Targeted Industries 11 years/ Basic + 50% (3 years)
Other Industrial Estates/ Industrial Parks in EEC	All Target Industries 11 years / Basic + 50% (3 years)

Rail Industry Development

Note*: Proposed Amendment



THAILAND INVESTMENT YEAR

What's New?

4th March 2019

08.00 - 16.30 hrs.

Royal Jubilee Hall, Impact Muang Thong Thani



To register
www.boi.go.th/seminar2019





-Thank You-



www.boi.go.th