

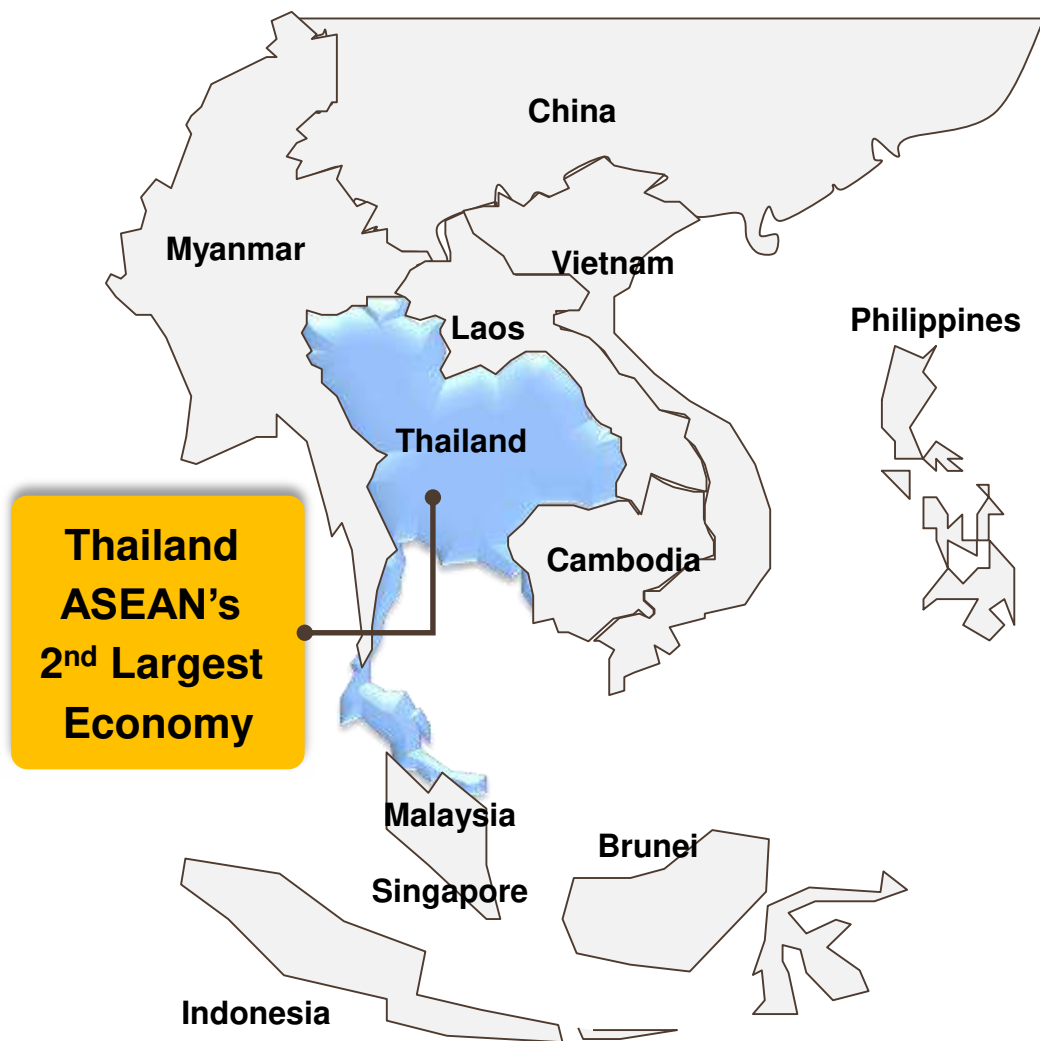
Thailand's Investment Policies and Opportunities



Content

1	Thailand at a Glance
2	Thailand in the Context of ASEAN
3	Investment Incentives
4	Investment Opportunities in Thailand
5	BOI Services

Thailand's Globally Established Position



**12th Largest
Agriculture Output**

**16th Largest
Manufacturing Output**

**24th Biggest Economy
by purchasing power**

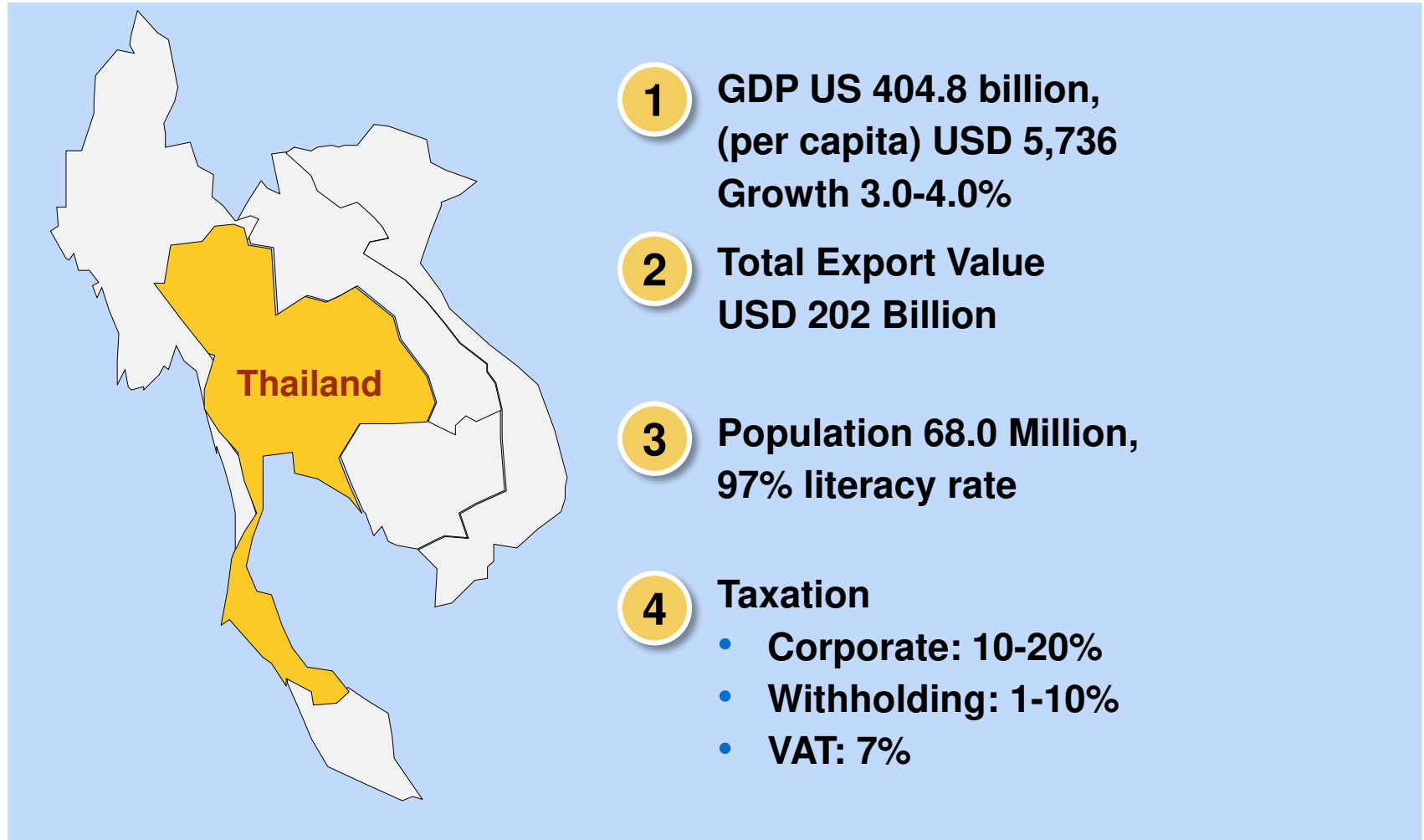
**27th
Biggest Exporter**

**33rd
Biggest Economy**

**35th
Largest Services
Output**

Source: Economist 2015 Pocket World Figures

Economic Overview

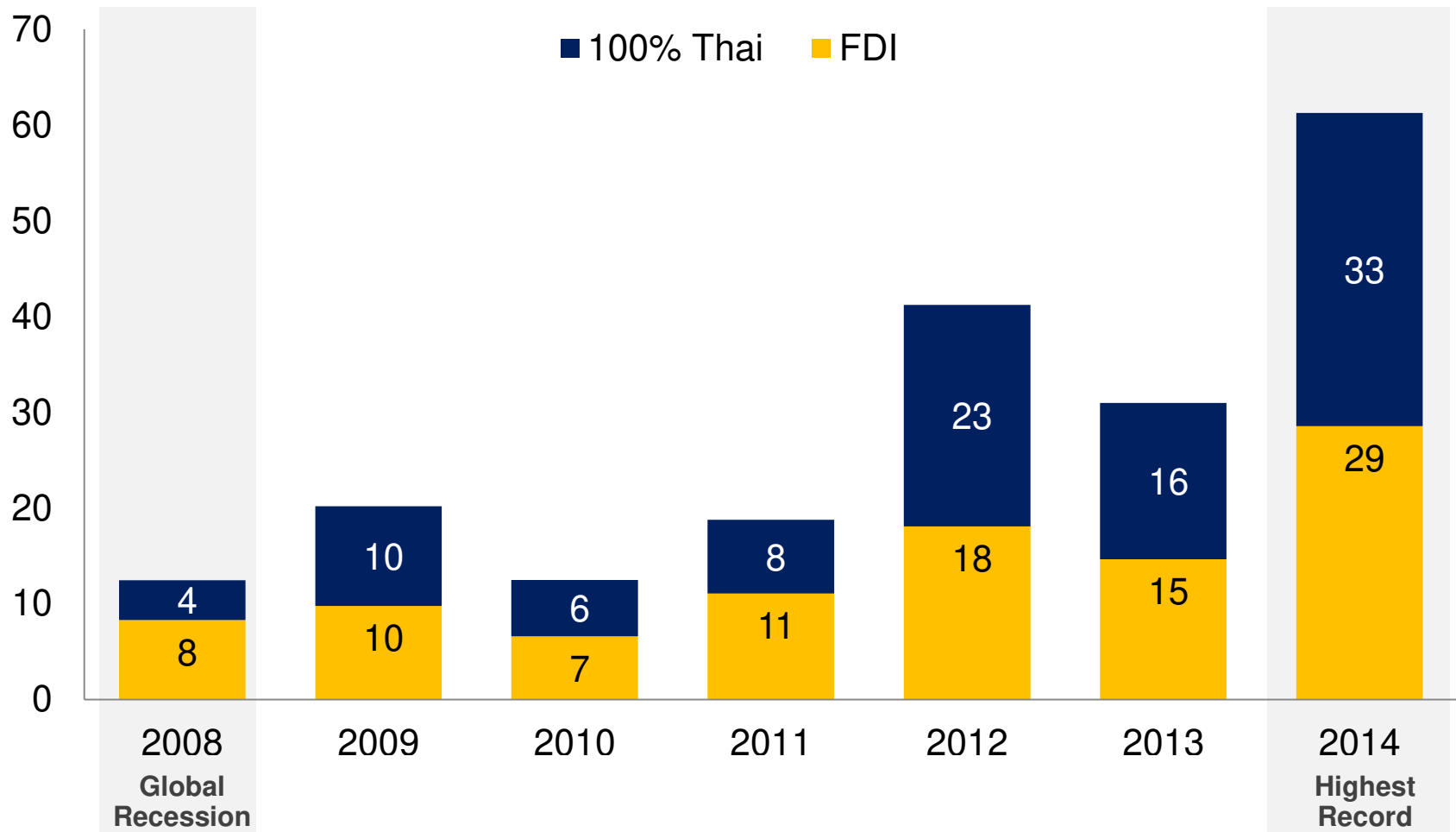


Sources: World Bank, NESDB, Ministry of Commerce, The Revenue Department

Value of Applications Submitted (2008-2015)

Total Investment vs. FDI

[In Billion USD]



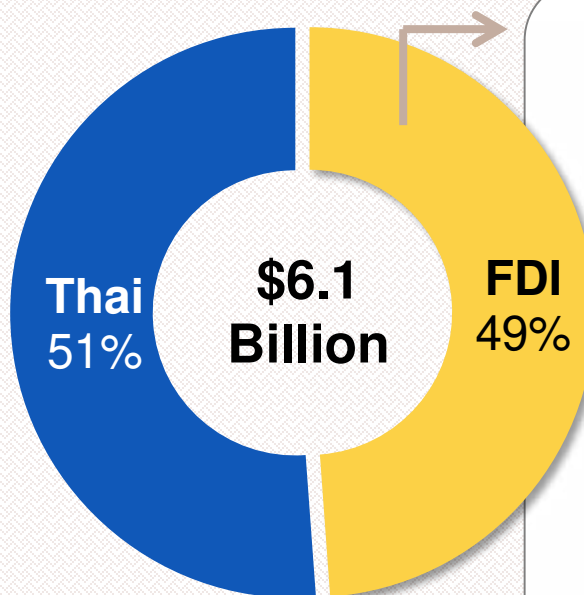
Sources: BOI; Exchange rate (BOT, Feb 1 2016): 1 USD = 35.84 THB

Value of Applications Submitted in 2015

Total Investment vs. FDI

Value of Applications in 2015

[In Billion USD]



Foreign Direct Investments:
559 Projects
\$3 Billion

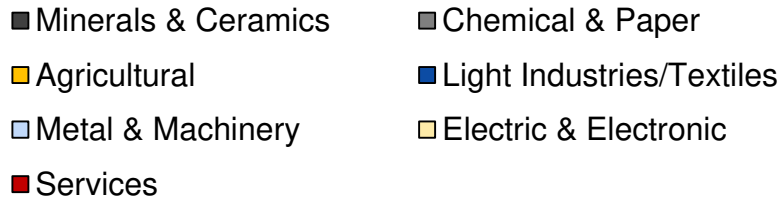
Expansion Projects:
213 Projects (\$2 Billion)

New Projects:
346 Projects (\$1 Billion)

Sources: BOI; Exchange rate (BOT, Feb 1 2016): 1 USD = 35.84 THB

Net Foreign Applications for Investment in 2015

Number of Projects



2015

Amount Invested (Millions USD)

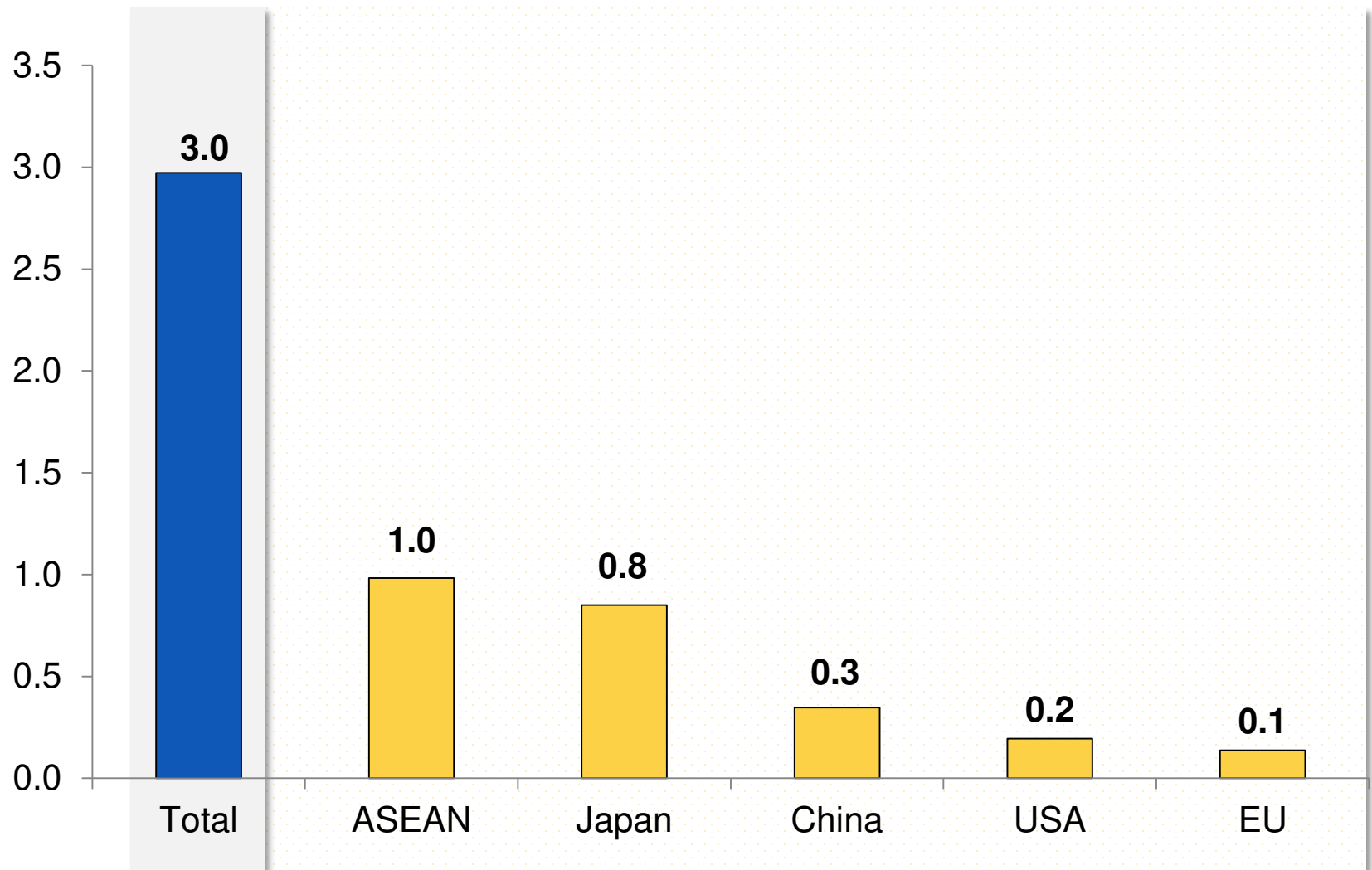


2015

Sources: BOI; Exchange rate (BOT, Feb 1 2016): 1 USD = 35.84 THB

Foreign Direct Investment Applications (2015)

[In Billion USD]



Sources: BOI; Exchange rate (BOT, Feb 1 2016): 1 USD = 35.84 THB

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1 Thailand at a Glance

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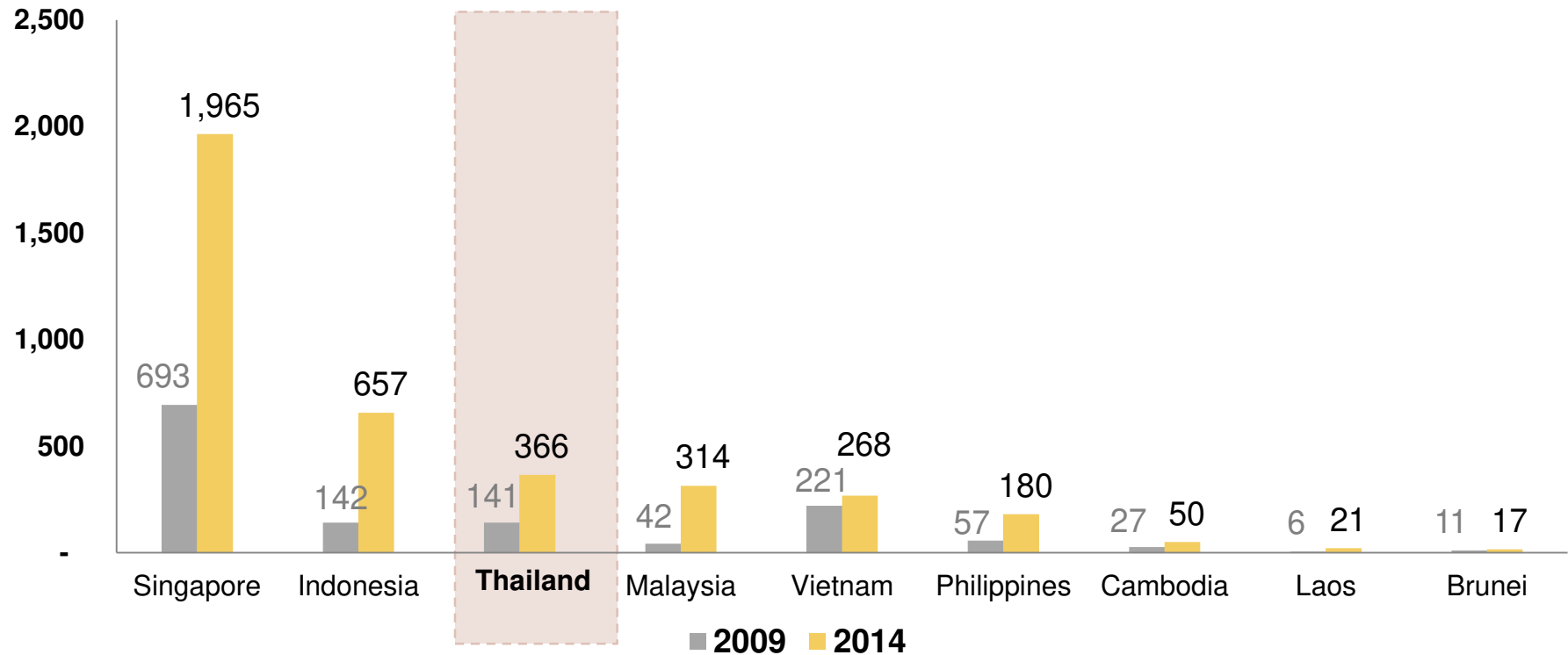
3 Investment Incentives

4 Investment Opportunities in Thailand

5 BOI Services

FDI Inflows, by Region and Economy (2009 vs. 2014)

[In USD]



Sources: World Investment Report 2015, UNCTAD in 2014

Thailand Gains Global Recognition for its Promising Economy

3nd

**Ease of Doing Business among
ASEAN members**

World Bank, 2016

11th

**The World's Most Promising
Emerging Economies**

Bloomberg Business, 2014 - 2016

5th

Asia's Financial Literacy Index

MasterCard, 2014

Thailand Consistently Ranks High in International Surveys

UNCTAD ranks Thailand
8th as a top prospective
host economy 2014-2016



Country	Rank
China	1
USA	2
Indonesia	3
India	4
Brazil	5
Germany	6
United Kingdom	7
Thailand	8
Vietnam	9
Malaysia	15

World Economic Forum
ranks Thailand 32th out of
140 economies for global
competitiveness index
2015-2016



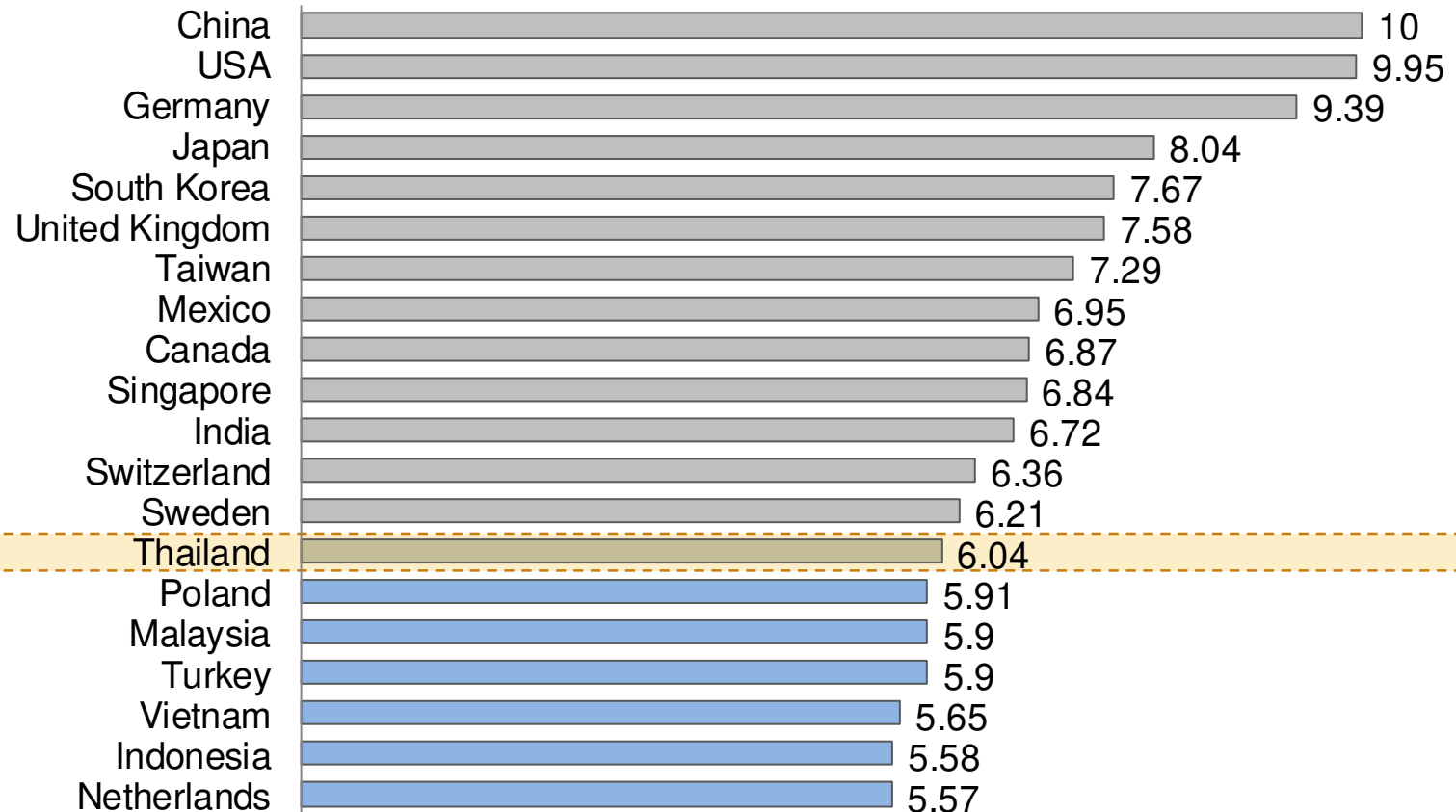
Country	Rank
Switzerland	1
Singapore	2
US	3
Germany	4
Netherlands	5
Japan	6
...	...
Thailand	32
Indonesia	37
Vietnam	56

Sources: UNCTAD, 2016; World Economic Forum, 2016

2016 Global Manufacturing Competitiveness Index

Index Score

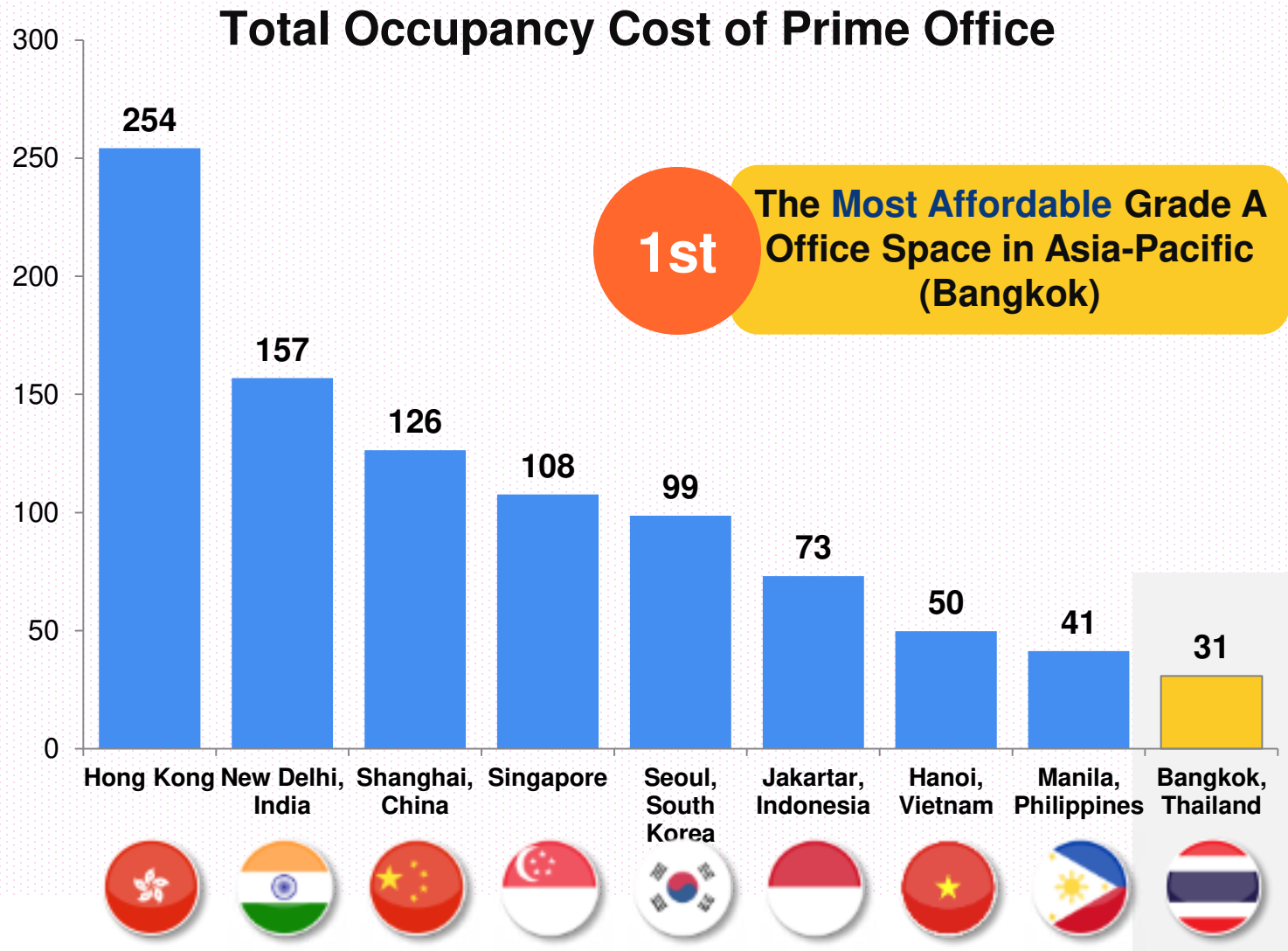
[10=high, 1=low]



Sources: 2016 Global Manufacturing Competitiveness Index by Deloitte Touche Tohmatsu Ltd. & U.S. Council on Competitiveness (as of December 2015)

Affordable Office Spaces

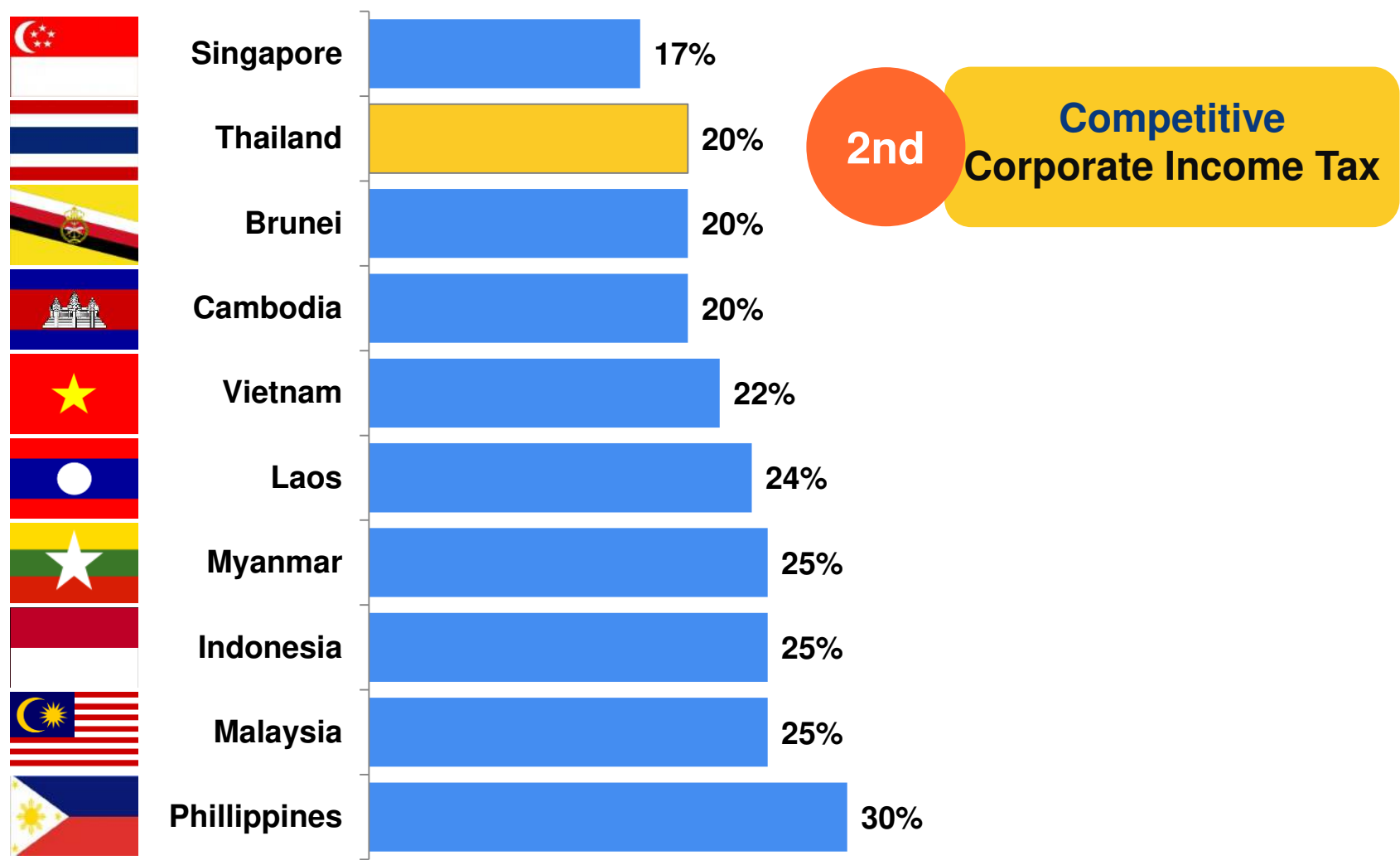
[Unit: USD/squarefoot/annum]



Source: Colliers International, 2015, CBRE's Prime Office Occupancy Costs, 2015

Competitive Corporate Income Tax

[Unit: %]

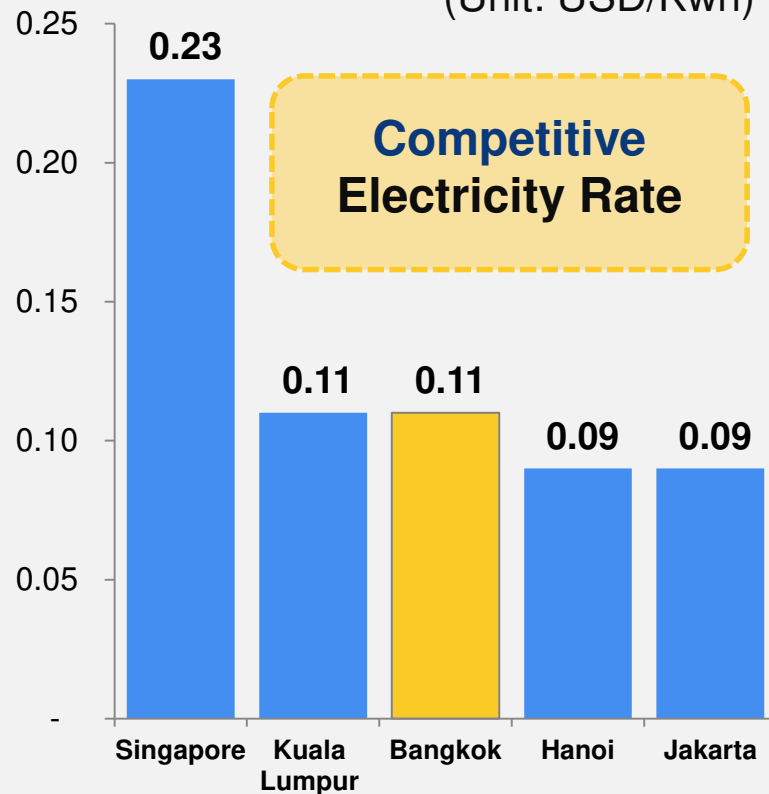


Source: ¹Deloitte's Taxation of AEC, as of 2015

Utilities price is very competitive against neighboring countries

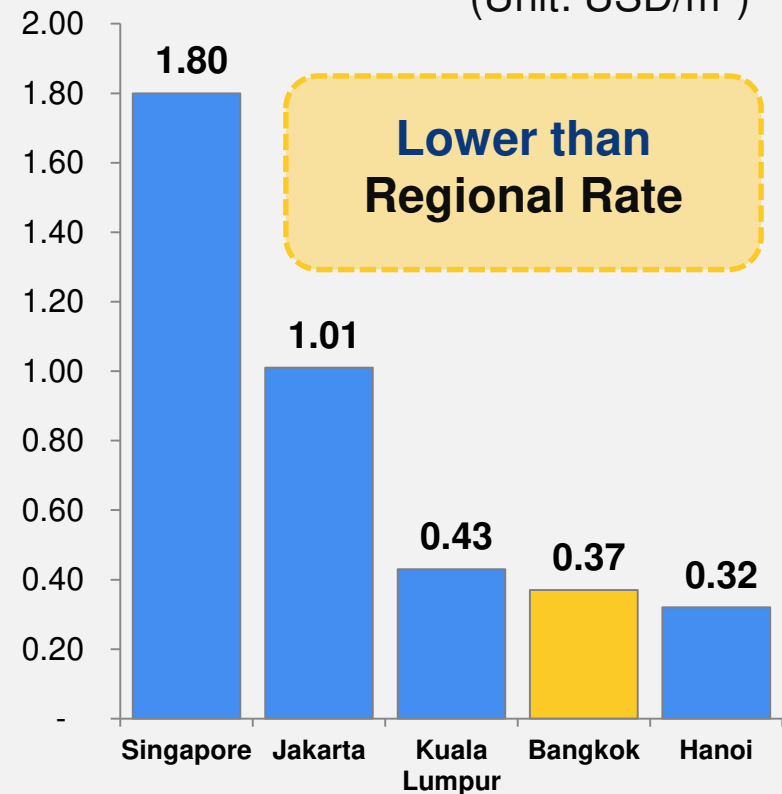
Electricity Rate

(Unit: USD/Kwh)



Water Rate

(Unit: USD/m³)



Source: JETRO 23rd comparative Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia & Oceania

Thailand Plays a Vital Role in the Global Supply Chain



2nd in HDD Exports



6th Rubber Tire Exports



7th Computer Device Exports



12th Automotive Production

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BOI's Liberal Investment Regime & Attractive Investment Incentives

Policy

100% foreign ownership

No local content requirements

No export requirements

No restriction on foreign currency

Tax Incentives

Import duty exemptions/reductions

Corporate income tax exemption for up to 8 years

50% reduction of corporate income tax for up to 5 years

Double deduction on utility costs

Deductions for qualifying infrastructure costs

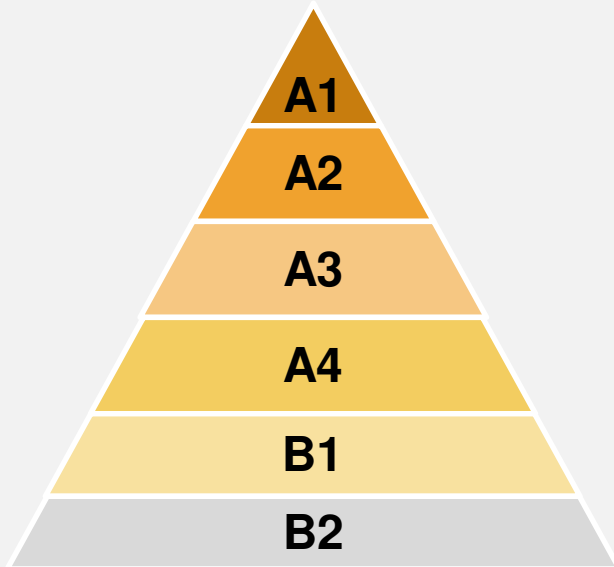
Facilitation

Land ownership rights

Work permit & visa facilitation

How Investment Incentives Are Granted

Activity-based Incentives



- Exemption of import duties on machinery
- Up to 8 years of corporate income tax exemption



Merit-based Incentives

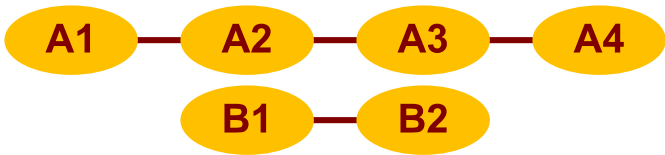
1. Competitiveness Enhancement

2. Decentralization

3. Industrial Area Development

Grant additional incentives to encourage more investment/expenditures that benefit the country or overall industry

Current Investment Promotion Measures



I. Activity-based Incentives

II. Additional Incentives

Merit-based	6 Activities including R&D, Technology Fund Donation, IP Licensing Fee, Advanced Technology Training, Local Suppliers Development, Product & Packaging Design
Area-based	1. Industrial estates / promoted industrial zones 2. Science and technology parks 3. 20 provinces with lowest per capita income 4. 4 southern border provinces + 4 districts in Songkhla (expire in 2017) 5. 10 Special Economic Zones (expire in 2017 / some activities expire in Jun 2016) 6. Cluster-based Investment : Super Cluster / other clusters (expire in 2016)
SMEs	Relaxation of criteria / additional incentives for 38 activities, in which SMEs have high potential (expire in 2017)

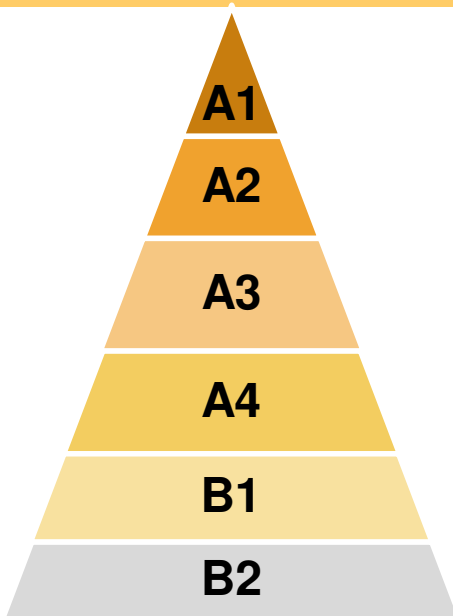
Investment
Acceleration
Measures

(for application
during
Jan 2014 –
Jun 2016)

III. Measures for Improvement of the Production Efficiency (expire in 2017)

- Machinery replacement for energy conservation, use of renewable energy and reduction of environmental impact
- Machinery replacement for improvement of production efficiency e.g. automation
- Investment in R&D activities and engineering design to improve the production efficiency

I. Activity-based Incentives



- A1:** Knowledge-based activities, focusing on R&D and design to enhance the country's competitiveness
- A2:** Activities in infrastructure for the country's development, activities using advanced technology to create value added, with none or very few existing investments in Thailand
- A3:** High technology activities which are important to the country's development, with a few investments already existing in Thailand
- A4:** Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain
- B1-B2:** Supporting industries that do not use high technology but are still important to value chain

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
A1	8 years (no cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit (for some activities)	✓	✓	✓
B2	-	-	-	✓

Merit-based Incentives (1/2)

'Merit on Competitiveness Enhancement'

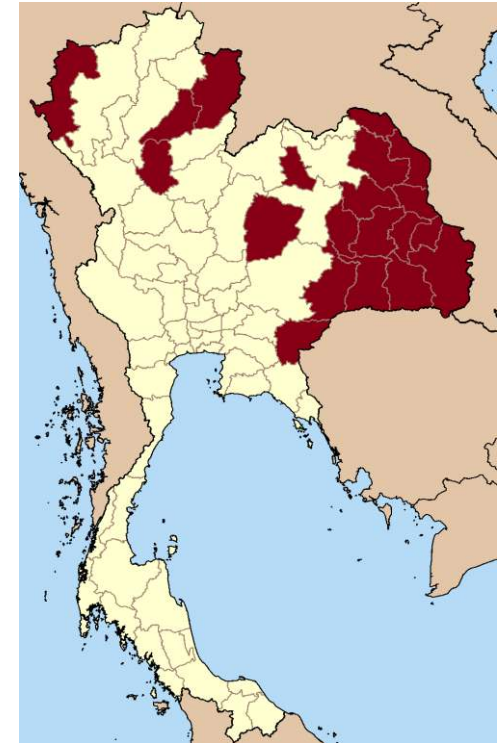
Types of Eligible Investment / Expenditure		Additional Cap
1	R&D: in-house, outsourced in Thailand or joint R&D with overseas institutions	200%
2	Donations to Technology and Human Resources Development Fund, and giving support to educational institutes, specialized training centers, R&D institutes or governmental agencies in S&T field	100%
3	IP acquisition/licensing fees for commercializing technology developed in Thailand	100%
4	Advanced technology training	100%
5	Development of local suppliers with at least 51% Thai shareholding (advanced technology training or/and technical assistance)	100%
6	Product & packaging Design: in-house or outsourced in Thailand, as approved by the Board	100%

Merit-based Incentives (2/2)

‘Merit on Decentralization’

The **20** Poorest Provinces

- | | |
|------------------|---------------------|
| 1. Kalasin | 11. Yasothon |
| 2. Chaiyaphum | 12. Roi Et |
| 3. Nakhon Phanom | 13. Si Sa Ket |
| 4. Nan | 14. Sakhon Nakhon |
| 5. Bueng Kan | 15. Sa Kaew |
| 6. Buri Ram | 16. Sukhothai |
| 7. Phrae | 17. Surin |
| 8. Maha Sarakham | 18. Nong Bua Lamphu |
| 9. Mukdahan | 19. Ubon Ratchatani |
| 10. Mae Hong Son | 20. Amnatcharoen |



‘Merit on Industrial Area Development’

- Projects located in industrial estates or promoted industrial zones are granted **1 additional year of corporate income tax exemption.**
- There are over 60 industrial estates/parks in Thailand.

III. Area-based Incentives (1/3)



20 Provinces with Lowest Per Capita Income (Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani, Amnatcharoen)



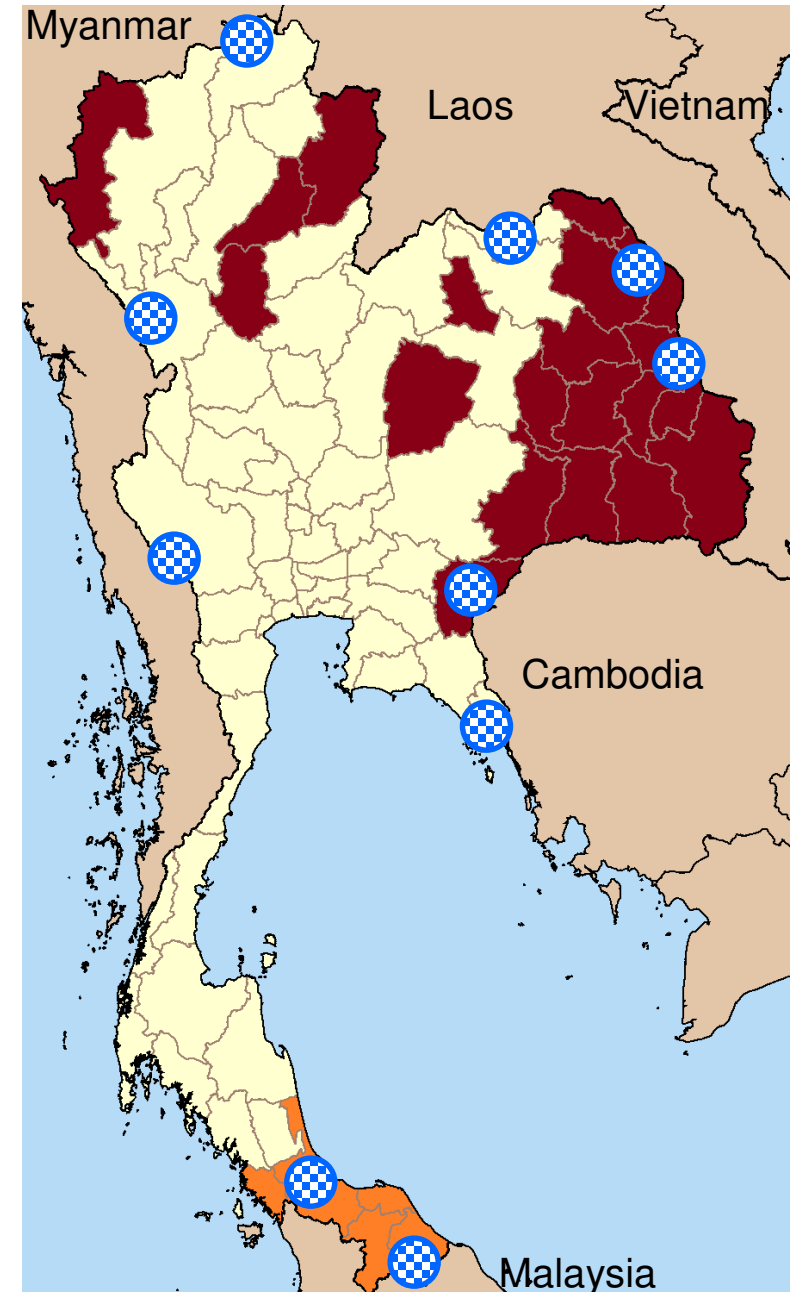
Southern Border Provinces

(Narathiwat, Pattani, Yala, Satun and 4 districts of Songkhla)



Special Economic Zones

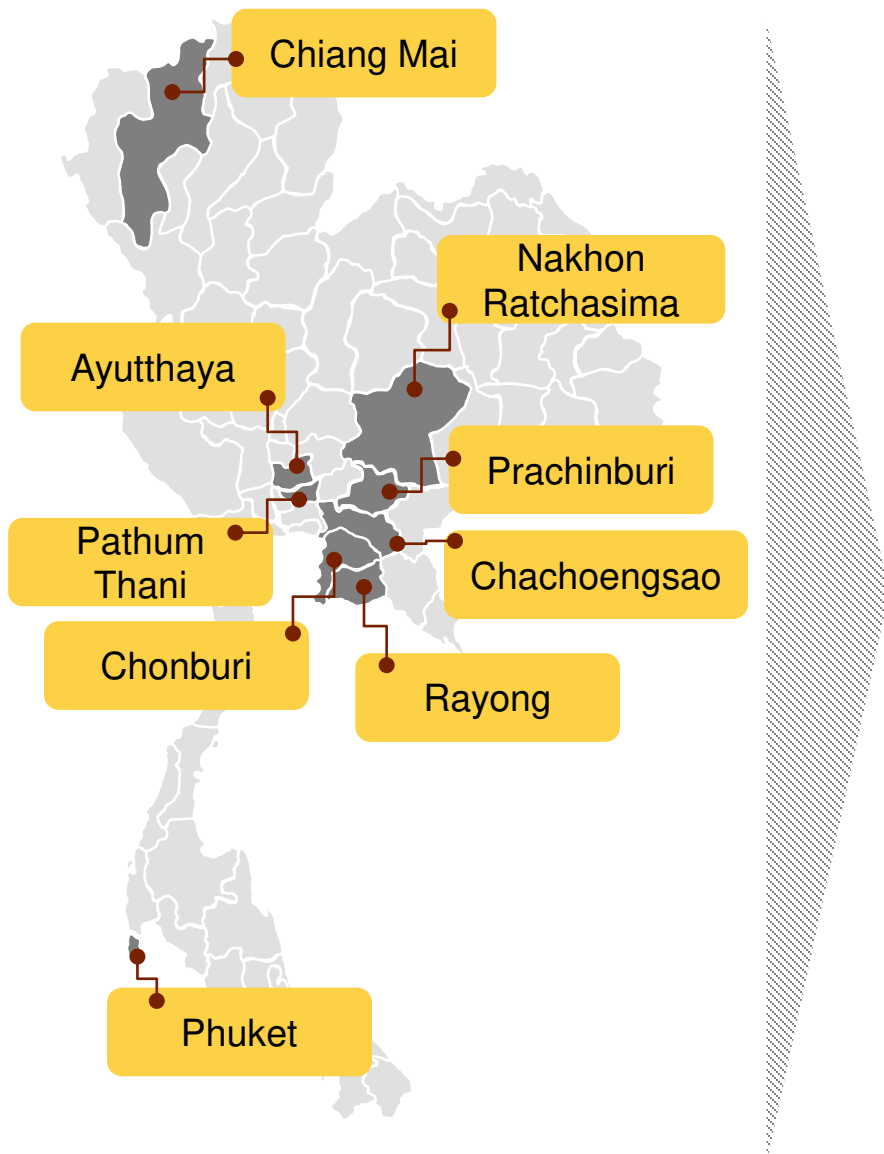
(Tak, Sa Kaew, Trat, Mukdahan, Songkhla, Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, Kanchanaburi : 10 provinces, 23 districts, 90 sub-districts)



III. Area-based Incentives (2/3)

Targeted Areas	Corporate Tax Exemption Incentives
1. Promoted industrial zones or estates	Additional CIT exemption for 1 year
2. Science and Technology Park	additional 5-year 50% CIT reduction (for 7 activities)
3. 20 provinces with lowest per capita income	<ul style="list-style-type: none">• 3 additional years of CIT exemption• In case of A1-A2 (8-year CIT exemption) additional 5-year 50% CIT reduction will be granted
4. Border Provinces in Southern Thailand	8-year CIT exemption (no cap) and 5-year 50% CIT reduction
5. Special Economic Development Zone	
<ul style="list-style-type: none">• Targeted Activities	8-year CIT exemption and 5-year 50% CIT reduction
<ul style="list-style-type: none">• General Activities	<ul style="list-style-type: none">• 3 additional years of CIT exemption• In case of A1-A2 (8-year CIT exemption) additional 5-year 50% CIT reduction will be granted

Overview of Super Cluster



Super Cluster

Cluster for businesses using advanced technology and future-driven industries, e.g.

- Automotive and Parts
- Electrical Appliances and Electronics and Telecommunication Equipment
- Eco-Friendly Petrochemicals and Chemicals Products
- Digital
- Aerospace
- Automation and Robotics
- Medical Hub
- Tourism

9 Target Provinces

- | | |
|----------------|---------------------|
| ▪ Ayutthaya | ▪ Prachinburi |
| ▪ Pathum Thani | ▪ Nakhon Ratchasima |
| ▪ Chonburi | ▪ Chiang Mai |
| ▪ Rayong | ▪ Phuket |
| ▪ Chachoengsao | |

Investment Incentives for Super Clusters

Super Clusters

Tax

- ✓ 8-year corporate income tax exemption and an additional 5-year reduction of 50%
- ✓ For future-driven industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption
- ✓ Import duty exemption on machinery
- ✓ Personal income tax exemption for renowned specialists who work in the specified areas, both Thais and foreigners

\$279 Million Fund

- ✓ To facilitate investors in areas such as R&D, Technology and Human Resource Development on targeted industries.
- **Remark:** The cabinet has approved in principle the Ministry of Finance proposal to set up a 10-billion-baht (\$279-million-USD) fund to promote the targeted 10 “new engine” industries

Non Tax

- ✓ Consideration of granting Permanent Residence to leading specialists
- ✓ Permission for foreigners to own land to implement promoted businesses

Obligatory Conditions to Receive Cluster Incentives

Conditions For Cluster Incentives

1

Must cooperate with academic institutions / research institutions / the Center of Excellence in the cluster area to develop human resources and improve the level of technology e.g.

- Cooperate with the Talent Mobility / Work-integrated Learning / Co-operative Education / Dual systems
- Cooperate to develop human resources or technology as approved by the Board of Investment

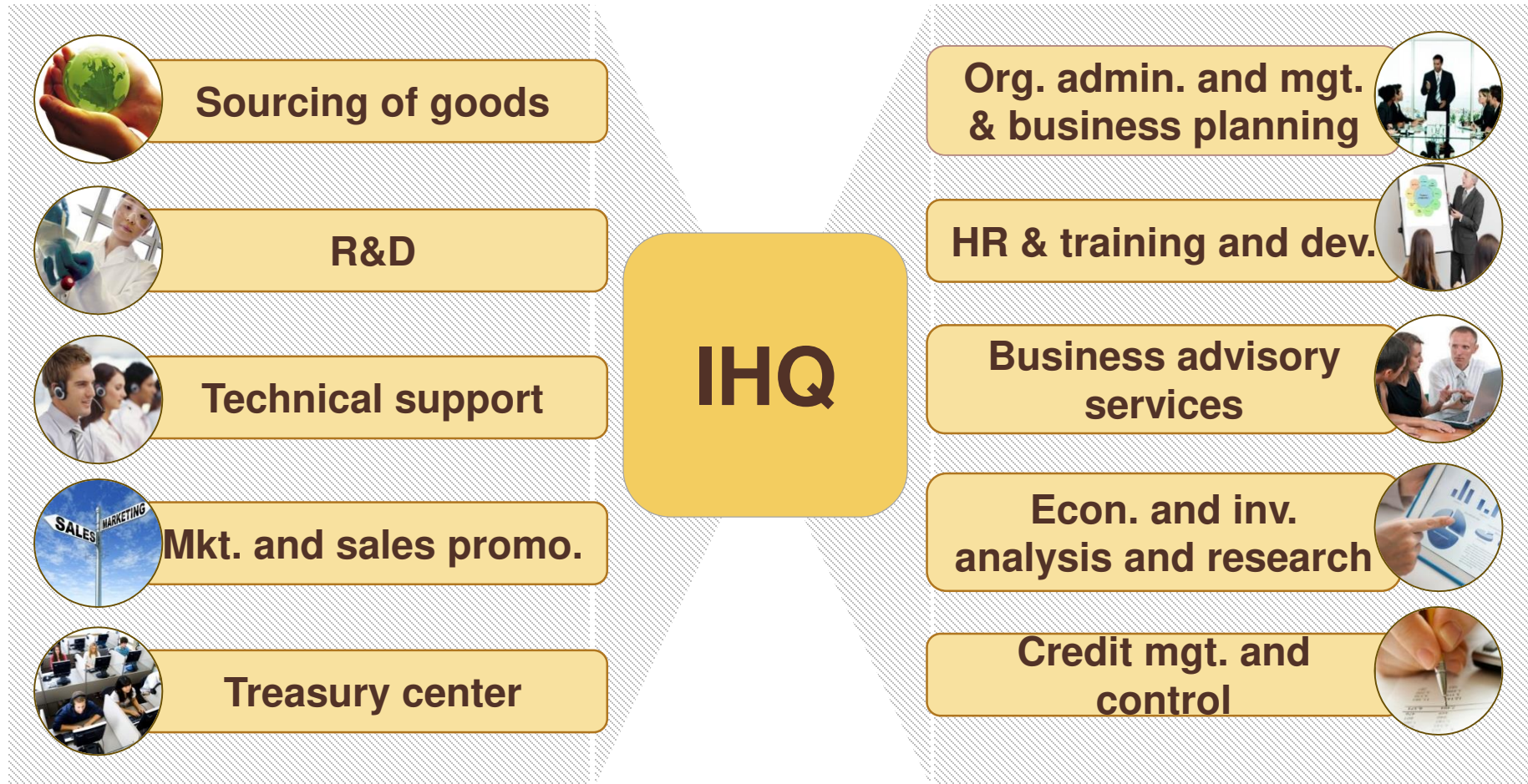
2

Must apply for investment promotion within **2016** and commence operations within **2017** to accelerate investment. However, under certain conditions and necessities, i.e. large-scale projects, the BOI will give due consideration as deemed appropriate.

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International Headquarters (IHQ): Scope of Activities



International Headquarters (IHQ): Special Tax Regime

Corporate Income Tax

- **CIT exemption**
(only services provided to foreign branches or AE)
- **10% of CIT**
(only income derived from its branches or AE in Thailand)
- **Tax exemption of NP**
from revenue from purchase and sale of goods to its foreign branches or AE and such goods are not imported to TH (OUT-OUT)

Personal Income Tax

Tax rate at the rate of 15% for expatriates in specialist or executive level working in IHQ.

Specific Business Tax

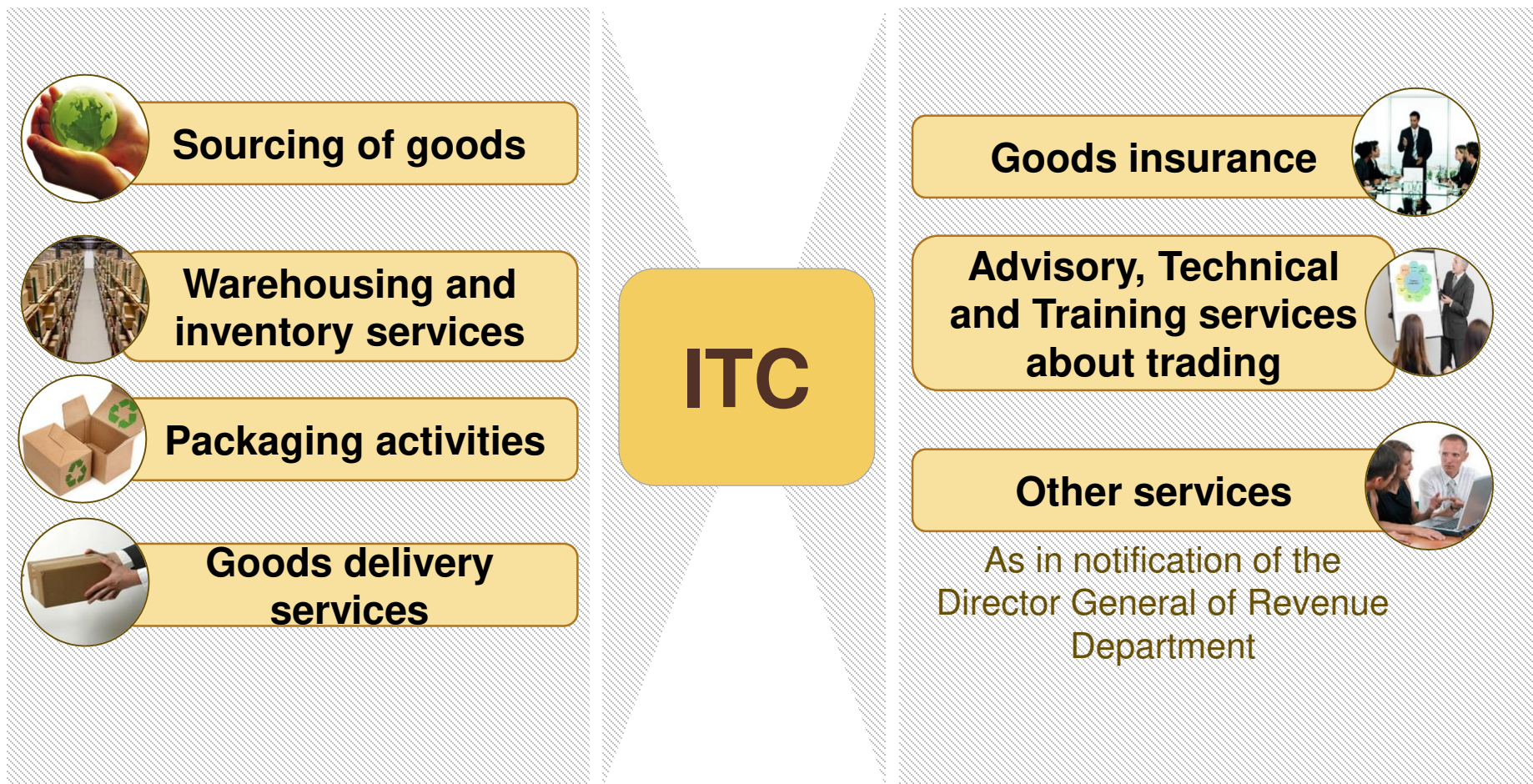
Tax exemption on loan taken out by IHQ to relend to its branches or AE in TH and abroad.

Withholding Tax

Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI regulations

Note: NP = Net profits, AE = associated enterprises

International Trading Centers (ITC): Scope of Activities



International Trading Centers (ITC): Special Tax Regime

Corporate Income Tax

CIT exemption of net profits from revenue from purchase and sale of goods to its foreign branches or associated enterprises and such goods are not imported to Thailand (**OUT-OUT**), including revenue from marketing and logistics abroad.

Personal Income Tax

The tax rate of **15%** for expatriates in specialist or executive level working in ITC.

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BOI Offers Manifold Support Services

BOI Support Services



Investment Matchmaking Program

**1-Stop for visas & work permits:
work permits in 3 hours**

**Subcontracting Development
Program by BUILD Unit**

ASEAN Supporting Industry Database

**Interaction with other govt. agencies
on behalf of investors**

Country desks

Overseas offices

BOI Application Procedures

Stage 1: Get application form

Stage 2: Submission of applications

Within **60 days**
of Submitting
documents

If the project is ***less than THB 80 million***
approval can be given
by BOI

If the project is ***between THB 80 - 750 million***
or ***less than THB 40 million***
(with 80% for export)
approval can be given by BOI
sub-committee

Within **90 days**
of Submitting
documents

If the project is ***more than THB 750 million*** for
domestic market, needed
an approval by the Board

Stage 4: After
receiving BOI
Letter,
Investors have
15 days to send
back the
Acceptance
Letter

Stage 3:
Meeting with
BOI

One Start One Stop Investment Center (OSOS)

More convenience, less time, more efficiency!



One Start One Stop Investment Center (OSOS)

18th Floor, Chamchuri Square Building,
319 Phayathai Road, Pathumwan,
Bangkok Thailand

Tel. 02-209-1100 (domestic), +662-209-1100 (international)

Email. osos@boi.go.th

One Start One Stop Investment Center (OSOS)

Our Services



- 1 Facilitate business negotiation**
- 2 Easing & speeding procedures for new investors**
- 3 Assist investors with various applications**
- 4 Consolidating staff from numerous investment-related agencies**
- 5 Visa & work permit renewal across the hall**

Note: Applications that OSOS could assist include register a company, obtain investment promotion privileges and foreign business license, complete an EIA report, permission to use land for industrial operations, utilities, etc.

BUILD Activities Aid Investors



ASEAN Supporting Industry Database (ASID)



ASEAN Supporting Industry Database (ASID)

- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
- Contact: BOI Unit for Industrial Linkage Development (BUILD)
Email: build@boi.go.th
Tel: + 66 553 8111 ext. 7

Where to Contact BOI

BOI Overseas Offices

