

BOI INCENTIVES FOR INVESTORS IN THAILAND



WHAT ARE THE INCENTIVES FOR INVESTORS PROVIDED BY THE BOARD OF INVESTMENT AND THE INDUSTRIAL ESTATE AUTHORITY OF THAILAND?

A. Tax Incentives

BOI is authorized to grant qualifying projects tax reductions and exemptions from these rates during the period of promotion. Note that many times BOI will limit the total corporate income tax exemption to an amount equal to the total capital investment in the project.

B. Reduction or Exemption of Customs Duties

When raw materials or machinery are imported into Thailand, a duty is levied by the Customs Department. This duty is calculated based upon the imported items' value together with the duty rate applicable to the item. BOI is authorized to award projects that qualify a reduction or exemption of this duty.

C. Foreign Ownership of Land

Foreigners are normally prohibited from holding title to land in Thailand. However, BOI is authorized to grant qualifying projects the right to own land. This right may extend to not only factories, but for offices and residences purchased under the promoted company's name.

"The BOI is the Thai government agency responsible for attracting investment to Thailand by offering a wide range of tax and non-tax incentives to investors to engage in specific kinds of projects.

BOI evaluates the application from the perspective of "how the project would benefit Thailand." The primary factors considered when determining whether to grant awards are (1) the economic contribution of the project to the country and (2) compliance of the project with the government's investment promotion policies and strategies."



D. Issuance of Work Permits and Visas

BOI is authorized to grant qualifying projects special rights concerning the issuance of work permits and visas for the foreign employees working on those projects.

E. Operating as a Foreign Company

Companies legally classified as "foreign" that engage in List 3 activities are required to obtain a Foreign Business License prior to commencing those activities.

Additional Incentives

1. Competitive Enhancement

Additional income tax exemption of up to 300% for the following activities:

- Research, Technology Development and Innovation: In-house, outsourced to Thailand or joint research and development with overseas institutes.
- Donations to technology and human resource development funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in the science and technology fields in Thailand, as approved by the BOI.
- Intellectual property acquisition/licensing fees for commercializing technology developed in Thailand.
- Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance.

2. Decentralization

Projects located in Thailand's 20 provinces with lowest per capita income shall receive additional incentives.

3. Industrial Area Development

Projects located within industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption.

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