

## Investment Promotion in Thailand: BOI and EEC 2021

The laws of Thailand on the Board of Investment Promotion (“BOI”) and the Eastern Economic Corridor (“EEC”) encourage local and foreign investors to invest in Thailand. They provide tax and non-tax incentives in promoted projects. The article gives an overview of the major incentives and the application procedures under the BOI and EEC laws.

### Board of Investment

The BOI has been the main government office in charge of promoting investments in Thailand for over 5 decades. It is chaired by the Prime Minister of Thailand. The BOI provides tax and non-tax incentives to local and foreign investors to encourage them to invest in the targeted industries.

#### (1) BOI Incentives

**Tax incentives** are (1) the exemptions of the corporate income tax (CIT) and the import duties for 5 to 8 years, and (2) the 50% reduction of the CIT and the import duties up to 5 years.

**Non-Tax incentives** are (1) the right for the promoted company owned more than 49% by foreign investors to own land; (2) the right to hire foreign employees for a long term with less requirements for visas and work permits; (3) the rights for foreign investors to own more than 49% of the equity shares in the promoted company.

#### (2) Investment Acceleration Measures 2021

The BOI recently issued new acceleration measures for qualified projects under applications filed in 2021 to receive additional 50% CIT deduction for 5 years in addition to the standard incentives. The major requirements for such projects include:

- (a) The project must be an activity in Group A1 (knowledge-based activities focusing on R&D and design to enhance the country’s competitiveness), Group A2 (infrastructure activities for country development, activities using advance technology to create value added, with no or very few existing activities in Thailand) or Group A3 (high technology activities which are important to the development of the country, with a few investment already existing in Thailand), subject to a few exceptions.
- (b) The project must be for the activity eligible for the CIT exemptions of up to 8 years.
- (c) The project must have its realized investment capital of not less than THB1 billion within 12 months after the issuance of the investment promotion certificate.
- (d) An extension of the deadline for acceptance of the investment promotion and the issuance of the investment promotion certificate is not allowed.

- (e) Evidences of the actual and realized investment capital must be filed with the BOI within 18 months after the issuance of the investment promotion certificate for obtaining this additional incentive.

### **(3) BOI Application Procedures**

Investors who seek BOI promotion can file applications with BOI online at <https://boi-investment.boi.go.th/public> or offline at the BOI Office, No. 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900, Thailand. Each application takes around 3 to 6 months before a BOI certificate is granted or rejected. The application requirements vary accordingly the sizes and the industry types of the projects.

### **Eastern Economic Corridor**

The EEC is designated for the geographical area covering 3 provinces in the Eastern Seaboard of Thailand. They are Chacheongsao immediately east of Bangkok, and Chonburi and Rayong a bit further east of Bangkok. The public and private sectors can set up special economic promotion zones (“SEPZ”) in the EEC. Premium tax and non-tax incentives are provided to the approved investment projects located in the EEC.

#### **(1) EEC Incentives**

The qualified projects located in the EEC will receive better incentives than the normal BOI incentives. Foreign investors can hold 100% shares in companies set up to invest in the EEC. Land ownership, and a land lease for 50 years plus a renewal for 49 years are also possible.

The premium tax incentives include the CIT exemptions for 5 to 10 years plus the additional tax exemptions up to 2 years and the additional 50% tax deductions up to 3 years for projects related to development of the targeted industries, or projects in Group A1, A2 or A3 if such projects provide HR development or are located in the specific industry or targeted industry promotion zones.

As of May 2021, there are 6 promotion zones for the specific industries, 21 promotion zones for the targeted industries, 2 promotion zones for the specific targeted industries (clusters) and several industrial estates and industrial parks in the EEC.

The constructions of a large number of the infrastructure projects have already been commenced. These projects include the deep sea ports, the U-Tapao International Airport, and the high-speed train and dual-track railway projects linking the EEC with Bangkok and the other regions of Thailand.

## (2) EEC Targeted Industries 2021

The EEC has designated 12 targeted industries. These are: the next generation automotive, smart electronics, medical tourism, agriculture and biotechnology, food for the future, robotics, aviation and logistics, biofuels and biochemicals, digital technology, medical hub, defense industry, and education and human resources development.

## (3) EEC Application Procedures

Investors can file applications for investments in the EEC online at [www.eec-oss.com](http://www.eec-oss.com) or offline with the EEC Office at 25<sup>th</sup> Floor, the CAT Tower, 72 Soi Wat Maungkhao, Charoenkrung Road, Bangrak, Bangkok 10500, Thailand.

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