

Amendment to BOI Act to Create New BOI Benefits

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The Thai government has recently been promoting “Thailand 4.0”, which refers to creative and innovative industries as opposed to Thailand 1.0 which refers to Agriculture, Thailand 2.0 to light industries, Thailand 3.0 to heavy industries, as a master plan to pull Thailand out of the middle-income trap and push Thailand toward becoming a high-income country.

The Thailand Board of Investment (“**BOI**”), as one government’s channels for assisting in the achievement of key development programs, has promptly responded to the new economic model, the so called “Thailand 4.0”. This model aims to promote innovation, technology and creativity proposed by government by amending the Investment Promotion Act (the “**Amendment**”) to create new BOI benefits. The Amendment is one of the numerous changes to come and we will keep you posted on developments.

The Amendment which came into force on 25 January 2017, has empowered the BOI commission to grant the following new benefits. The criteria for the projects entitled to the new benefits, remain to be seen:

- import duty exemption for materials used for R&D and testing purposes (Section 30/1);
- corporate income tax exemption of up to 13 years for projects relating to high technology and innovation, or R&D (Section 31/1)

Note: prior to the Amendment, corporate income tax exemption was capped at 8 years;

- deduction of investment from net profit derived from the BOI promoted project of up to 70% of the amount invested, apart from normal depreciation (if no corporate tax exemption/reduction is granted)(Section 31/2); and
- corporate income tax rate reduction of up to 50% of normal rate but for not more than 10 years (Section 32).

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