

More Investment Promotion for SMEs in Special Economic Zones in Thailand
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Under the Notification No. 8/2558 re: Amendment of Investment Promotion Policies in Special Economic Zones (SEZs) for Small and Medium-size Enterprises (SMEs) dated 10th August 2015, the Board of Investment Promotion of Thailand (BOI) has established additional incentives for SMEs investing in SEZs to encourage investors to invest in the border areas of Thailand to enjoy benefits from the launch of the ASEAN Economic Community (AEC) at the end of 2015. This is in addition to the investment promotion measures launched by the BOI under its Notification No. 2/2557 re: Policies and Rules for Investment Promotion dated 3rd December 2014 and Notification No. 4/2557 re: Investment Promotion Policies in SEZs dated 18th December 2014.

Under the said Notification No. 8/2558, the BOI has set out the conditions for the incentives available to SMEs in SEZs. The Special Economic Zone Policy Committee has also announced 10 SEZs located in provinces (Chiangrai, Tak, Nongkhai, Mukdaharn, Nakorn Phanom, Kanchanaburi, Sakaew, Trad, Songkhla and Narathiwat) along the borders between Thailand and the neighboring countries (Cambodia, Laos, Myanmar and Malaysia).

Conditions for Investment Promotion for SMEs

To enjoy the investment promotion benefits in the SEZs, the SME located in an SEZ must meet the following conditions:-

1. the minimum investment capital for each investment project must be not less than THB500,000 (excluding land costs and working capital);
2. not less than 51% of the shares in the SME must be held by a Thai individual;
3. its debt-equity ratio must not exceed 3:1;
4. the value of the used machinery sourced locally for the promoted project must be not more than THB10 million and the value of the new machinery must be not less than 50% of the total value of all the machinery used in the promoted project;
5. the value of the fixed assets or the investment capital (excluding land costs and working capital) of the whole business of the SME must not exceed THB200 million.

Investment Incentives

SMEs in SEZs that meet the conditions and submit the application for obtaining investment promotion with the BOI within 31st December 2017 will be eligible to the following incentives:-

No.	Incentives	General Activities Listed under the BOI Notification No. 2/2557	Target Activities under the BOI Notifications No. 1-5/2558
1.	Corporate income tax exemption	Additional 3 to 8 years in a total in addition to the original corporate income tax exemption granted under the BOI Notification No. 2/2557	8 years but not exceeding 100% of the investment capital (excluding land costs and working capital)
2.	Corporate income tax deduction	50% of the net profits from the promoted investment for 5 years commencing from the end of the tax exemption period under No. 1 above (only for general activities listed in Group A1 or A2 under the BOI Notification No. 2/2557)	50% of the net profits from the investment for 5 years commencing from the end of the tax exemption period under No. 1 above
3.	Deduction of costs for transportation, electricity and water supply	200% of the said costs for 10 years from the date on which the promoted project generates income	
4.	Deduction of depreciation in value	25% of the investment capital for installation or construction of facilities in addition to the normal depreciation rate	
5.	Exemption of import duty for machinery	Exemption of import duty on machinery imported for the promoted project	
6.	Exemption of import duty for raw materials and essential materials	Exemption of import duty on raw materials and essential materials necessary for manufacturing for export for 5 years	
7.	Foreign labours	Permission to employ unskilled foreign labours for the promoted project	
8.	Other non-tax incentives	Other non-tax incentives to be specified by the BOI	

As of November 2015, the BOI has announced 13 target activities (62 sub-activities) to be promoted in 5 SEZs (Trad SEZ, Tak SEZ, Mukdaharn SEZ, Songkhla SEZ and Sakaew SEZ). These include agricultural, fishery and related industries, ceramics, textile, furniture, gems and jewelry, medical equipment, automotive parts, electrical appliances and electronics, plastics, logistics, industrial estates, and tourism related industry.

These additional incentives and the new corporate income tax rate of 10% for SMEs for the accounting years ended 2015 and 2016 and 15% from the accounting year 2017 and the financing support measures recently approved by the Thai Government are expected to help SMEs in Thailand achieve a higher rate of success.

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