

(Unofficial Translation)

Announcement of the Board of Investment

No. 4/2557

Investment Promotion in Special Economic Development Zones

To promote investment in Special Economic Development Zones, especially border areas both in and around industrial estates, economic linkages need to be created with neighboring countries in order to support the formation of the ASEAN Economic Community.

By virtue of Sections 16, 18 and 35 of the Investment Promotion Act B.E. 2520, the Board of Investment therefore issues this announcement on policies setting criteria for investment promotion projects to be located in Special Economic Development Zones as follows:

1. "Special Economic Development Zones" refers to areas where the Policy Committee of Special Economic Development Zone has announced a Special Economic Development Zone.
2. In the case of the eligible list of general activities for investment promotion, according to the Announcement of the Board of Investment No. 2/2557 dated 3 December 2011, projects located in a Special Economic Development Zone will be entitled to the following incentives:
 - 2.1 Additional corporate income tax exemptions of 3 years with a corporate income tax cap not exceeding 100 percent of investment (excluding cost of land and working capital), but not exceeding 8 years in total.
 - 2.2 If the activities are in Group A1 or A2, which are entitled to 8 years corporate income tax exemption, then a 50 percent reduction of corporate income tax for a period of 5 years will be permitted. This is only for the net profit deriving from the promoted activity, counting from the date in which the rights to the corporate income tax ends.
 - 2.3 Permission to double deduct costs of transportation, electricity and water supply for a period of 10 years, counting from the date in which revenue is generated.
 - 2.4 Permission to deduct 25 percent of investment costs on the installation or construction of facilities used counting from the date in which revenue is generated.
 - 2.5 Exemption of import duty for machinery.
 - 2.6 Exemption of import duty for raw materials and essentials used in the production of products for export for a period of 5 years.
 - 2.7 Permission to employ foreign unskilled workers in the promoted project, according to the conditions prescribed by the Board.
 - 2.8 Non-tax incentives.
3. In the case of target activities, as designated by the Policy Committee on Special Economic, the following incentives will be available:

- 3.1 Exemption of corporate income tax for a period of 8 years, with a corporate income cap not exceeding 100 percent of investment (excluding cost of land and working capital).
 - 3.2 A 50 percent reduction of the normal rate of juristic person income tax on the net profit deriving from the promoted activity for a period of 5 years counting from the expiry date of the corporate income tax exemption.
 - 3.3 Permission to double deduct costs of transportation, electricity and water supply for a period of 10 years counting from the date in which revenue is generated.
 - 3.4 Permission to deduct 25 percent of investment costs on the installation or construction of facilities used counting from the date in which revenue is generated.
 - 3.5 Exemption of import duty for machinery.
 - 3.6 Exemption of import duty for raw materials and essentials used in the production of products for export for a period of 5 years.
 - 3.7 Permission to employ foreign unskilled workers in the promoted project, according to the conditions prescribed by the Board.
 - 3.8 Non-tax incentives.
4. The application must be submitted by 31 December 2020.

This announcement shall be effective from 1 January 2015 onwards.

Announced on 18 December 2014

(General Prayut Chan-o-cha)
Chairman of the Board of Investment