



Special Economic Zones (SEZs)

According to the promotion of Thailand's SEZs, there are 10 targeted border areas to be promoted under this project. In 2015, the first phase of the SEZs has been currently covered 6 border areas in the provinces of Tak, Mukdahan, Sa Kaeo, Trat, Songkhla (Sadao and Padang Baesar), and Nong Khai. The second phase of the SEZs to be further established shall include other 4 border areas of Kanchanaburi, Chiang Rai, Nakhon Phanom, and Narathiwat.

Under this policy, there are 13 targeted industries to be operated in the SEZs which shall be varied according to its specific geographical conditions, raw materials, and demand and supply of each province. The first targeted industries consist of agriculture and fisheries; ceramics; garments, textiles and leather; furnishings and furniture; gems and jewellery; medical equipment, automobiles and parts; electrical appliances and electronics; plastics; pharmaceuticals; logistics; industrial estates and tourism-related.

In respect of investment promotions, both tax and non-tax incentives shall be provided to promoted project, with or without the BOI's promotion, to be located in the SEZs. The corporate income tax exemption shall be provided to a promoted project under the BOI's for a period of 8 years, whereas, other projects without the BOI's promotion shall be entitled to a reduction of corporate income tax from 20% to 10% in 10 accounting period. The import duty on machinery and raw materials shall be exempted. Other non-tax incentives, such as permission on land lease by foreigners and foreign unskilled workers, including facilitation on work permit, shall be granted to promoted project. Other incentives shall include a 10-year period for double deduction from the cost of transportation, electricity and water supply together with an additional 25% cost deduction for installation or construction of facilities in the promoted project.

In addition, an assistance on one-stop service centers shall be provided to the promoted project in order to facilitate licensing and permission of entire procedures.

Apart from the aforementioned 13 targeted industries, other eligible project under the BOI's investment promotion list shall also be granted additional incentives upon the type of industry.

Incentives for projects under BOI's Investment Promotion List	Incentives for projects under Target Industries
3 additional years of corporate income tax exemption (with a maximum cap of 8 years)	8 years exemption on corporate income tax
Projects with a maximum of 8-years corporate income tax exemption shall be granted 5 additional years of 50% tax reduction	Additional 50% corporate income tax reduction for 5 years
<ul style="list-style-type: none">▪ Double deduction on costs of transportation, electricity and water supply for a period of 10 years▪ 25% deduction on costs of installation or construction of facilities	Same as incentives granted for projects on BOI's Investment Promotion List

<ul style="list-style-type: none"> ▪ Exemption on import duty for machinery ▪ Exemption on import duty for raw materials and essential materials used in the production of products for export ▪ Permission to employ foreign unskilled workers ▪ Other non-tax incentives such as permission to own land and permission to employ foreign skilled workers 	
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Therefore, as the establishment of the SEZs shall encourage new economic zones, particularly in border areas, through linkages and in cooperation with neighboring countries, the SEZs shall enhance the country's competitiveness in preparation to the forthcoming integration of the ASEAN Economic Community (AEC).

Additional of 10 Targeted Industries in the SEZs

In respect of the investment promotion in the SEZs, 10 targeted industries have been added into the promotion which local investors are capable of promptly starting operation to serve market demand in the neighboring countries. The additional 10 targeted industries consist of

- 1) Crop drying and silo facilities;
- 2) Manufacture of products from agricultural by-products or agricultural waste;
- 3) Manufacture of steel products for construction or industrial use;

- 4) Production of printed matter;
- 5) Manufacture of animal feed or animal feed ingredients;
- 6) Manufacture of construction materials and manufacture of prestressed concrete products for utility work (excluding ceramic roof tiles and floor and wall tiles);
- 7) Manufacture of body care products such as soap, shampoo, and toothpaste(excluding cosmetics);
- 8) Manufacture of plastic products for consumer goods;
- 9) Manufacture of pulp or paper; and
- 10) Buildings developed for industrial factory and/or warehouse use.

In this connection, the industries listed in (1)-(4) are presently eligible for the investment promotion. Consequently the tax incentives on corporate income tax exemption shall be provided for a period of 8 years together with a half reduction of corporate income tax for another 5 years.

Meanwhile, the targeted industries in (5)-(10) have been repealed from the investment promotion. Any interested investor shall apply for the investment promotion within June 2016 to be entitled for 8-years period of corporate tax exemption.

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