

Trade Alert

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MEASURE FOR INVESTMENT PROMOTION OF GRASSROOTS ECONOMY

In order to promote local investments and encourage potential entrepreneurs and support local organizations' activities in agribusiness, agro-processing industry, light industry, and community tourism, the BOI has announced the measure regarding investment promotion of grassroots economy by virtue of section 18 in conjunction with section 31 of Investment Promotion Act, B.E. 2560 with the following details:

Promoted Activities and Conditions

- 1) This measure applies to the project that has been promoted already and it must be the type of business that the BOI announced to grant promotion at the time of submission of application according to this measure and the period of Corporate Income Tax exemption or deduction has been expired or it is the project that never been granted corporate income tax exemption.
- 2) The minimum capital investment requirement of each project must not be less than 1,000,000 Bath (excluding cost of land and working capital) and this project must provide support to local organizations, cooperatives or community enterprises at least 200,000 Bath for any one of the organization.
- 3) The applicant must propose plans for cooperation with local organizations so as to enhance their competitiveness in aspect of production or service. The plan must include development plan in many aspects such as technological production broadcasting plan, development plan in management, improvement plan of community product and plan development in marketing.

- 4) The plans for cooperation with local organizations must be conducted successfully within 3 years since promotion certificated has been issued.

It must be noted that the supported local organizations means cooperatives or local community enterprises registered with the related agencies or with local administrations which operates business at least one field according to framework namely business related to agribusiness, agro-processing industry, light industry, and community tourism.

Tax and Non-Tax Incentives

To encourage and accelerate the investment on agricultural industry, the BOI has provided both tax and non-tax incentives to the applications for investment promotion which submits during the period between 2 January 2019 to 30 December 2020 as follows:

- 1) The promoter shall be entitled to corporate income tax exemption for the period of 3 years which the ratio is not more than 120% of the capital investment (excluding cost of land and working capital) for the revenue generated their existing business activity. The value of corporate income tax exemption will be calculated from the capital investment (excluding cost of land and working capital) and the actual expenses since the day that investment promotion application has been submitted until the due date to start-up of full operations in support of local organizations' activities such as plant construction machinery and tool costs, and training expenses.

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The period of corporate income tax exemption will be counted from the day the income has been generated after obtaining the new promotion certificate under this measure which will be calculated from the next day that the promotion certificate has been issued.

- 2) Non-tax incentives such as the possibility to own land and fewer restrictions on the employment of foreigners will be in accordance with the Announcement of Board of Investment No. 2/2557 dated 3 December 2014.

It is important to note that the date for full operation start-up can be extended with a maximum of 4 years by submitting a complete application form for extension of machinery importation period and full operation start-up in which an approval shall be granted based on case-by-case basis. Although the value of capital investment shall be calculated from the value of assets until the extended completion period, the period of corporate income tax exemption shall not be extended in which it will be limited only for three-year period after the promotion certificate has been issued.

Additionally, the project that obtains the investment promotion under this measure will not be eligible for incentives set forth under other measures.

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