

INVESTMENT PROMOTION

Investment incentives have long been one of various measures applied by the Thai Government to attract foreign investment in Thailand and to support the Government goals in decentralizing Thailand's industrial base. One key investment incentive set up by the Board of Investment (BOI), the agency directly responsible for investment promotion, is tax and duty incentives for promoted projects.

In this context, the Thai Customs Department, responsible for national revenue collection and promotion of exports, has set up regulations on importation of machinery and raw materials for entrepreneurs granted import tax and duty incentives from BOI. To facilitate the entrepreneurs, Customs also provides advice on tax and duty privileges.

Advantages of an Investment Promotion Scheme

- Relief from/Reduction of Import Taxes/Duties: Imported goods removed into Investment Promotion Zones shall be granted tax and duty privileges. This includes:
 - 1) Machinery: The machinery removed into the Investment Promotion Zones is either granted import tax and duty free allowance or 50 percent reduction of import taxes and duties, depending on the location of the zones.
 - (2) Raw or Essential Materials: Raw or essential materials removed into the Investment Promotion Zones for manufacturing export products shall be exempted from import taxes and duties for 1-5 years, depending on the location of the zones.

- Relief from Corporate Income Tax: Promoted projects shall be exempted from paying corporate income tax for 3 years, and in certain investment promotion zones, the relief shall be extended up to 7-8 years.
- Deduction of Transportation, Electricity and Water Costs: Promoted projects are entitled for double deduction from taxable income of transportation, electricity and water costs for 10 years from the date of first revenue derived from promoted activities.
- Deduction of Project's Infrastructure Installation: Deduction can be made from net profit of 25 percent of the project's infrastructure installation or construction cost for 10 years from the date of first sales, and net profit for one or more years of any year can be chosen for such deduction. The deduction is additional to normal depreciation.

Guidelines on Imports

1. Import Procedures

- The importer provides an Investment Promotion Declaration for Imports (Form Kor Sor Kor No. 99/1), supporting documents as required in normal imports, and a copy of BOI Delivery Order and submits them to the Customs office at the port or place of entry;
- Customs verifies privileges granted, assesses Customs value and applicable taxes and duties. Depending on the result of the verification, Customs may require a deposit of guarantee, grant exemption/reduction of import taxes and duties, as the case may be, and then returns all documents to the importer;
- The importer contacts the Cashier Division to deposit the guarantee or pay applicable taxes and duties (if any); and

- The importer, then, submits the receipt and all documents for the release of goods. The goods are examined as normal imports.

2. Tax and Duty Guarantee:

The periodic tax and duty guarantee as required by BOI is deposited at the port or place of entry.

3. List of Raw and Essential Materials:

Raw and essential materials granted tax and duty exemption/reduction from BOI and removed into the Investment Promotion Zones for manufacturing, mixing, or assembling products or produces must be imported within the period specified by BOI.

To enable Customs to examine and control the imported raw and essential materials under BOI promoted projects, BOI shall provide and notify Customs two types of report: one is the report detailing items and quantities of raw and essential materials granted tax and duty exemption/reduction as appeared in each invoice; and the other is the 6-month report on granted raw and essential materials. The Customs offices assigned to examine and control the list of raw and essential materials are:

- Bangkok Port Customs Bureau for imports via the Bangkok Port;
- Suvarnabhumi Airport Cargo Clearance Customs Office for imports via the Suvarnabhumi airport; and
- Customs Offices/Houses for imports via such Customs Offices/Houses and approval by the Regional BOI.

4. Transfer of Raw and Essential Materials:

In case where there is a need to transfer raw and essential materials from one approved list to the other one, the importer is required to submit an Application for Transfer Raw and Essential Materials (Form

Kor Sor Kor No. 82) with a duplicate to the Customs office assigned to examine and control the list of raw and essential materials. When the application is approved, the Customs office assigned to examine and control the list of raw and essential materials will send the original application form to the Customs office to where the importer want to transfer the raw and essential materials. A copy of the application form is kept as documentary evidence at the Customs office assigned to examine and control the list of raw and essential materials.

5. Summary Report on Raw and Essential Materials:

When the time limit for importation of raw and essential materials as specified by the BOI is expired, the promoted investor must provide a Summary Report of imported raw and essential materials to the Customs office/Customs House assigned to examine and control the list of raw and essential materials within 15 days so that Customs can close the stock account and inform the stock balance of the raw and essential materials to the BOI.

In case where Customs discovers any discrepancies or that the import of raw and essential materials exceeds the quantities or the time limit notified by BOI, legal action shall be taken against the promoted investor.

CONTACT

For further inquiry and information, you may contact the Customs Call Center at Tel. 1164 or the Customs Clinic at Tel. 02-667-7880-4, Fax. 02-667-7885, e-mail: customs_clinic@customs.go.th. Additional information may also be obtained from Customs ports of entry/exit. Please consult our telephone directory for a Customs office near you. The listing can be found under the “CONTACT US” section.

WARNING: The information in this website is intended as a general guideline only and subject to changes without prior notice. It does not in any way replace or supersede Customs and related laws or regulations. Before relying on the information on the Website, users should independently verify its accuracy, completeness and relevance for their purposes.

Source : The Customs Department

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