

Doing business in Thailand

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Introduction

Thailand, a captivating destination in Southeast Asia, offers not only mesmerizing travel experiences but also a thriving business environment. Its strategic location, robust infrastructure, and investment-friendly laws position Thailand as a gateway to Asia, fostering a vibrant landscape for commercial ventures. Recognized for its free and open economy, Thailand ranks 21st out of 190 countries in the World Bank's 2021 report on ease of doing business.

Beyond the enchanting landscapes and cultural treasures, Thailand boasts a dynamic economy supported by the government and complemented by attractive investment incentives. This unique combination makes Thailand an alluring choice for both travel enthusiasts and ambitious entrepreneurs seeking new business opportunities. Within this guide, we provide valuable insights for international investors interested in Thailand's investment market, covering essential topics such as the Eastern Economic Corridor (EEC), corporate taxation, investment incentives, and the overall state of the country's economy.

This publication provides an overview and should not be used as a substitute for professional guidance specific to the reader's particular circumstances. The content contained in this Guide is derived from a variety of sources and is accurate to the best of our knowledge, based on information available as of March 2025. However, laws and regulations are subject to change at any time.

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Business in Thailand

Thailand's favorable economic conditions and strategic location make it an appealing choice for companies seeking international expansion. The country has embraced globalization and implemented investor-friendly policies. Key sectors such as manufacturing, tourism, agriculture, IT, and renewable energy are experiencing significant growth, offering opportunities for financial investments, new technologies, and business expansion.

Thailand's advanced logistical infrastructure and central location in ASEAN simplify distribution and trade, providing access to a consumer base of over 600 million people. The government's support for projects like the Eastern Economic Corridor (EEC) has facilitated foreign direct investment through tax breaks, reduced tariffs, and streamlined regulations.

With a business-friendly environment, growth potential, and official assistance make it an attractive option for investors. To succeed in Thailand, investors should seize opportunities and navigate the country's unique economic and political climate.



EEC, Thailand's Gateway to Asia



EEC (Eastern Economic Corridor)

The Eastern Economic Corridor (EEC) is a government initiative in Thailand aimed at revitalizing the eastern seaboard region. It focuses on transforming the provinces of Rayong, Chonburi, and Chachoengsao into special economic zones with attractive investment incentives. The EEC project seeks to draw foreign direct investment (FDI) and promote technological advancements to enhance the country's competitiveness.

Spanning an area of 13,266 square kilometers, the EEC aims to modernize Thailand's economy, positioning it as a leading economic and technological center in Asia. It offers enticing investment prospects, supported by attractive tax breaks through the Board of Investment (BOI), and a favorable business environment. The EEC's goals include improving connectivity, encouraging innovation and technology-driven businesses, and attracting high-value investments. EEC provides enticing investment prospects to diverse businesses thanks to its emphasis on the first five and seven new S-curve industries

Promoting Innovation and Technology

Thailand prioritizes research, development, innovation, and technology for economic growth and industry advancement. In the EEC businesses, universities, and government agencies collaborate to accelerate progress in key sectors through research and development efforts. The focus areas are renewable energy, digital technology, robotics, automation, biotechnology, and innovative manufacturing. Information sharing, entrepreneurial mindset, and state-of-the-art technology thrive within the numerous research facilities, technology parks, and innovation clusters established within the EEC. These initiatives aim to foster a dynamic and innovative environment, positioning Thailand as a leader in technological advancements and driving the country's overall development.



First Five Industries on the S-Curve

The top five industries on the S-curve that are both rapidly expanding and highly developed in terms of technology are the backbone of the EEC initiative. The EEC plans to capitalize on Thailand's existing capabilities in these areas to better compete on the world stage

Seven Emerging S-Curve Markets

After the initial five S-curve industries became successful, EEC looked for other promising sectors and found seven more. These sectors illustrate Thailand's dedication to innovation, sustainability, and cutting-edge technology.



Next-generation Automotive

- Electric Vehicles (EV)
- Autonomous Vehicles (AV)



Intelligent Electronics

- Smart appliances
- Microelectronics design
- 5G component manufacturing



Advanced Agriculture & Biotechnology

- Precision agriculture
- Bio-refinery and bio-extraction
- Post-harvest management
- Gene editing for plants and animals



Food for the Future

- Nutrition and supplements
- Functional food
- Novel food and plant-based food
- Flavors and fragrance Precision agriculture



High-value & Medical Tourism

- Medical and wellness tourism
- MICE and mega events



Automation & Robotics

- Industrial robots
- Service robots
- System integrator



Aviation & Logistics

- Aviation
- Maintenance repair and overhaul
- OEM for aircraft and parts
- Ground service equipment
- Logistics



Biochemicals & Biofuels

- Specialty materials (bioplastics)
- Biochemical (fatty acids, oleochemicals, lactic acids)
- Biofuel (bioethanol, biodiesel)



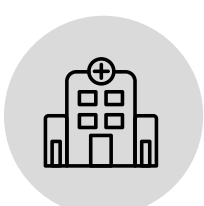
Education & HR development

- International universities
- Certification bodies for professional skills
- EduTech



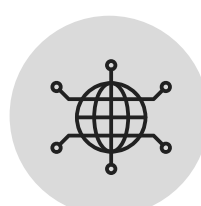
Defense

- Import substitution
- Maintenance
- Disaster management



Medical & comprehensive healthcare

- Next-gen health therapy
- Precision medicine and biopharma
- Regenerative medicine and advanced cosmeceuticals
- Pharmaceuticals and biopharmaceuticals



Digital technology

- Software, platform and AI
- Big data and advanced analytics
- Digital infrastructure
- Cloud (IaaS) and data center
- Cybersecurity

Infrastructure Projects

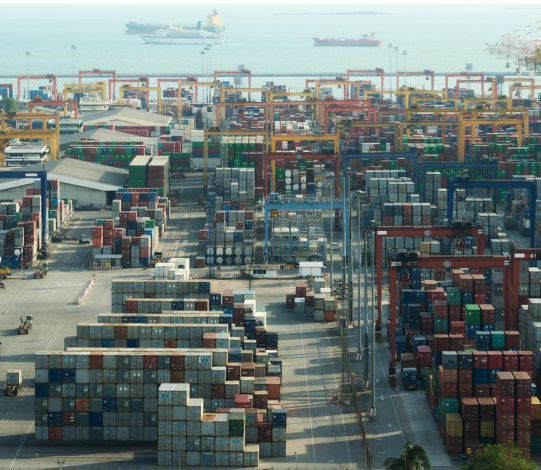
The primary goal of the EEC project is to bring the regional infrastructure up to international standards. This entails using current transportation hubs like airports, seaports, highways, and trains. The project aims to enhance the efficiency, capacity, and connectivity of these critical infrastructure components, making them more competitive on a global scale.

As of 2022, Phase I of the EEC project has been completed, marking a significant milestone. This initial phase successfully attracted a total capital investment of THB1.7tn (USD50bn). This substantial investment demonstrates the confidence and interest of both domestic and international investors in the potential of the EEC.

U-Tapao International Airport

Year of Operation: 2025

Third international airport, strategic central location serves as a crucial transit point, boosting aviation connections and facilitating trade. Linked to Bangkok by high-speed rail, the airport aims to accommodate 60 million passengers annually.



Laem Chabang Port Phase III

Year of Operation: 2025

Located in Chonburi, a major deep-sea port in Southeast Asia, is expanding its capacity, efficiency, and connectivity to handle increased trade volumes. With the installation of an automated system, the port aims to become a regional logistics center, accommodating 18 million TEUs and three million vehicles annually. This expansion solidifies its position as the primary marine gateway in the area.

Map Ta Phut Industrial Port Phase III

Year of Operation: 2026

The port's capacity will rise to an impressive 19 million tons per year, establishing itself as the shipment hub of Southeast Asia. Situated in the Map Ta Phut Industrial area of Rayong province, the phase 3 development of the port will encompass two terminals for handling natural gas and liquid materials. Additionally, the expansion project will include the development of surrounding areas to accommodate related industries like power plants and warehouses.



EEC of Innovation

A science and technology park in the EEC is known as the Eastern Economic Corridor of Innovation (EECi). It's the engine that keeps the wheels of science and technology turning. Established businesses, academic institutions, and startups can all benefit from the EECi's state-of-the-art facilities, research labs, and incubation centers. It encourages companies to engage in high-tech activities, promotes the spread of knowledge, and stimulates investment.

EEC Incentive

An EEC eligible business will receive privileges such as corporate income tax exemption and/or reduction for a period of up to 13 years, in accordance with the investment promotion law.

BOI has outlined specific criteria and incentives for activities promoted within the EEC. These incentives are categorized based on different zones as follows:

- **Industrial estate or promoted industrial zone** in the areas of Chachoengsao, ChonBuri and Rayong.
- **Special industry promotion zones**: listed on right

Investors seeking to apply for the incentives granted under the EEC policy must engage in eligible activities, holding tax incentives for five or more years (unless expressly excluded). Submission deadlines vary depending on the type of application.

These measures are aimed at attracting and promoting investments in the EEC, stimulating growth in strategic industries, and fostering technological advancements and innovation in Thailand.



EECa
Eastern Airport City



EECi
Innovation Platform



EECd
Digital Park



EECmd
Medical Hub



EECh
High-Speed Rail
Ribbon Sprawl

International Business Center (IBC)

International Business Center (IBC) is defined as a company incorporated under Thai law that provides services to its associated companies in overseas countries and/or in Thailand including international trade. The IBC regime replaces the previous regional operating headquarters (ROH), international headquarters (IHQ), and international trade center (ITC) regimes. It reflects the Thai government's commitment to positioning Thailand as an attractive investment destination, offering a range of incentives and benefits to international companies.

By aligning its tax measures with global standards, Thailand aims to enhance its competitiveness in attracting foreign investment and establishing itself as a preferred regional hub for businesses.

Included activities

IBC packages offered by the BOI cover a wide range of activities to support efficient business operations, categorized as follows:

- Planning, and business cooperation
- Procurement of raw materials and parts
- Research and development of products
- Technical support
- Marketing and sale promotion
- Human resources management and
- Training
- Financial advisory services
- Economic and investment analysis and research
- Credit management and control
- Financial management services of the Treasury Center
- International trade business
- Money lending services to associated enterprises
- Other supporting services

Conditions to qualify as IBC

1. The company must be incorporated under Thai law and provide qualifying support services or treasury services to its affiliated companies.
2. The company must have a minimum paid-up capital of Baht 10 million at the end of each accounting period.
3. The company must have annual operating expenditure in Thailand of at least Baht 60 million.
4. The company must have a minimum of 10 qualified employees, or a minimum of 5 qualified employees if it solely operates as a treasury center.



Treasury management services

Treasury management services in Thailand govern IBCs, their framework in Thailand encompass Thai Baht Treasury administration, borrowing, and lending, including compliance with exchange control regulations for operating a Treasury Center.

Facilitating global trade, the IBC system also covers the buying and selling of goods on an international scale. Ancillary services supporting international trade, such as commodity acquisition, storage, and packing & packaging, can be offered.

Overall, the IBC system enhances efficiency and effectiveness in treasury and trade operations for international businesses operating in Thailand.

Industry Focus

The IBC caters to manufacturing, information technology, banking, logistics, and customer service industries. The IBC encourages foreign companies to investigate opportunities in the Thai market by providing a meeting place for many different types of businesses. The IBC offers help and resources tailored to the sector's needs.

Support Services

Business consulting and backing

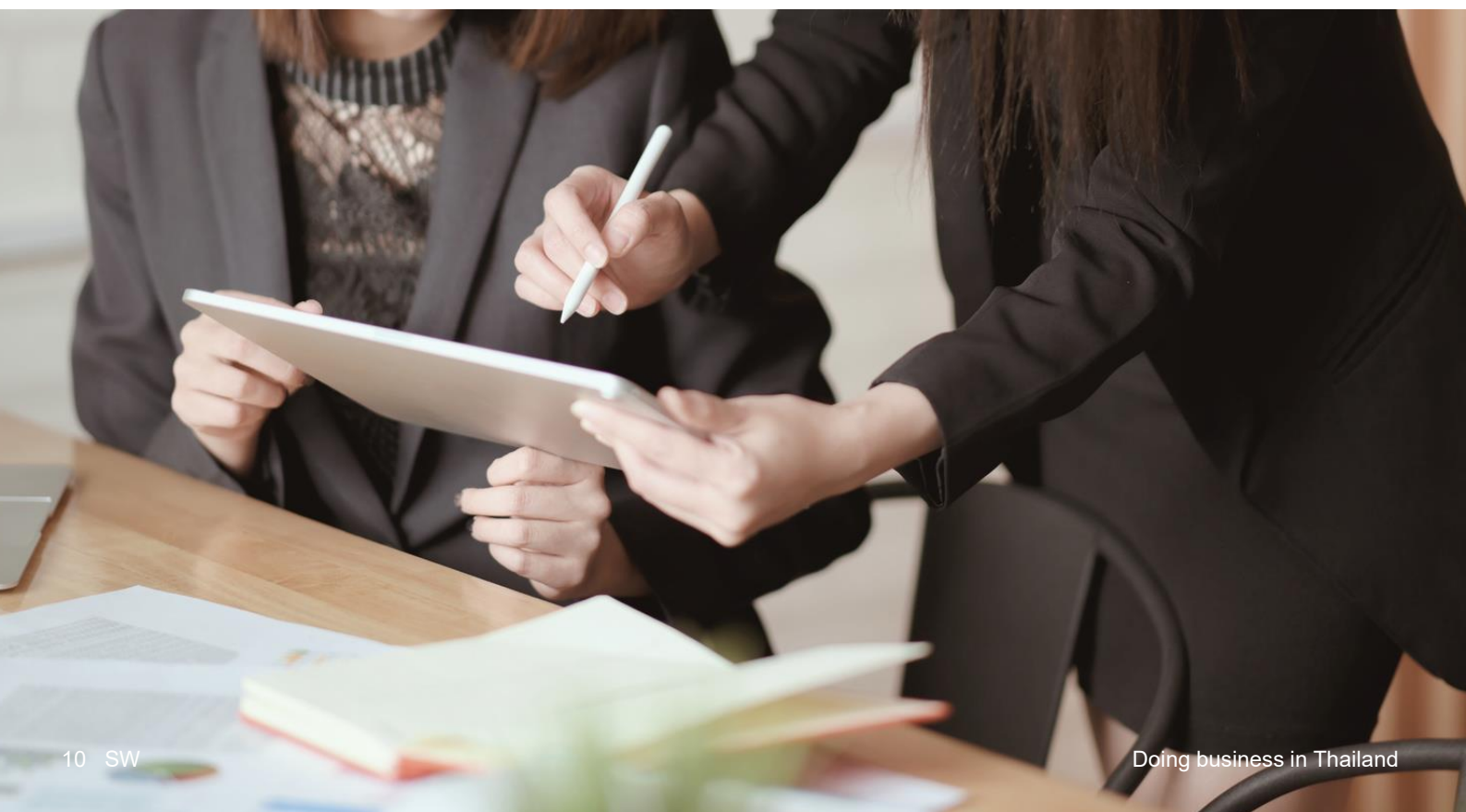
- IBC offers assistance to foreign businesses in understanding and operating in Thailand.
- Services include industry analysis, strategic planning, compliance with regulations, and business networking.
- IBC serves as a valuable resource for obtaining local market intelligence and establishing reliable business partnerships.

Talent Acquisition and HR support

- IBC facilitates the recruitment of qualified individuals by connecting international businesses with education and human resources networks.
- This results in a diverse and talented workforce in IBC companies.
- IBC assists with work permits, visas, and employee migration to attract and retain international talent.

Network and Collaboration

- IBC serves as a platform for networking and collaboration among businesses and organizations worldwide.
- Knowledge sharing, relationship building, and business synergy occur through events, seminars, and forums.



Business Taxation

The Revenue Code of 1938 serves as the primary taxation law in Thailand. The country employs a dual system for tax collection, including direct taxes (personal and corporate income taxes, petroleum income tax) and indirect taxes (value-added tax, excise tax, customs duties, stamp duties, specific business tax).



Thailand adopted the Multilateral Instrument in April of 2022, which went into effect on July 1.

Income tax in Thailand operates on a self-assessment basis, where taxpayers are responsible for declaring and paying taxes. However, the Revenue Department retains the authority to conduct tax audits and review taxpayers' financial records. Value-added tax (VAT) is applied to the consumption of goods, services, and imports.

Corporate Income Tax

Foreign companies operating in Thailand are taxed based on their activities within the country, while Thai corporations are subject to tax on their global income. The corporate income tax rate is set at 20%. For foreign corporations that do not conduct business in Thailand, a final withholding tax (WHT) is applicable to certain types of income. These companies are required to pay a dividend tax of either 15% or 10%, depending on the terms of any applicable double tax treaties. Small and medium-sized enterprises (SMEs) with paid-in capital below THB 5 million and limited income from products and services may qualify for lower tax rates. For instance, net earnings ranging from THB 300,000 to THB 3,000,000 can be taxed at a reduced rate of 15%.

Petroleum Tax

Operations of international oil corporations in Thailand are governed by concessions, production-sharing agreements, and service contracts. The payment of taxes on petroleum income is mandated by the Petroleum Income Tax Act (PITA) for production-sharing producers and concessionaires. However, companies in the petroleum industry with service contracts are not subject to PITA taxes but instead, follow the Revenue Code.



Corporate residence

A corporation's corporate residence is determined by its place of incorporation. Companies that have a registered address in Thailand are regarded as "resident companies." However, if a foreign corporation generates income in Thailand through its employees, representatives, or intermediaries, it is obligated to pay Thailand's Corporate Income Tax (CIT) and is considered to be "carrying on business in Thailand." The rules of any relevant Double Tax Agreement (DTA) apply in such cases. In essence, "carrying on business in Thailand" is synonymous with "doing business in Thailand."

Withholding tax

A withholding tax is required when a Thai company, Thai partnership, or foreign company with a branch or permanent operation in Thailand makes payments of taxable income to another entity. For domestic payments such as royalties, a withholding tax rate of 3% applies. For interest, professional services, hire of labor, and other payments, the withholding tax rates range from 1% to 3%.

Withholding Tax on foreign payments

Thai businesses can utilize the Foreign Earned Income Tax Credit to offset taxes paid in Thailand with dividends and business income earned abroad. The credit amount cannot exceed the income tax paid in Thailand. Additionally, credit is granted for the portion of Thai taxes that were withheld and paid during the first half of the year.



Foreign tax credit

Thai businesses can utilize the Foreign Earned Income Tax Credit to offset taxes paid in Thailand with dividends and business income earned abroad. The credit amount cannot exceed the income tax paid in Thailand. Additionally, credit is granted for the portion of Thai taxes that were withheld and paid during the first half of the year.

Double Tax Treaties

Agreements between Thailand and sixty-one other nations. These treaties serve to regulate international transactions and provide protection against double taxation.

Other Taxes

In addition to the Corporate Income Tax (CIT), businesses operating in Thailand are also subject to various other taxes. These include property tax, excise tax, and customs duty. These additional taxes contribute to the overall tax obligations that businesses in Thailand need to fulfill.

Value-Added Tax (VAT)

The current Value-Added Tax (VAT) rate in Thailand is 7%. The standard VAT rate is 10% for most goods and services. However, certain categories of goods and services may be exempt from VAT or eligible for a VAT waiver.

VAT applies to individuals or entities that supply goods or services on a regular basis and have an annual turnover exceeding THB 1.8 million. A supplier of services to an offshore entity will also have to pay VAT if the services are used in Thailand. VAT also applies to any import of goods or services. To report and pay VAT (without deducting input tax), businesses must use the online system provided by the Revenue Department.

Specific business tax (SBT)

In addition to the VAT, there is another tax called the Specific Business Tax (SBT) in Thailand. The SBT applies to certain businesses that are exempt from VAT. The tax is calculated based on the total sales made by these businesses. The specific business tax rates vary depending on the type of business activity, shown as follows:

Business	Tax /Base	Tax Rate
1. Banking, Finance and similar business	Interest, discounts, service fees, other fees, profits from foreign exchange	3%
2. Business of finance, securities and credit foncier	Interest, discounts, service fees, other fees, profits from foreign exchange	3%
3. Life Insurance	Interest, service fees and other fees	2.5%
4. Pawn Brokerage	Interest, fees, remuneration from selling overdue property	2.5%
5. Business with regular transactions similar to commercial banks	Interest, discounts, service fees, other fees, profits from foreign exchange	3%
6.Real estate	Gross receipts	0.1%

Stamp duty

Stamp duty is a tax levied on various documents and instruments in Thailand. There are 28 different categories of documents that are subject to stamp duty, including insurance policies, loans, share transfers, leases of land or buildings, and employment contracts. The rate of stamp duty varies depending on the nature of the document. For contracts, the standard rate is 1 THB per 1,000 THB. For other commercial or non-contractual documents, a flat fee is charged.

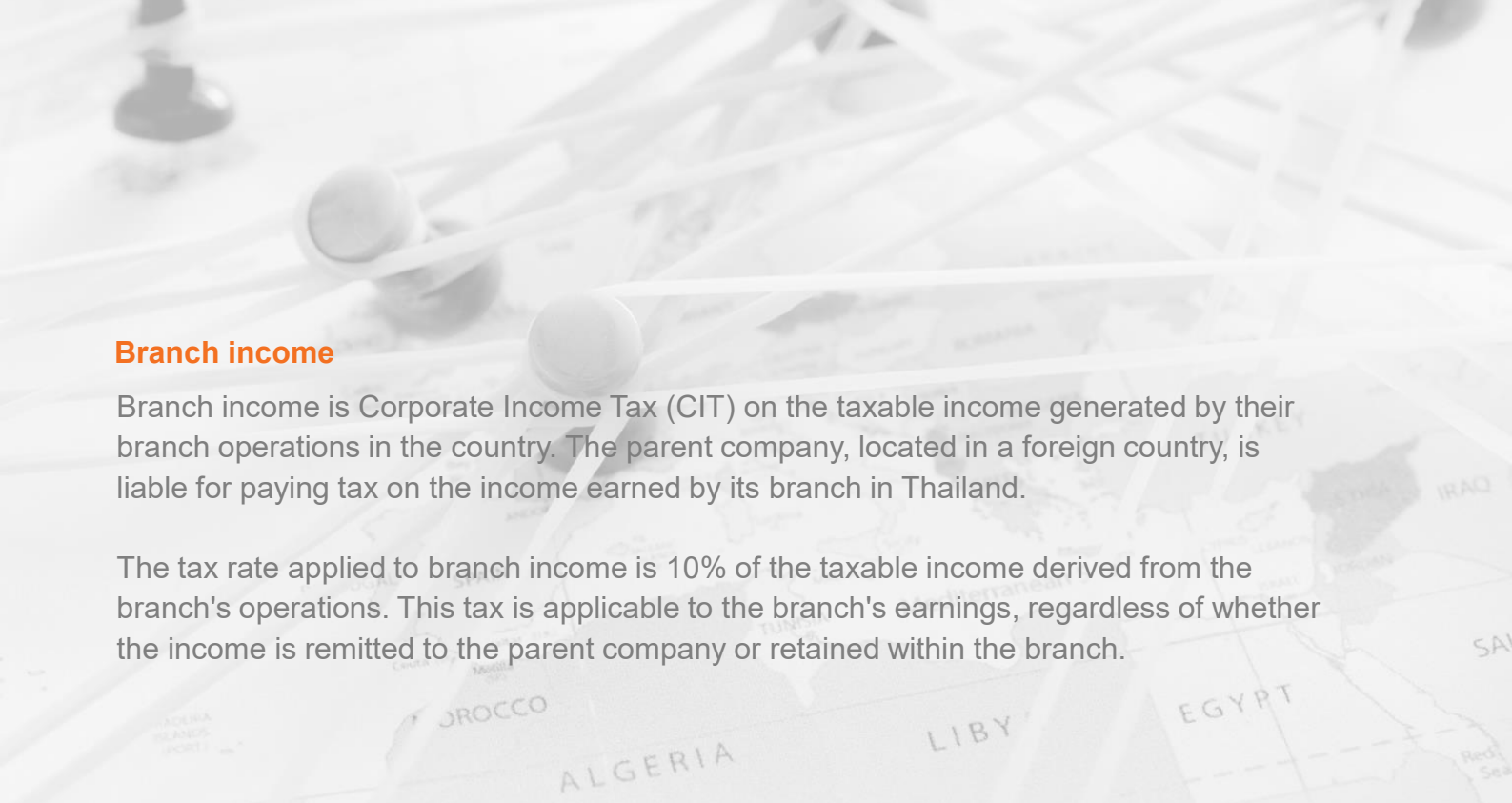
Stamp duty is typically filed and paid electronically for digitally transmitted items. There is a 15-day grace period after the execution of the document for filing and payment. If the stamp duty is paid late, penalties ranging from 200% to 600% may be imposed on the outstanding amount.

Capital tax

Not subject to tax in Thailand.

Payroll tax

Payroll tax in Thailand includes the withholding of Personal Income Tax (PIT) from employee wages and other compensation by the employer. The employer is responsible for deducting the applicable tax amount from the employee's income and remitting it to the Revenue Department.



Branch income

Branch income is Corporate Income Tax (CIT) on the taxable income generated by their branch operations in the country. The parent company, located in a foreign country, is liable for paying tax on the income earned by its branch in Thailand.

The tax rate applied to branch income is 10% of the taxable income derived from the branch's operations. This tax is applicable to the branch's earnings, regardless of whether the income is remitted to the parent company or retained within the branch.

Income determination

Capital gains

There are no rules in Thailand regarding capital gains. When determining taxable income, capital gains are considered part of a Thai company's "ordinary revenue." However, for non-Thai companies that do not conduct business in Thailand, there is a withholding tax (WHT) of 15% imposed on capital gains arising from the sale of Thai investments.

The buyer often withholds this tax unless the payments are exempt from Double Tax Treaty (DTT). Prices made by foreign firms outside of Thailand are subject to a 15% withholding tax.

Foreign Income

Foreign income is subject to taxation in Thailand. Foreign income is typically subject to accrual taxation. To avoid double taxation, Thailand provides a foreign tax credit mechanism.

Net operating losses

Losses in Thailand can be carried forward for up to five accounting periods to offset against future profits. However, the carryback of losses to offset previous profits is not permitted. Additionally, a change in control or ownership of a loss-making company does not impact its ability to carry forward and utilize its accumulated losses.



Dividend income

In Thailand, dividend income may be subject to certain tax exemptions based on specific conditions.

- 1** Suppose a listed Thai company holds shares in another Thai company for at least three months before and after the distribution, the dividend income is generally not subject to Thai corporate income tax.
- 2** Suppose a non-listed company retains at least 25% of the total shares with voting rights in another Thai company for at least three months before and after receiving a dividend, it may be exempt from paying taxes on the dividend income.
- 3** If a Thai company owns at least 25% of the voting shares in an overseas company and has held them for at least six months, and if the dividend payment was made from the foreign net profit that was taxed at a rate of at least 15%, then the dividend payment is exempt from Thai income tax.

Transfer Pricing

Branch income is Corporate Income Tax (CIT) on the taxable income generated by their branch operations in the country. The parent company, located in a foreign country, is liable for paying tax on the income earned by its branch in Thailand.

The tax rate applied to branch income is 10% of the taxable income derived from the branch's operations. This tax is applicable to the branch's earnings, regardless of whether the income is remitted to the parent company or retained within the branch.

Thailand reports transfer prices at two levels:

Partial Disclosure

Taxpayers subject to the partial disclosure requirement must submit a transfer pricing disclosure form to the Revenue Department online when filing their annual tax return. This level of reporting informs the taxpayer about its transfer pricing and related-party activities.

Full Disclosure

In addition to partial disclosure, applicable taxpayers must prepare comprehensive transfer pricing documentation, including local and master files for larger firms. This includes transfer pricing information. The transfer pricing disclosure form should be kept for five years after submission. The Revenue Department must receive transfer pricing documentation within 60 days of the request.

Thin capitalization

Thailand does not have specific thin capitalization rules in place. However, for certain businesses or as a condition for receiving tax incentives, there may be requirements regarding the debt-to-equity ratio.

Controlled foreign companies (CFCs)

Controlled Foreign Corporations (CFCs) are exempt from tax in Thailand.

Rate of Tax and due dates

The corporate income tax rate in Thailand is generally 20%. However, there are preferential tax rates available for small and medium-sized enterprises (SMEs) with an annual taxable income of less than 300 million THB.

Companies in Thailand have a deadline of 150 days after the end of their accounting period to file their annual corporate income tax filings. For businesses with a fiscal year closing on December 31, the tax return is due by May 30. It is important to submit the tax return on time to avoid penalties and interest charges.

Collaboration on the Use of a Multilateral Instrument

In December 2021, Thailand signed the Multilateral Instrument (MLI) and ratified it in April 2022. The MLI was established by the Organization for Economic Cooperation and Development (OECD) to combat base erosion and profit shifting (BEPS) concerns. It aims to prevent the misuse of tax treaties and enhance the resolution of tax disputes.

Thailand implemented tax reforms in alignment with the MLI on July 1, 2022. As part of these reforms, Thailand is updating its tax treaties with other MLI member countries. These updates are designed to facilitate the exchange of tax information and introduce anti-avoidance measures. By adopting the MLI, Thailand demonstrates its commitment to combating tax fraud and creating a transparent global business environment.

Investment Incentives

Government Incentives

The Thai government provides incentives to promote business growth and attract investments, including those offered by the EEC, IBC, and BOI. These initiatives reflect Thailand's commitment to creating a conducive business environment and attracting domestic and international investments.

01

Eastern Economic Corridor (EEC)

Provides tax breaks, streamlined administrative processes, and land ownership rights to businesses operating within its designated area.

02

Board of Investment (BOI)

Provides tax and non-tax incentives to local and foreign investors to encourage them to invest in the targeted industries.

03

International Business Center (IBC)

Offers benefits such as tax incentives and support for establishing regional headquarters.

BOI's Incentive Under the Investment Promotion Act

For over five decades, the Board of Investment (BOI) has played a pivotal role as the primary government agency responsible for promoting investments in Thailand. The BOI strives to attract both local and foreign investors by offering a comprehensive range of tax and non-tax incentives. These incentives are specifically designed to encourage investments in targeted industries, fostering economic growth and development.

To obtain BOI investment promotion, applicants must comply with the conditions prescribed by the board, as outlined in the BOI promotion certificate, granted as follows (next page):

TAX INCENTIVES

- Exemption/reduction of import duties on machinery.
- Reduction of import duties for raw or essential materials.
- Exemption of import duties on materials imported for R&D purposes.
- Exemption of corporate income tax on the net profit and dividends derived from the promoted activity.
- A 50 percent reduction of the corporate income tax.
- Double deduction from the costs of transportation, electricity and water supply.
- Additional 25 percent deduction of the cost of installation or construction of facilities.
- Exemption of import duty on raw or essential materials imported for use in production for export.

NON-TAX INCENTIVES

- Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities.
- Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permit to own land.
- Permit to take out or remit money abroad in foreign currency.

Activity Based Incentives

Incentives for business activities are categorized based on their level of importance. Group A activities are eligible for both tax and non-tax benefits, while group B activities primarily receive non-tax benefits along with potential import duty benefits, if applicable. The specific activities falling under each group and the incentives granted for each group are detailed below.

- **Group A:** consists of activities that will be given corporate income tax incentives, import duty incentives on machinery and raw materials, and various non-tax incentives.
- **Group B:** consists of activities that qualify for import duty incentives on machinery and raw materials, along with other non-tax incentives.

The Board of Investment (BOI) continues to provide six different packages of incentives to support and promote investments as follows:

Activities Group	Corporate Income Tax exemption	Exemption from import duty for machinery	Import duty exemptions on raw materials used in R&D	Corporate Income Tax exemption	Non-tax incentive	In case of projects located in specific areas		
						EEC Promoted Zones		Industrial Estates / Industrial Zones
A1+: Upstream industries using advanced technology and innovations like electronics and targeted technology development activities (e.g., biotech, nanotech, advanced materials). They must have technology transfer arrangements with educational or research institutes.	10-13 years	✓	✓	✓	Additional 2-year corporate income tax exemption	Additional 1-year corporate income tax exemption		Additional 1-year corporate income tax exemption
A1: Knowledge-based activities focused on research and development (R&D) and design, aimed at enhancing the competitiveness of the country.	8 years	✓	✓	✓	50% reduction of corporate income tax for an additional 3 years	50% reduction of corporate income tax for an additional 2 years		-
A2: Activities related to infrastructure development and the utilization of advanced technology to create value-added products or services. These activities typically have limited or no existing investments in Thailand.	8 years	✓	✓	✓				
A3: High-technology activities that are crucial for the country's development, with a few existing investments already present in Thailand.	5 years	✓	✓	✓				
A4: Activities that may have lower technology levels compared to A1-A3 but still add value to domestic resources and strengthen the supply chain.	3 years	✓	✓	✓				
B1-B2: Activities that may have lower technology levels compared to A1-A3 but still add value to domestic resources and strengthen the supply chain.	Merit for some activities	Only B1 Available	✓	✓	-	-		-

Corporate Income Tax Exemptions

Companies that can complete the requirements may be eligible for a corporate income tax exemption for a set period. Approved projects can receive tax exemptions or reductions in corporate income tax for up to 13 years under the investment promotion act. Thai government incentives help international investors earn higher profits and expand their operations in the country.

Requirements

Companies operating in Thailand may be eligible to benefit from the government's tax incentive and investment promotion schemes. The eligibility criteria for these tax breaks revolve around several key requirements:

Focus on High-Priority Industries

This includes EEC 12 targeted industry and sectors such as manufacturing, exporting, research and development, and technological progress fall into this category.

Minimum Investment or Capital Expenditures

This may be necessary to qualify for the tax exemption. This typically involves investments in essential assets like machinery, buildings, and infrastructure.

Long-Term Commitment

The corporation may need to commit to continuing operations in Thailand for a minimum number of years. This ensures a sustained investment presence in the country.

R&D and Human Resources Development Incentives

To qualify for incentives in HR development: To be eligible for incentives, the project must collaborate with educational institutes through formats like Work-Integrated Learning, cooperative education, or dual vocational training programs. A collaboration plan for student admission or university-student admission to vocational training must be submitted, with a minimum requirement of 10% of total employees or 40 persons, whichever is lower.

To qualify for incentives in RD development: The project must invest at least 1% of total sales in the first 3 years or a minimum of 200 million baht in research and development activities related to technology and innovation. The project can conduct the activities internally, employ others domestically, or collaborate with foreign institutions.

EEC Investment zone Incentives

Tax and non-tax incentives are offered to companies that operate in EEC's industrial estate, promoted industrial zone, and special industry promotion zones. The qualified projects located in the EEC will receive better incentives than the normal BOI incentives. Compared to the standard BOI incentives, qualified projects in the EEC receive enhanced benefits. Foreign investors can hold 100% shares in companies established for EEC investments.

Land Ownership

Foreign investors can explore options for land ownership or secure land leases for 50 years, with the possibility of renewal for an additional 49 years within the EEC region. This provision allows foreign companies to have a stake in the land where their assets are located, providing them greater control and security in their operations.

Exemption/Reduced of Import Duties

Exemption and 90% reduction of import duties on raw and essential materials used in manufacturing for export for a period of 5 or 10 years depending on the region.

Exemption of import duties on machinery is also available. New machinery should be used to qualify for BOI promotion. However, import duties on certain machinery or other necessities may be waived or reduced for eligible businesses. Criteria for granting approval for imported used machinery are as follows:

Type of machinery	Allowed to be used	Counted as investment capital	Import duty exemption
New machinery	✓	✓	✓
Used machinery not exceeding 5 years old (from manufacturing years to import year)	✓	✓	✗
Used machinery exceeding 5 years but not exceeding 10 years	✓	✓	✗

Streamline Rules

Thanks to the regulatory reforms implemented by the Thai government, foreign investors can now enjoy improved ease of establishing and operating businesses in Thailand. These reforms have resulted in a more favorable business environment by removing barriers that previously hindered foreign investment. As a result, foreign investors can confidently capitalize on the opportunities and benefits offered by the Thai market. The regulatory reforms have streamlined processes and simplified key aspects such as company registration, labor licenses, and visas. These changes aim to facilitate a smoother and more efficient experience for foreign investors, while also reducing administrative costs.

By implementing these reforms, the Thai government demonstrates its commitment to attracting foreign investment, fostering economic growth, and cultivating international business partnerships. These measures reflect the government's proactive approach in creating a conducive environment that encourages and supports foreign investors in establishing and operating businesses in Thailand.

Strategic Collaboration Initiatives

The strengthening cooperation between Thailand and China has significantly bolstered business activities between the two nations. These collaborative efforts aim to foster mutually beneficial outcomes, including enhanced market access and shared economic benefits. As investors navigate this landscape, it becomes crucial to leverage these strategic connections to gain a competitive advantage in the market.

Investors can explore potential joint ventures and investment opportunities in Thailand by capitalizing on the growing ties between Thailand and China. This presents a valuable opportunity to tap into new customer bases and expand business operations. The strategic collaboration between the two countries opens doors for deeper engagement and market penetration, enabling businesses to seize growth prospects and establish fruitful partnerships.



Thailand's Industry Brief

Thailand's strong manufacturing, service, and agricultural sectors have positioned it as a prominent economy in Southeast Asia. With a population of 69 million and its advantageous location, Thailand has become a regional hub for commerce and investment. Many foreign companies have established their presence in Thailand, benefiting from its favorable business environment and market opportunities.



Thailand is projected to experience average annual growth of 3.5% between 2023 and 2025, surpassing the previous year's growth and outperforming major advanced economies. Several factors contribute to this positive outlook:

1) The tourism sector is expected to recover, contributing to job creation, although pre-pandemic levels of foreign arrivals may not be reached until 2025.

2) Private-sector investment, particularly in tourism-related services and businesses transitioning to the digital economy, will rebound. Infrastructure megaprojects, particularly in the Eastern Economic Corridor (EEC), will also drive investment.

3) Rising consumer confidence will drive private-sector consumption, aided by improved labor market conditions and increased spending by higher-income consumers.

4) While global trade challenges and geopolitical tensions may slow export growth, certain products, and markets, such as within the ASEAN zone and food/agricultural products, offer positive export prospects.

Manufacturing Sector

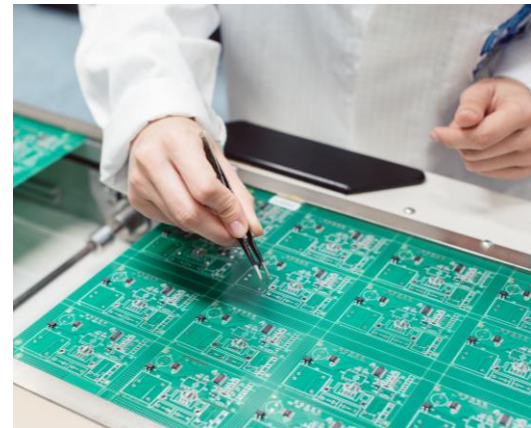


Automobile sector

Thailand's automobile sector has experienced significant growth in recent years, attracting international car manufacturers to establish operations in the country. The industry benefits from a skilled labor force, a robust supply chain, and supportive government policies. Thailand is known for manufacturing motorcycles, automobiles, and trucks, contributing to its position as a key player in the global automotive market.

Electronic appliances

Thailand is a major producer of electronic goods and home appliances, with numerous manufacturing plants spread across the country. The electronics industry in Thailand encompasses a wide range of products, including home appliances and consumer electronics. The country's strategic location provides easy access to regional markets, while its well-developed infrastructure and skilled labor force contribute to its competitiveness in this sector.



Food processing sector

Thriving food processing industry results from the country's rich agricultural resources. Popular items include preserved produce, meats, and shellfish. The expansion of this industry can be attributed to Thailand's diverse agricultural landscape, state-of-the-art processing technologies, and commitment to adhering to international quality standards.

Crops and Farming

Most Thais find jobs in agriculture, and it guarantees the country's food supply is secure. Exports include rice, rubber, citrus, and fish. Climate, soil, and modern farming techniques contribute to Thailand's agricultural prosperity. Government initiatives encouraging ecologically responsible agriculture and boosting production have benefited the sector.

Travel and Tourism

The influx of millions of tourists annually booms Thailand's economy. The beautiful landscapes, diverse culture, and friendly locals bring visitors worldwide to this country. The beaches, landmarks, urban centers, and gastronomy make strong cases. Hospitality, transportation, and retail all benefit from the influx of tourists and their spending.

Government Support

The Thai government has implemented various programs to foster economic expansion and attract investments in strategic sectors. These initiatives include:

Infrastructure

Tax and non-tax incentives are offered to companies that operate in EEC's industrial estate, promoted industrial zone, and special industry promotion zones. The qualified projects located in the EEC will receive better incentives than the normal BOI incentives. Compared to the standard BOI incentives, qualified projects in the EEC receive enhanced benefits. Foreign investors can hold 100% shares in companies established for EEC investments.

Technology and Innovations

Prioritizing technology and innovation-based sectors, such as high-tech manufacturing, robotics, and digital technology. The government provides funding and actively promotes partnerships among research facilities, private sector organizations, and educational institutions to drive technological advancements and innovation in the country.



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