

Thailand's Act on Enhancement of Competitiveness for Targeted Industries Comes into Force

On 13th February 2017, the Act on National Competitive Enhancement for Targeted Industries B.E. 2560 (A.D. 2017) was published in the Royal Gazette (the “Act”), coming into force on and from 14th February 2017. The Act aims at promoting investment that is in line with Thailand 4.0 and the National Agenda on investment of new technologies and high-impact investment.

Under the Act, the target industries that will benefit from the Act have to be new to Thailand or use new technology or advanced production that will bring in development and promotion of innovation.

Incentives given to promoted projects of the targeted industries according to the Act can be categorized into three main groups, i.e. (1) existing incentives under the current Investment Promotion Act except for the tax incentives, (2) up to 15 years exemption from corporate income tax, (3) subsidy from the Fund for Enhancement of Competitiveness for Targeted Industries established by the Act with the government seed money of THB10 billion (around US\$285 million) for investment projects engaged in research and development or human resource development in specific areas.

Existing incentives under the current Investment Promotion Act that will be given to a promoted project under the Act includes, for example, permitting foreigners to have a shareholding in excess of the foreign shareholding limit specified by the Foreign Business Act; permitting foreigners to own land; exemption or reduction of import duties on machinery and essential or raw materials. The only incentives under the Investment Promotion Act which are excluded for a promoted project under this Act are the tax exemption and deductibles as the Act already gives up to 15 years exemption of the corporate income tax.

The Act also established the Committee on Policy for National Competitive Enhancement for Targeted Industries (the “**Committee**”) where the Board of Investment (BOI) is its secretariat. The Committee is responsible for setting up a strategic plan to enhance national competitiveness and specify the types of industries to be promoted. There will also be the Sub-Committee on Nomination and Negotiation which is responsible to look for and negotiate with potential investors to invest in the targeted industries and get incentives under the Act.

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