

## Eastern Economic Corridor Act Becomes Effective

The National Legislative Assembly passed the Eastern Economic Corridor Act B.E. 2561 (“EECA”) in February 2018 and it was published in the Government Gazette on 14<sup>th</sup> May 2018 and has become effective since 15<sup>th</sup> May 2018.

The EECA establishes the EEC Policy Committee (“EECPC”) chaired by the Prime Minister and the EEC Office (“EECO”) to implement and enforce the EECA.

The EECA provides incentives and benefits to Thai and non-Thai business operators operating in the Special Economic Promotion Zone (“SEPZ”) in Chonburi, Rayong and Chacheongsao.

The 10 targeted industries (automotive, smart electronics, affluent and wellness tourism, agriculture and biotechnology, food for the future, robotics, aviation and logistics, biofuels and bio-chemicals, digital technology, and medical hub) are given priority.

Prior to the EECA, the Government established several promotional zones in the EEC area. They are recognized as the SEPZ under the EECA. As of May 2018, there are 24 SEPZs in the EEC area.

Tax and non-tax incentives offered in the SEPZ under the EECA include the followings:

1. Foreigners can own land in the SEPZ for business operation or own a condominium for residential purposes.
2. A lease or a sublease of land and other immovable properties in the SEPZ can be for a period of 50 years plus one-time renewal for not more than 49 years.
3. Foreign skilled labors and their spouses, children and dependents in the SEPZ are entitled to tax reduction, right of immigration, work permit and other rights prescribed by the EECPC.
4. Foreign business operators are allowed to bring into Thailand skilled labors, executives and specialists to work in the SEPZ, including their spouses, children and dependents.
5. Foreign skilled labors, executives and specialists working for businesses in the SEPZ can work in Thailand without a work permit upon receiving a permit from the Secretary General of the EECO.
6. Foreign business operators are entitled to tax exemption or tax reduction up to the limits under the investment promotion law and the law on enhancement of competitiveness for the targeted industries.

7. Exporters and importers in the SEPZ are exempted from compliance to all or part of the customs law.
8. Foreign business operators are exempted from compliance to all or part of the exchange control law.
9. Foreign currencies can be used for payment of goods and services within the SEPZ subject to conditions imposed by the EECPC.
10. Licensed foreign professionals can practice in the SEPZ subject to requirements and conditions to be imposed by the EECPC.
11. Other rights and privileges under the investment promotion law and the law on enhancement of competitiveness for targeted industries to be granted by the EECPC on a case-by-case basis.
12. The authorities to approve license applications under several laws, i.e. building control law, factory law, etc. being transferred to the EECPC to simplify legal restrictions on foreign investment.

Investor can now apply for investment privileges under the EECA with the EECO through the Board of Investment (“**BOI**”) Office. The BOI will coordinate with the EECO in relation to reviewing applications and granting privileges to investors under the EECA. Investors can also apply for investment privileges directly with the EECO.

The EECO is now establishing EEC One Stop Service Centers (“**OSSC**”) in Bangkok, Laem Chabang Industrial Estate and Map Ta Phut Industrial Estate in Rayong to handle applications for permissions and licenses necessary for business operation in the SEPZ.

The EECO is also establishing an e-permission & privilege system to facilitate the applications and approvals online.

Several implementation rules and regulations are expected to be issued soon by the EECPC. We will keep our readers informed.



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