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Committee on Subsidies and Countervailing Measures

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## SUBSIDIES

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

#### THAILAND

The following communication, dated 3 November 2015, is being circulated at the request of the Delegation of Thailand.

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Pursuant to Article XVI:1 of the GATT 1994, and Article 25 of the Agreement on Subsidies and Countervailing Measures (ASCM), Thailand would like to submit herewith our new and full notification, for the period covered since 1 January 2013 – 31 December 2014, in accordance with the above obligations.

The notification process is intended, for the purposes of transparency, to clarify the operation of programmes or measures. In this regard, further to Article 25.7 of the ASCM, the notification does not prejudice the legal status, nature or effects of notified programmes or measures under the ASCM and GATT 1994.

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## 1 INVESTMENT PROMOTION INCENTIVES

### 1. Title of the subsidy programme

Investment Promotion Incentives.

### 2. Period covered by the notification

1 January 2013 – 31 December 2014.

### 3. Policy objective and/or purpose of the subsidy

Due to significant changes in both domestic and international economic and investment landscape, the Board of Investment deems it appropriate to revise the investment promotion policies and criteria to respond to the current and future situation to be in line with the direction of Thailand's development under the National Economic and Social Development Plan and the country's development policies for the agricultural, industrial and services sectors in order to enhance the country's competitiveness and achieve sustainable development in the long run.

### 4. Background and authority for the subsidy

The legal basis of the investment promotion incentives is the Investment Promotion Act (1977) amended in 1991 and 2001. The responsible authority is the Office of the Board of Investment (BOI).

### 5. Form of the subsidy

Tax concessions such as exemption/reduction of corporate income tax, exemption/reduction of import duties on machinery, reduction of import duties on raw materials, and special deduction of certain expenditures.

### 6. To whom and how the subsidy is provided

A wide range of activities covering all sectors are eligible for investment promotion incentives. The scheme is not specific to any particular sector. Moreover, companies in every province in Thailand can have access to the investment promotion incentives. However the Board of Investment has established the criteria in granting tax incentives, which are generally based on the importance of activities and merits of projects. Additionally investment promotion zones<sup>1</sup> are specified as follows:

- o Twenty provinces with low per capita income: Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothorn, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen
- o Special economic development zones
- o Science and Technology Parks

The following incentive are granted:

1. Exemption of import duty for machinery.
2. Exemption of import duty on raw or essential materials used in manufacturing export products for one year extendable.
3. Three – eight year corporate income tax exemption.
4. Other non-tax incentives such as permission to own land, facilitation for visas and work permits for foreign experts.

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<sup>1</sup> Additional incentives given to investment promotion zones are three additional corporate income tax exemption; 50% reduction of corporate income tax on net profit for five years after the corporate income tax exemption period expires; and double deduction from taxable income of water, electricity, and transportation costs for ten years; and deduction from net profit of 25% of cost of installation or construction of infrastructure facilities for ten years starting from the date of first revenue.

7. Amount of the subsidy

There is no specific budget earmarked for investment promotion incentives. The information on the subsidy per unit therefore cannot be provided. No statistics on corporate income tax exemption and reduction are available.

8. Duration of the subsidy and/or anytime attached to it

The duration of the Investment Promotion Incentives programme is indeterminate. However, the incentives granted to each investment are subject to certain time limits.

**2 INDUSTRIAL ESTATE AUTHORITY OF THAILAND (I-EA-T)**1. Title of the subsidy programme

I-EA-T investment Privileges.

2. Period covered by the notification

1 January 2013 – 31 December 2014.

3. Policy objective and/or purpose of the subsidy

I-EA-T Investment Privileges aim to promote the establishment of industrial plants and industrial related activities in privilege areas in industrial estates in Thailand to accelerate industrialization process of the country and create more value products. Meanwhile, the growth of industries is made in a harmony with environmental management and quality of life in order to guarantee balanced development of economy, environment, and society.

4. Authority for the subsidy

The legal basis of the I-EA-T Investment Privileges is specified in Industrial Estate Authority of Thailand Act B.E. 1979 amended in 1991, 1996, and 2007. The authorized organization is I-EA-T.

The current I-EA-T Act (No. 4) B.E. 2007 was approved by the Parliament in 2007.

5. Form of the subsidy

I-EA-T Investment Privileges cover the exemption of payment of surcharge under the law on promotion of investment, import duty, value added tax on machinery, equipment, tools and supplies, including the component there of which are essential for the production of goods, as the case may be, and on materials to be used for the construction, assembly or installation of factory or building and goods imported and taken into privilege areas by industrial operators and traders for used in the production of goods.

6. To whom and how the subsidy is provided

Privileges are provided to the industrial operators who are permitted to engage in industrial operation in privilege areas in industrial estates.

7. Amount of the subsidy

No specific budget provided.

8. Duration of the subsidy and/or any other time limits attached to it

Upon operation period.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.