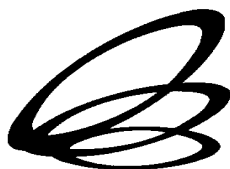


ศูนย์บริการลงทุน
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ข่าวสำหรับสื่อมวลชน / PRESS RELEASE

No. 43/ 2563 (O.19)
13 April 2020

**Thailand BOI Approves Steps to Ease COVID-19 Impact,
Accelerate Investment in Medical Sector**

The Board of Investment of Thailand (BOI) today approved a series of measures to mitigate the impact of the coronavirus or COVID-19 outbreak on business, including steps to encourage rapid investment in the manufacturing of medical equipment.

The board also approved incentives to promote technology-based “smart farming” solutions as well as research and development in a broader range of sectors.

“In face of the unprecedented situation resulting from the virus outbreak, we have taken a range of measures to address the urgent needs of affected business sectors,” Ms Duangjai Asawachintachit, Secretary General of the BOI, said at a press briefing after a board meeting chaired by Prime Minister Gen Prayut Chan-ocha in Bangkok. “The measures for the medical sector aim to enable a rapid response to the situation, while paving the way for longer-term development.”

To address the increased demand for medical equipment and supplies resulting from the outbreak, the BOI approved amendments to BOI-eligible businesses and enhanced benefits related to the medical sector with a view to accelerating investment in the production of important medical equipment and supplies. Moreover, support will also be given to the modification or transformation of existing production lines to increase the domestic availability of medical supplies, Ms Duangjai told a press conference held online to respect social distancing rules.

The measures approved today include the following:

Accelerate investments in the medical sector

(1) Apart from the 3 to 8 year tax holidays, a reduction of 50 percent of corporate income tax for an additional 3 years will be given to qualified investments in the medical sector. Examples include the production of medical devices and parts, non-woven fabric used as raw materials in the production of medical supplies, diagnostic test kits, drugs, and active pharmaceutical ingredients. This measure covers projects that apply for promotion

between 1 January and 30 June 2020 and must start production and generate income by 31 December 2020. Distribution or donation domestically of at least 50 percent of the output must take place in 2020-2021.

(2) A measure to support the adjustment of existing production lines to manufacture medical devices or parts by exempting import duties on machinery on the condition the equipment is imported within 2020 and the application for production line adjustment is filed by September 2020.

(3) Adjustments to the benefits granted for the production of raw materials used in the manufacture of medical products to encourage a more complete value chain in Thailand. For instance, pharmaceutical grade alcohol production can now be entitled to an 8-year corporate income tax exemption. Additional benefits will also be granted for the production of non-woven fabric used as raw materials for the production of medical masks or medical devices, by expanding the corporate income tax exemption to 5 years, from 3 years.

Temporary relaxation of investment conditions

A relaxation of investment conditions was approved to mitigate the impact of the virus outbreak, which has affected economic activity both directly and indirectly on BOI promoted businesses, Ms Duangjai said. The board agreed to relax deadlines in cases such as the duty-free importation of machinery and the full operation start-up, as well as waivers for applications for temporary cessations of operations for a period of more than two months.

Support for the management of water resources

The BOI today approved the inclusion of the management of water resources in its earlier announced scheme to encourage private sector participation in support of projects improving the competitiveness of the grassroots economy. The approved extension will allow companies to enjoy tax benefits for up to 3 years and equivalent to 120% of the amount they invest in projects supporting the holistic management of water resources which contributes to flood prevention and helps mitigate the impact of the drought affecting parts of the country. The extension covers projects such as connecting water sources to reservoirs, installing plumbing systems, digging wells to store water, and the installation of wastewater recycling plants, using reverse osmosis water treatment technology to be installed in local communities.

Support to Research and Development

The BOI has broadened the scope of activities eligible for duty-free importation of materials used in research and development to cover all activities required to conduct R&D.

Encourage the development of smart farming

To encourage investment in technologies supporting the modernization of the agricultural sector and allow local start-up enterprises to participate in the overall

development of digital platforms, the BOI has simplified the conditions of investment promotion of smart farming service while retaining attractive tax incentives.

Approval of Mitsubishi Motors' EV investment project

The BOI also approved a project application from Mitsubishi Motors (Thailand) Co., Ltd. with a total investment of 5.48 billion baht to upgrade the company's existing car production line at Laem Chabang Industrial Estate for the production of electric-powered cars. The project will allow the production of 39,000 vehicles per year, consisting of approximately 9,500 Battery Electric Vehicles (BEV) and about 29,500 Hybrid Electric Vehicles (HEV). The production, which will start in 2023, will aim at the local market and exports to other ASEAN countries.

Investment applications in January-March 2020

During the first quarter of 2020, the number of applications submitted to the BOI slightly increased to 378 from 368 in the same period last year. However, the lower average project size led to the total value of applications declining 44% to 71.38 billion baht, as compared to the last year period. Foreign investment totaled 27.43 billion baht, representing 38% of total investments. The top three foreign investment sources were Japan, China and Hong Kong.

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