

Thailand

Thailand's Investment Incentives

The Investment Promotion Act was originally enacted in 1997 but has subsequently been amended several times to reflect changes in government policy. It offers various incentives for foreign and domestic investment considered essential to the development of the Thai economy, while at the same time, guaranteeing investors that they will be protected from potential adverse changes in government policies, rules, and regulations. The Act establishes the Board of Investment of Thailand (BOI) as the principal agency responsible for promoting investment through granting of investment incentives.

The BOI grants tax and non-tax incentives and privileges for projects that meet national economic development agenda. It also stipulates requirements to which projects must conform in eligible for investment incentives. Tax based incentives include exemption or reduction of import duties on machinery and raw materials, and corporate income tax exemptions. Non-tax incentives include permission to employ foreign workers, own land, and remit foreign currency abroad. The investment incentives provided by the BOI are summarized as follows:

General Investment Incentives

Criteria for Project Approval

To be eligible for the BOI investment promotional scheme, companies must meet the following criteria:

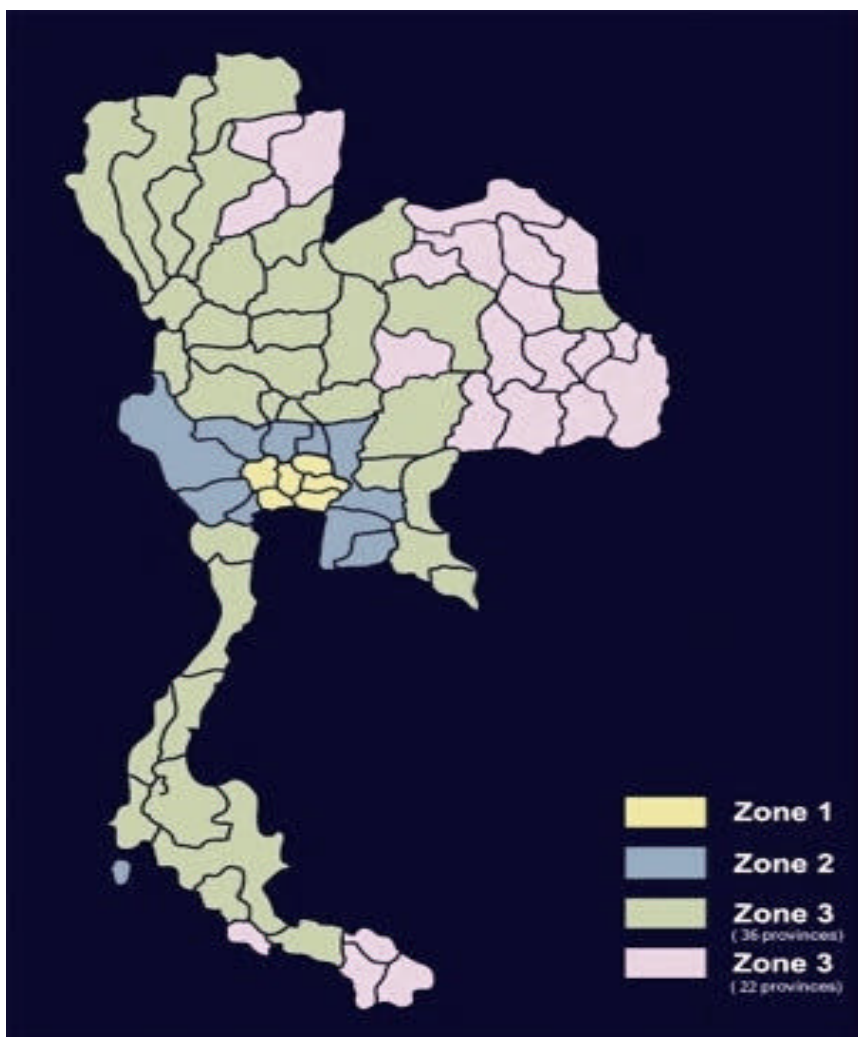
- Value added must not less than 20 percent of sales revenue. Exceptions are granted to projects that produce electronic products and parts, and agricultural products, and projects granted special approval by the BOI.
- The ratio of debt to equity should not exceed 3:1 for a newly established project. Expansion projects are considered on a case-by-case basis.
- The projects involve modern production processes and employ new machinery. The old machinery can only be used if its efficiency is certified by reliable institutions. The BOI will grant special approval on a case-by-case basis.
- The projects employ adequate environmental protection systems. For projects with a potential environmental effect, the BOI may prescribe special conditions on both the location of the project and the system of pollution treatment.
- For projects with investment capital of more than THB 500 million (excluding the cost of land and working capital), the project's feasibility study must be submitted to the BOI for consideration and approval.

BOI Investment Zones

In line with the government policy of decentralization, the BOI introduced "Policies and Criteria for Investment Promotion" establishing three investment promotion zones throughout Thailand. Zones are divided based on the level of income and the availability of infrastructure in each province as follows:

- **Zone 1** comprises 6 central provinces with high income and good infrastructure namely Bangkok, Samut Prakarn, Samut Sakhon, Pathum Thani, Nonthaburi, and Nakhon Pathom.
- **Zone 2** comprises 12 provinces namely Samut Songkhram, Ratchaburi, Kanchanaburi, Suphanburi, Ang Thong, Ayuttaya, Saraburi, Nahkon Nayok, Chachoengsao, Chon Buri, Rayong, and Phuket.
- **Zone 3** comprises remaining 58 provinces with low income and less developed infrastructure. All areas in the Zone 3 provinces are designated as Investment Promotion zones.

Please see a national map below for detailed allocation of zones.



Source: Board of Investment of Thailand

Criteria for Granting Tax Incentives According to Investment Zones

- **Zone 1:** Approved projects located in Zone 1 provinces will be granted:
 - 50 percent reduction of import duties on machinery that is subject to import duties of not less than 10 percent;

- Corporate income tax exemption for three years for projects located within industrial estates or promoted industrial zones, provided that such projects i) have minimum capital investment of THB 10 million (excluding the cost of land and working capital) and ii) obtain ISO 9000 or similar international standard certification within two years after the commencement date of operation.
- If projects cannot attain i) and ii), the corporate income tax exemption will be reduced by one year to two years.
- **Zone 2:** Approved projects located in Zone 2 will be granted:
 - 50 percent reduction of import duties on machinery that is subject to import duties of not less than 10 percent;
 - Import duty exemption on machinery for projects located in industrial estates or promoted industrial zone (excluding Laem Chabang industrial estate, and industrial estate or promoted industrial zones in Rayong Province)
 - Corporate income tax exemption for three years (five years for projects located within industrial estates or promoted industrial zones), provided that such projects have i) have minimum capital investment of THB 10 million (excluding cost of land and working capital) and ii) obtain ISO 9000 similar international standard certification within two years from the commencement date of operation.
 - If projects cannot attain i) and ii), the corporate income tax exemption will be reduced by one year to two years for normal approved projects in Zone 2 and to four years for projects located in industrial estates or promoted industrial zones.
 - Import duty exemption on raw and component materials used in the manufacturing of exported products for one year.
- **Zone 3:** Approved projects located in Zone 3 will be granted:
 - Import duty exemption on machinery;
 - Corporate income tax exemption for eight years provided that such projects i) have minimum capital investment of THB 10 million (excluding the cost of land and working capital) and ii) obtain ISO 9000 or similar international standard certification within two years from the commencement date of operation.
 - If projects cannot attain i) and ii), the corporate income tax exemption will be reduced by one year to seven years.
 - Import duty exemption on raw and component materials used in the manufacturing of exported products for five years.
 - In addition the above general incentives, projects located in the following 36 provinces namely, Krabi, Kamphaeng Phet, Khon Kaen, Chanthaburi, Chai Nat, Chumphon, Chiang Rai, Chiang Mai, Trang, Trat, Tak, Nakhon Ratchasima, Nakhon Si Thammarat, Nakhon Sawan, Prachuab Khiri Khan, Prachin Buri, Phangnga, Phattalung, Pichit, Phitsanulok, Phetchaburi, Phetchabun, Mudahan, Mae Hong Son, Ranong, Lop Buri, Lamphang, Lamphun, Loei, Songkhla, Sa Kaew, Sing Buri, Sokothai, Surat Thani, Uttaradit, and Uthai Thani are also eligible to the following incentives:
 - Projects located within industrial estates or promoted industrial zones are entitled to the following additional incentives:
 - 50 percent reduction of corporate income tax for five years after the exemption period, **and**

- Double deduction from taxable income of transportation, electricity, and water costs for ten years from the date of first revenue derived from promoted activity.
- Projects located outside industrial estates or promoted industrial zones are entitled to the following additional incentives: deduction from net profit of 25 percent of the project's infrastructure construction or construction cost for 10 years from the date of first sales, and net profit for one or more years of any year can be chosen for such deduction. The deduction is additional to normal depreciation.
- In addition the general incentives for Zone 3 projects, projects located in the following 22 provinces namely Chaiphum, Kalasin, Nakhon Phanom, Narathiwat, Nan, Nong Khai, Buri Ram, Pattani, Phayao, Phrae, Maha Sarakham, Yasothon, Yala, Roi Et, Si Sa Ket, Sakhon Nakhon, Sathun, Surin, Nong Bualamphu, Amnat Charoen, Udon Thani, and Ubon Ratchathani are entitled to the following additional incentives:
 - 50 percent reduction of corporate income tax for five years after the exemption period; **and**
 - Double deduction from taxable income of transportation, electricity, and water costs for ten years from the date of first revenue derived from promoted activity.
 - Deduction from net profit of 25 percent of the project's infrastructure construction or construction cost for 10 years from the date of first sales, and net profit for one or more years of any year can be chosen for such deduction. The deduction is additional to normal depreciation.

Please see below a comparison chart of BOI investment incentives according to zones.

BOI General Investment Incentives According to Zones

| Types of Incentives | Zone 1 | | Zone 2 | | Zone 3 36 Provinces and Laem Chabang Industrial Estate and Industrial Estate /Promoted Industrial Zone in Rayong Province | | Zone 3 22 Provinces | |
|--------------------------------|--|---------------------------|---|---------------------------|--|---------------------------|--|---------------------------|
| | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate / Promoted Industrial Zone (Excluding Laem Chabang Industrial Estate and Industrial Estate/Promoted Industrial Zone in Rayong Province) | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate |
| Import duty on machinery | 50 % reduction | 50 % reduction | Exemption | 50 % reduction | Exemption | Exemption | Exemption | Exemption |
| Corporate income tax Exemption | 3 years | - | 5 years | 3 years | 8years (Including Laem Chabang Industrial Estate/ Promoted Industrial Zone in Rayong Province | 8 years | 8 years | 8 years |

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|--|--|---------------------------|---|---------------------------|--|---------------------------|--|---------------------------|
| | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate / Promoted Industrial Zone (Excluding Laem Chabang Industrial Estate and Industrial Estate/Promoted Industrial Zone in Rayong Province) | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate |
| Import duty on raw or essential materials used in manufacturing of export products | Exemption for 1 year | Exemption for 1 year | Exemption for 1 year | Exemption for 1 year | Exemption for 5 year | Exemption for 5 year | Exemption for 5 year | Exemption for 5 year |
| Double deduction from transportation ,electricity and water costs | - | - | - | - | √ | - | √ | √ |
| 50 percent reduction of corporate income tax for 5 years | - | - | - | - | √ | - | √ | √ |

Remark √ = Shall be granted privileges
 - = Shall not be granted privileges

| Types of Incentives | Zone 1 | | Zone 2 | | Zone 3 36 Provinces and Laem Chabang Industrial Estate and Industrial Estate /Promoted Industrial Zone in Rayong Province | | Zone 3 22 Provinces | |
|--|--|---------------------------|---|---------------------------|---|---------------------------|--|---------------------------|
| | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate / Promoted Industrial Zone (Excluding Laem Chabang Industrial Estate and Industrial Estate/Promoted Industrial Zone in Rayong Province) | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate | Industrial Estate/ Promoted Industrial Zone | Outside Industrial Estate |
| Deduct the project's infrastructure installation or construction cost | - | - | - | - | √ | √ | √ | √ |
| Duty on raw or essential materials used in the manufacturing of domestic sales | - | - | - | - | 75% reduction for 5 years*,with year-by-year approval (Excluding Laem Chabang Industrial Estate and Industrial Estate/ Promoted Industrial Zone in Rayong Province) | - | 75% reduction for 5 years*, with year-by-year approval | - |

Remark √ = Shall be granted privileges
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Criteria for Concession Projects and State Enterprise Projects

The BOI sets out special criteria for concession projects or the privatization of state enterprise projects based on the Cabinet's decision dated May 25, 1998 and November 30, 2004 as follows:

- Projects of state enterprise shall not be granted investment incentives.
- For a Build Transfer Operate (BTO) or Build Operate Transfer (BOT) concession projects, the state agency owning the project must submit an application to the BOI for consideration prior to any invitation bid. Bidders shall be informed of any promotional privileges entitled to them, prior to the bidding process.
- For the privatization of state enterprises, only expansions after the privatization shall be considered for investment incentives.

Criteria for Shareholding by Foreign Investors

To relax the limitation of foreign shareholding in the manufacturing sector, the BOI introduced the following criteria:

- For manufacturing projects operated in all BOI zones, there are no foreign equity restrictions for promoted BOI companies.
- For promoted projects operated in agriculture, animal husbandry, fishery, and mineral exploration and mining industries, the BOI imposes foreign equity restriction at 49 percent.
- The BOI may specifically prescribe the amount of shares eligible to be held by foreign investors on certain promoted projects when deemed appropriate.

Criteria for Factory Relocation

To encourage industrial decentralization, the BOI grants promotional status to existing activities in central area, whether currently being promoted or not, if they relocate to other zones. The following criteria shall apply:

- The operation must relocate from Zone 1 to Zone 2 or from Zone 2 to Zone 3;
- The operation must relocate to industrial estates or promoted industrial zones;
- The type of activities must be in the List of Activities Eligible for Promotion, while the total investment size must be in accordance with that set by the BOI;
- Operators must stop the existing operation, while the operation at the relocated factor must start within two years from the date of obtaining the promotion certificate.

The relocated projects attaining the above criteria are entitled to additional tax and non-tax incentives as follows:

- Projects relocated to industrial estates or promoted industrial zones in Zone 2 are entitled to corporate income tax exemption for five years, provided that such projects have i) minimum capital investment of 10 million (excluding cost of land and working capital) and ii) obtain ISO 9000 or similar international standard certification within two years from the commencement date of operation at the new plant.

If projects cannot attain i) and ii), the corporate income tax exemption will be reduced by one year.

- Projects relocated to industrial estates or promoted industrial zones in 40 provinces in Zone 3 will be entitled to the following:
 - Corporate income tax exemption for eight years, provided that such projects have i) minimum capital investment of 10 million (excluding cost of land and working capital) and ii) obtain ISO 9000 or similar international standard certification within two years from the commencement date of operation at the new plant. Otherwise, the corporate income tax exemption will be reduced by one year.
 - 50 percent reduction of corporate income tax for five years after the exemption period,
 - Double deduction from taxable income of transportation, electricity and water costs for 10 years from the date of first revenue derived from promoted activity.
- Projects relocated to industrial estates or promoted industrial zones in 18 provinces in Zone 3 will be entitled to the following:
 - Corporate income tax exemption for eight years, provided that such projects have i) minimum capital investment of 10 million (excluding cost of land and working capital) and ii) obtain ISO 9000 or similar international standard certification within two years from the commencement date of operation at the new plant. Otherwise, the corporate income tax exemption will be reduced by one year.
 - 50 percent reduction of corporate income tax for five years after the exemption period.
 - Double deduction from taxable income of transportation, electricity and water costs for 10 years from the date of first revenue derived from promoted activity.
 - Deduction from net profit of 25 percent of the project's infrastructure construction or construction cost for 10 years from the date of first sales, and net profit for one or more years of any year can be chosen for such deduction. The deduction is additional to normal depreciation.
- Activities that are included in the List of Activities Eligible for Promotion, but which are not eligible for corporate income tax exemption, will not be given such exemption when operations are relocated.

Applications for relocation must be submitted to the BOI.

Temporary Investment Incentives

On November 5, 2008, the BOI agreed to launch special investment measures to promote Thailand Investment Year 2008-2009. The new measures are aimed at stimulating investment during the global economic downturn. Under these measures, investors who submit investment applications in the six priority sectors located in any provinces except Bangkok by December 31, 2009, will obtain the following incentives:

- Corporate income tax exemption for eight years;
- 50 percent reduction of corporate income tax for five years afterwards;
- Double deduction of transportation, electricity, and water supply costs; and
- 25 percent deduction from net profit for facility installation and construction costs in addition to normal depreciation capital

Notably, the six target sectors are:

- Energy saving and alternative energy related business such as alcohol manufacturing and fuel produced from agricultural products, energy-saving machinery or equipment, machinery or equipment which uses alternative energy, and NGV stations.
- High technology businesses, such as functional fiber, medical equipment, vehicle parts manufacturing, advanced ceramics manufacturing.
- Environmental-friendly materials and product manufacturing. These include eco-friendly chemicals and degradable packaging materials.
- Mega-project related businesses.
- Tourism and real estate-related businesses
- High-tech agricultural material-based business, such as sweetener, dextrin and modified starch manufacturing.

Sector Specific Investment Incentives

In addition to general investment incentives to promote decentralization and temporary incentives during Thailand Investment Year 2008-2009, the BOI has introduced incentives to promote priority activities and sector-specific policies for several sectors. The BOI's additional incentives granted to Machinery and equipment industry (HS 84), electronics industry (HS 85), and automotive industry (HS 87) are summarized as follows:

1. Incentives for the Machinery and equipment Industry (HS 84)

To promote the machinery industry, the BOI offers additional incentives and benefits to the manufacturers of the following products classified as priorities as follows:

- **Manufacture of the following machinery and equipment:**
 - Molds and dies and parts
 - Jigs and fixtures
 - Industrial machinery specifically turning machines, drilling machines, boring machines, milling machines, grinding machines, machining centers, gear cutting and finishing machines, die, sinking electrical discharge machining (EDM), wire cut (EDM), laser beam machines, plasma cutting machines, electron beam machines, broaching machines.
 - Parts and equipment for high precision machining processes namely cutting, milling, turning, grooving, shaving, grinding, polishing, and threading.
 - Farm machinery and food processing machinery.

These businesses are classified as priority activities of special importance to Thailand and will be eligible for the following incentives:

- Import duty exemption on machinery, regardless of zone; and
- Corporate income tax exemption for eight years, regardless of zone without being subject to corporate income tax exemption cap.
- **Manufacture of sintered products:** This business is classified as priority activities and will be eligible for the following incentives:
 - Import duty exemption on machinery, regardless of zone; and

- Corporate income tax exemption for eight years, regardless of zone.

In addition, the BOI also provides non-tax incentives such as land ownership rights for foreign investors, permission to employ foreign experts and technicians, and work permit and visa facilitation for expatriate employees.

2. *Incentives for Electronics Industry (HS 85)*

The BOI grants special tax incentives to electrical and electronic products classified as priority activities as follows:

- **Manufacture of material for micro-electronics (wafers and thin film technology):** These businesses will be eligible for the following incentives:
 - Import duty exemption on machinery, regardless of zone and permission to import machinery for the improvement and replacement of existing machinery or for increasing the production capacity of the existing projects.
 - Corporate income tax exemption for eight years, regardless of zone without being subject to corporate income tax exemption cap.
- **Software:** The following businesses are classified as priority activities and will be eligible for additional incentives:
 - Enterprise software
 - Digital content including software, computer-generated imagery, web-based applications, interactive applications, games, wireless location-based service content, visual effects, multimedia video conferencing application, e-learning content, and computer aided instruction.
 - Embedded software

These activities must attain the following criteria to be eligible for additional incentives:

- Projects must involve software development processes specified by the Software Industry Promotion Agency (SIPA)
- Project with total investment of THB 10 million or more (excluding cost of land and working capital) must obtain a quality standard certificate from SIPA or any similar international standard approved by SIPA.

The incentives are:

- Import duty exemption on machinery, regardless of zone.
- Corporate income tax exemption for eight years, regardless of zone without being subject to corporate income tax exemption cap.
- **E-commerce business:** This business is classified as a priority sector and will be eligible for:
 - Import duty exemption on machinery.

In addition, the BOI also provides non-tax incentives such as land ownership rights for foreign investors, permission to employ foreign experts and technicians, and work permit

and visa facilitation for expatriate employees. The BOI also establishes BOI Unit for Industrial Linkage Development (BUILD) to assist investors who seek to source parts and components in Thailand by identifying potential suppliers.

3. *Incentives for Automotive Industry (HS 87)*

Incentives for Priority Activities

To promote the automotive industry, the BOI offers additional incentives and benefits to the manufacturers of the following products classified as priorities as follows:

- **Manufacture of the following vehicle parts:**

- Anti-lock braking system (ABS)
- Substrate for catalytic converters
- Electronic fuel injection systems

These products are classified as priority activities and will be eligible for the following incentives:

- Import duty exemption on machinery, regardless of zone

- **Manufacture of 4-stroke motorcycles** with the following conditions:

- Production capacity must be not less than 50,000 units per year.
- Thai nationals must hold at least 60 percent of total registered capital.
- Production processes must include body frame welding and painting.
- Manufacturers must seek BOI approval for production plan and use of major parts such as engines, transmission systems, fuel injection systems, vibration systems, and brake systems.

Manufacturers of products who are able to attain the above conditions will be eligible for:

- Import duty exemption on machinery if located in Zone 1 and 2.
- Import duty exemption and corporate income tax exemption for three years if located in Zone 3.
- Corporate income tax exemption for five years will be granted if the manufacturers have Thai national holding at least 70 percent of total shares.

- **Manufacture of metal surface treatment or anodized surface treatment:** These products are classified as priorities activities and will be eligible for additional incentives provided that projects are located in an industrial estate. The incentives are:

- Corporate income tax exemption for eight years, regardless of zone.

- **Manufacture of heat treatment:** These products are classified as priority activities and will be eligible for:

- Import duty exemption on machinery, regardless of zone.
- Corporate income tax exemption for eight years, regardless of zone.

However, projects that use cyanide must be located in industrial estates or promoted industrial zones in order to be eligible for the incentives.

- **Manufacturing, repair, maintenance and refurbishing of containers and materials handling equipment:** These activities are classified as priority activities and will be eligible for:
 - Corporate income tax exemption for eight years and import duty exemption on machinery for projects located in logistics parks.
- **Repair of vehicle parts, electrical or electronics equipment:** these activities are classified as priority activities and will be eligible for additional incentives if they meet the following criteria:
 - Projects must be located in export processing zones, free trade zones, bonded warehouses, or free zones.
 - Manufacturers must submit plans for all production projects including automotive assembly, manufacture of vehicle parts, and manufacture of automobile engines for BOI consideration and approval
 - The minimum investment (excluding land and working capital) must not be less than THB 10 billion.

The incentives for manufacturers attaining the above criteria are as follows:

- Import duty exemption on machinery for automotive manufacturing regardless of zone.
- Import duty exemption on machinery regardless of zone for manufacturing of vehicle parts and automotive engine.
- **Manufacture of emerging conserving machinery or equipment, or manufacture of machinery or equipment using alternative energy:** These products are classified as priorities activities and will be eligible for additional incentives as follows:
 - Corporate income tax exemption for eight years, regardless of zone.
 - Import duty exemption on machinery regardless of zone.
 - Projects will not be subject to the cap on the amount of corporate income tax exemption.
- **Manufacture of fuel cells:** These products are classified as priorities activities and will be eligible for additional incentives as follows:
 - Corporate income tax exemption for eight years, regardless of zone.
 - Import duty exemption on machinery regardless of zone.
- **Manufacture of engines, machinery, and accessories for Natural Gas Vehicles (NGV):** These activities are classified as priorities activities and will be eligible for additional incentives as follows:
 - Corporate income tax exemption for eight years, regardless of zone.
 - Import duty exemption on machinery regardless of zone.

- **Manufacture of Assembly of NGV:** These activities will be eligible for additional incentives as follows:
 - Import duty exemption on machinery regardless of zone.
- **Manufacturing of passenger cars:** These manufacturers will be eligible for additional incentives if they attain the following criteria:
 - Minimum production reaches 100,000 units per year in any year during the first five years of operation.
 - The total investment must reach THB 15 billion in the first five years of operation.
 - Manufacturers must submit production and part utilization plans to BOI for approval.

Notably, if the projects fail to meet the minimum production requirement, the BOI will withdraw corporate income tax exemption.
- **Manufacturing of large-sized motorcycles:** These manufacturers will be eligible for additional incentives if they attain the following criteria:
 - Four-stroke engines with a minimum size of 500 cubic centimeters (cc).
 - Projects must include frame welding and painting processes.
 - Plans for part production and sourcing must be submitted to BOI for approval.
 - Import duty exemption on machinery regardless of zones.
 - Income tax exemption will be given according to zones for the projects which provide engine production process including cylinder heads and crank cases.
 - The total investment must reach THB 15 billion in the first five years of operation.
 - Manufacturers must submit production and part utilization plans to BOI for approval.

Incentives for Energy Saving Cars

On November 20, 2006, the BOI introduced new set of investment promotion measures for the production of energy saving cars (eco-car). The measures aimed to encourage auto makers to develop small, fuel-efficient cars for the local and export markets. Incentives provided for eco-cars include:

- A preferential 17 percent excise tax rate for the eco-cars production. Currently, the tax rates of 30 to 50 percent are imposed on standard passenger cars. The new incentive aims to boost the production of fuel efficient cars in Thailand. The new tax rate came into force in October, 2009. The new tax rate does not take effect immediately because the government intends to prevent the imported cars to benefit from the preferential tax rate.
- Income tax exemption regardless of the location of eco-car plants for eight years.
- Import duty exemption on machinery regardless of zone.
- Up to 90 percent reduction of import duties on raw materials and finished auto parts approved by BOI.

To be eligible for the eco-car incentives, the following criteria must be met:

- Auto makers must submit plans for car assembly, engine assembly and production and sourcing of auto parts.
- The projects must manufacture at least four of five main engine parts, which are cylinder head, cylinder block, crankshaft, camshaft, and connecting rod.
- Auto makers must submit five-year investment and production plans. Production capacity must exceed 100,000 units per year within the fifth year of production.
- Total investment must exceed THB 5,000 million.
- The eco-cars, which include hybrid electrical vehicles and vehicles using other fuels, must meet energy-saving, environmental, and safety standards set forth by the Thai Ministry of Industry as follows:
 - Energy Saving: Fuel based cars must have a maximum fuel consumption rate which does not exceed five liters per 100 kilometers.
 - Environmental Friendliness: The cars must comply with Euro4 level or higher, which mandates exhaust emissions of carbon dioxide of not more than 120 grams per one kilometer.
 - Safety: The cars must meet or exceed the United Nations Economic Commission for Europe (“UNECE”) standard for protecting passengers from accidents caused by head-on or side collisions with other cars.

Deadline for submission was November 30, 2007.

Incentives for New Technology Vehicles

On June 10, 2009, the BOI issued Notification No. 85/2009 to promote investment in new technology vehicles manufacturing in an attempt to attract foreign auto makers to relocate their production base to Thailand. The new BOI incentives include:

- Exemptions of import duties on machinery regardless of BOI zones;
- Corporate income tax exemption for six years for projects with capital investment of more than THB 15 billion (excluding cost of land and working capital) or seven years for auto makers who submit their applications within 2009.

To be eligible for the BOI privileges, the projects must meet conditions set forth by the BOI as follows:

- The auto makers must have a minimum capacity for the approved models of 100,000 units per year within five years.
- Projects must involve new investment in production assembly line;
- Minimum initial investment must exceed THB 10 billion (excluding cost of land and working capital);
- Projects must involve production of new types of automobile that uses new technology such as hybrid drive, brake energy regeneration or electronic stability control;
- Auto makers must submit their plans for parts production or usage of auto parts to the BOI for approval; and

- Deadline for submission is December 31, 2010.