

Successful together

Thai Legal News Flash

Latest News on law, tax and business in Thailand

Issue: April 2017 · www.roedl.com/thailand/www.roedl.de/thailand

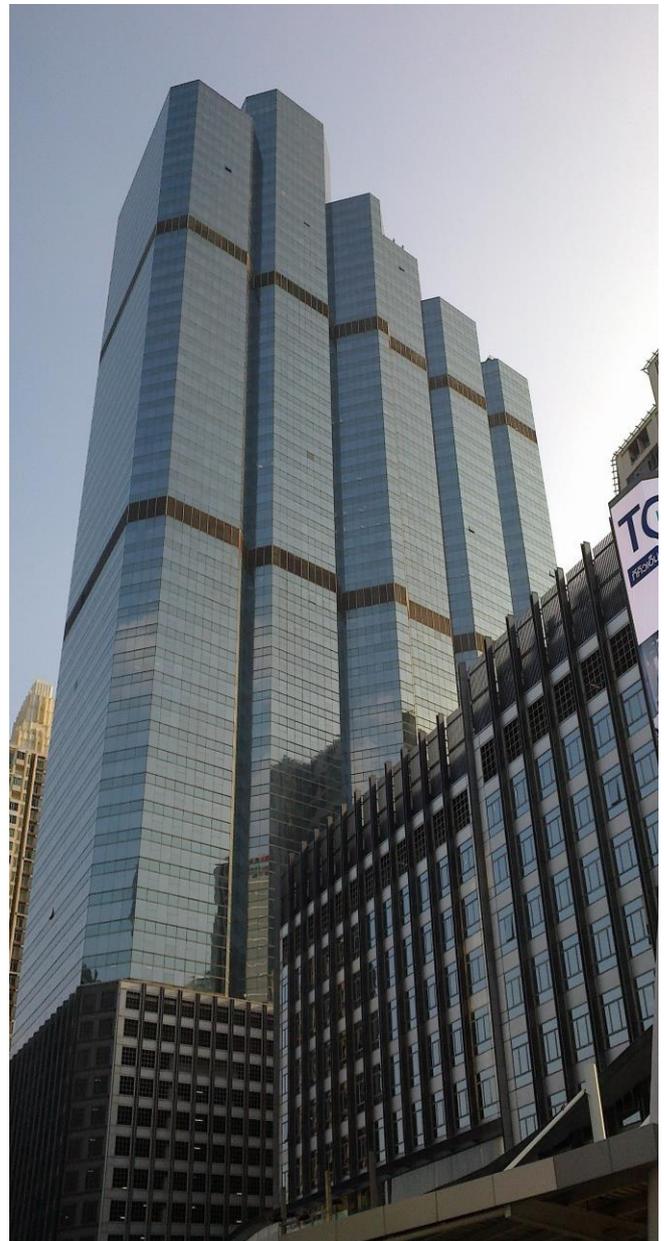
Content of this issue:

- > Expansion of Tax Privileges for Foreign Investments in Thailand
- > 99-year Land Lease Periods being discussed
- > Two new Public Holydays announced
- > Investments of Real Estate Companies Rise in EEC
- > Thai Businesses are concerned because of the rise of Baht

Expansion of Tax Privileges for Foreign Investments in Thailand

In line with the Thai government's decision to increase foreign investment in the country in prioritized areas of business in general and the Eastern Economic Corridor in specific, the Thai Board of Investment (BOI) has recently compiled several new investment promotion measures and incentives through the revised Investment Promotion Act and the Competitiveness Enhancement Act.

The updated Investment Promotion Policy in 2017 includes area-based and merit-based incentives as previously, however both the scope of promoted businesses as well as the scale of promotional benefits were extended. The Competitiveness Enhancement Act provides for additional benefits in order to support investments that improve production efficiency - such as the use of renewable energy in the production process.



Empire Tower Building at South Sathorn Road, Bangkok

Additional industries promoted include broad activities relating to the production of Electric Vehicles and key component parts (also including charging stations) as well as medical services such as traditional medical institutions, certain specialist centers and related medical transport services. Hospitals are also promoted limited to certain areas such as the Economic Developments Zones and a total of 24 low income and border provinces.

Additional incentives under the amended Investment Promotion Policy include Corporate Income Tax exemption of up to 13 years (previously not over 8 years) which are available to business activities in selected high-tech industries, such as Bio-Technology, Nano-Technology, Advanced Material Technology, and Digital Technology, as well as certain activities that support those core technologies such as Electronics and Engineering Design, Research & Development or Scientific Laboratories.

Other new incentives include possible exemption of import duty for materials imported for R&D purposes and testing – besides the existing import duty exemptions on machinery and raw material used in production of export products available for most promoted industries.

99-year Land Lease Periods being discussed

The government announced plans to extend the permitted period for land leases within the EEC to up to 99 years, which was included in a Draft Bill for the EEC Development Project that was approved by the Cabinet in midst of April. The Bill regarding the extension has not yet passed the Thai National Legislative Assembly and seems highly controversial within the Thai population.

Two new Public Holydays announced

On April 11th, the Thai government approved a resolution that came into effect the same day and proclaims that there will be two public holidays,

- July 28 – His Majesty the King Vajiralongkorn's birthday
- October 13 – The Passing of the late King Bhumibol Adulyadej (Rama IX)

The government declared that Coronation Day, May 5th, will no longer be a public holiday.

Companies should consider to update their annual holiday schedule accordingly. As per the Thai Labour Protection Law, private companies must grant at least 13 observances out of the currently 17 public holidays which they may

choose freely – with only the National Labour Day being compulsory.

Investments of Real Estate Companies Rise in EEC

With governmental investments into the development of the infrastructure in the Eastern Economic Corridor and legislation for granting incentives for foreign investments ongoing, private real estate developers are also launching new residential projects for managers and employees of businesses being established in the area of Chon Buri, Rayong and Chachoengsao. According to the Thai government, about 50.000 people are expected to be working in this area, while more than 700 domestic and foreign companies ought to have shown interest in investing in the EEC.

Several real estate and property companies are developing single detached houses, townhouses and condominiums, in order to serve different demands and requirements. Those developers are mostly local, but some are established in Bangkok.

Because of the strong demand for housing in such region regions, land prices have been gone up by over 20% in comparison to 2016 and are expected to rise even more when the EEC Development Law will come into force and further infrastructure links between this region and other provinces in Thailand will be completed.

Thai Businesses are concerned because of the rise of Baht

Thai Business leaders are concerned because of the strong Baht and ask for governmental measures to help prevent declines in exports that may hurt the Thai economy. Exports account for 70% of Thailand's gross domestic product. There are also concerns regarding a possible decline in the tourism industry, because the strong Baht could discourage Chinese tourists from visiting the country.

So far the Baht increased 3%-4% against the Chinese Yuan, US Dollar and the Euro since the beginning of the year 2017

Another consequence of the high Baht in relation to geopolitical risks resulting from the possible raise of the US interest rate and trade protectionism might be the Baht's volatility. The Bank of Thailand therefore urges exporters to protect themselves against volatility, because only 28% of small and medium sized exporters have installed measures to protect themselves from exchange rate volatility. Exporters who also import goods have a better standing because they can balance out unstable exchange rates.

Thai Legal News Flash

Measures that have been taken by the Thai central bank include the reduction of the amount of short-term bond issuance in order to prevent international investors to park their assets in the Thai financial market.

In order to balance out the capital flow, the Thai government also encourages Thai investors to spend more abroad.

For further information please contact:



Philip Ende
M. Sc. Finance
Associate Partner
Tel.: +66 (2) 6 70 – 06 70
E-Mail: philip.ende@roedl.pro

Successful together

„With courageous ideas, companies think outside the box and demonstrate their commitment to growth and development. Together with our clients, we implement their ambitious plans and turn them into reality.“

Rödl & Partner

„Only if we stick together as a team are we able to build new constellations of human towers and so continue to develop ourselves.“

Castellers de Barcelona



„Each and every person counts“ – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today. „Força, Equilibri, Valor i Seny“ (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

Imprint Newsletter Thailand, Issue April 2017

Publisher: **Rödl & Partner Ltd.**
Empire Tower 3, 25th Floor,
1 South Sathorn Road
Yannawa, Sathorn,
10120 Bangkok, Thailand

Contact: **Mr. Philip Ende**, newsletter.thailand@roedl.pro

Layout: **Ms. Wiyakarn Meedee**, newsletter.thailand@roedl.pro

This Newsletter offers non-binding information and is intended for general information purposes only. It is not intended as legal, tax or business administration advice and cannot be relied upon as individual advice. When compiling this Newsletter and the information included herein, Rödl & Partner used every endeavour to observe due diligence as best as possible, nevertheless Rödl & Partner cannot be held liable for the correctness, up-to-date content or completeness of the presented information.

The information included herein does not relate to any specific case of an individual or a legal entity, therefore, it is advised that professional advice on individual cases is always sought. Rödl & Partner assumes no responsibility for decisions made by the reader based on this Newsletter. Should you have further questions please contact Rödl & Partner contact persons.