

BOI INCENTIVES

Thailand Board of Investment (BOI)

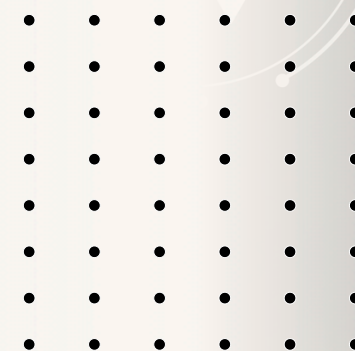


BOI (Board of Investment)

The **Thailand Board of Investment (BOI)** is a government agency under the **Office of the Prime Minister**. Its role is to promote investment from both foreign and Thai investors by providing **tax incentives, duty exemptions, and special privileges related to land ownership**, in order to support the growth of the country's targeted industries.

BOI promotes investment in various areas, including:

- Solar Power Generation
- Wind Power
- Biomass & Biogas
- Waste-to-Energy
- Energy Storage Systems (ESS)
- Energy Efficiency Technologies



BOI Investment Incentives for Solar Power Systems

Thailand Board of Investment (BOI)

Provides investment incentives to attract and promote investment in Thailand.

For Solar installations in factories, there are three main investment incentive frameworks:

Category 7.1 – Renewable Energy

Electricity generation from renewable energy sources may qualify for a Corporate Income Tax (CIT) exemption for up to 8 years

Section 30 – Energy Efficiency

Factories that already hold a BOI promotion certificate and invest in solar power systems to reduce electricity consumption from the grid may be eligible for an additional 3-year Corporate Income Tax (CIT) exemption.

EEC Section 3

Factories located in Rayong, Chonburi, or Chachoengsao may be eligible for an additional 50% Corporate Income Tax (CIT) deduction on qualifying investment costs.

Minimum Investment : THB 1 million, excluding land costs and working capital.

3-Year Corporate Income Tax (CIT) Exemption

If a factory with a BOI Certificate installs a Solar Rooftop system for internal electricity consumption and to reduce energy use, it may be eligible for an additional 3-year CIT exemption under the Renewable Energy Efficiency Enhancement Measure, in accordance with BOI Announcement No. 2/2025.

This differs from electricity generation projects for commercial sale, which may qualify for a CIT exemption of up to 8 years.

EXAMPLE

Solar Investment of THB 10 Million

The eligible investment amount for calculating the tax exemption would be THB 5 million. The factory can apply the CIT exemption against profits from its manufacturing operations until the total tax savings reach THB 5 million, or until the 3-year exemption period ends, whichever comes first.

EXAMPLE

- ➔ **Thailand's CIT rate is 20%. BOI provides a CIT exemption on profits from promoted projects,** rather than reducing the tax rate.

The maximum cumulative tax exemption is generally 100% of the eligible investment amount. Certain technologies may be subject to different conditions.

A 2 MW Solar system requires an estimated investment of THB 55 million and generates approximately THB 12 million in annual net savings from reduced electricity costs.

- Normal tax: THB 12 million × 20% = THB 2.4 million/year
- With BOI incentives: Tax savings of approximately THB 2.4 million/year
- Over 8 years: 8 × THB 2.4 million = THB 19.2 million in tax savings
- Since the maximum exemption cap is THB 55 million, the 8-year exemption period ends before reaching the maximum exemption amount.

- ➔ Note: The Land and Building Tax applicable to industrial solar installations should be reviewed, as BOI does not automatically exempt this type of tax.

- ➔ The result is a reduction in the payback period from 4.8 years to 3.8 years, with potential additional revenue from T-VER carbon credits.

Special Investment Incentives for the EEC



The Eastern Economic Corridor (EEC), or Eastern Special Development Zone, covers three provinces: Rayong, Chonburi, and Chachoengsao.



Businesses that are BOI-promoted and meet the EEC eligibility criteria may receive an additional 50% CIT exemption based on the standard exemption period, in accordance with Section 3 of the Eastern Economic Corridor Act B.E. 2561 (2018).

Summary: If a project qualifies for both BOI and EEC incentives, it may be eligible for a CIT exemption for up to 12 consecutive years, subject to the specific conditions of the project.



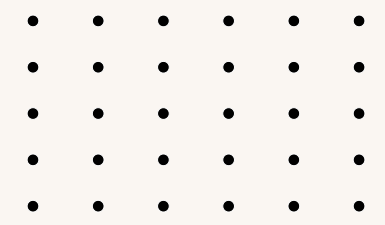
Example :

- BOI CIT exemption: 8 years
- EEC bonus: Additional 50% = 4 years
- Total CIT exemption: Up to 12 years



Key Conditions :

- The project must be located within a designated EEC-promoted area; not all areas within the three provinces are eligible.
- The investment must be in an eligible S-Curve industry, such as:
 - Electric Vehicles (EV)
 - Smart Electronics
 - Robotics and Automation
- Other targeted industries designated by the BOI



What Does “150% of Corporate Income Tax” Mean?

It does not mean that the government refunds 150% of the tax paid. Instead, it means that 150% of the qualifying investment can be claimed as a tax deduction

Example: Invest £100 → Claim a £150 tax deduction → Reduce taxable profits and lower the amount of tax payable. This type of incentive is commonly used to promote investments in areas such as Solar Energy and Energy Efficiency.



Tax Incentive Calculation

If a company is subject to a 20% Corporation Tax (CIT) rate:



Investment: £100,000 in a Solar Energy Project.



150% Tax Deduction: £150,000



Actual Tax Saving:
 $£150,000 \times 20\% =$
£30,000



Net Cost:
 $£100,000 - £30,000 =$
£70,000

Summary: Invest £100,000 → Save £30,000 in tax.
This is equivalent to a 30% reduction in the net cost,
not a 150% cash refund

150% Corporation Tax

When a scheme or incentive states that “you will receive 150% of your Corporation Tax back,” this is a slightly misleading marketing phrase.

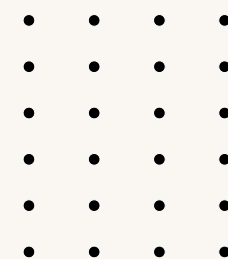
What it actually means is that you can claim an Enhanced Tax Deduction of 150% of the amount spent on qualifying business activities or expenses.

In other words, the 150% applies to the tax deduction, not to the amount of tax refunded.

It does not mean that the government will refund you more than the amount of tax you have paid.

For example, if a company incurs **£100 in qualifying expenditure**, it can claim a £150 tax deduction against taxable profits. This reduces the **taxable profit** and, consequently, the **amount of tax payable**

The term “150%” in this context is commonly used to describe **a government tax incentive** for qualifying investments or expenses, such as **Solar system installation**



To determine how much **“150% back”** actually saves in cash, multiply the **150% tax deduction** by the Corporation Tax rate. In this example, the Corporation Tax rate is 20%.

Assuming your company pays Corporation Tax at a rate of 20%:



Solar Investment: £500,000



150% Tax Deduction :

Allowable tax deduction: £750,000
(£500,000 × 150%)



Actual Tax Saving:

At a 20% Corporation Tax rate: £150,000
(£750,000 × 20%)

Summary: A £500,000 investment → qualifies for a £750,000 tax deduction → resulting in actual tax savings based on the company's applicable Corporation Tax rate

Calculation Method





Key Rules for Using Thailand's Solar Tax Incentive

To correctly claim the 150% tax deduction for qualifying Solar expenses, a company must comply with the applicable conditions, including:

1. No Double Dipping

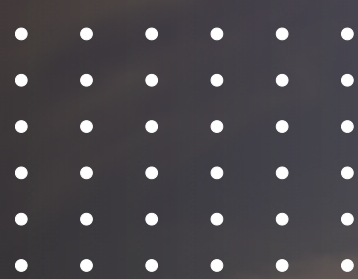
The 150% tax deduction cannot be claimed together with BOI or EEC tax incentives for the same project.

2. Ownership Rule

The company must invest in and directly own the Solar system (CapEx). If the system is provided through a third-party Power Purchase Agreement (PPA), the company cannot claim this tax incentive.

3. System Certification

The equipment must meet the required energy efficiency standards or carry a 5-Star Energy Label certified by DEDE or EGAT.



Thank you



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