



Eastern Economic Corridor (EEC)

Industry focus

June 2018

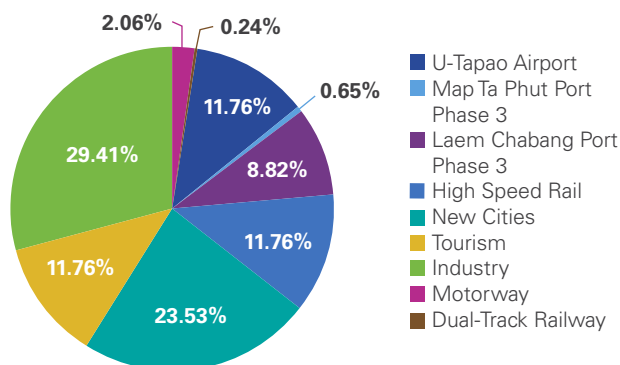
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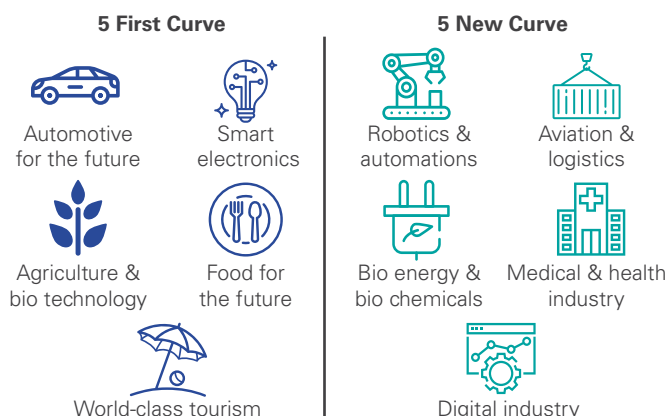
The Eastern Economic Corridor (EEC) Development Plan, under the scheme of Thailand 4.0, aims to revitalize and enhance the well-known Eastern Seaboard Development Program – Thailand's powerhouse of industrial production for over 30 years.

Combined public and private investment: THB1.7 trillion in the first five years (%)



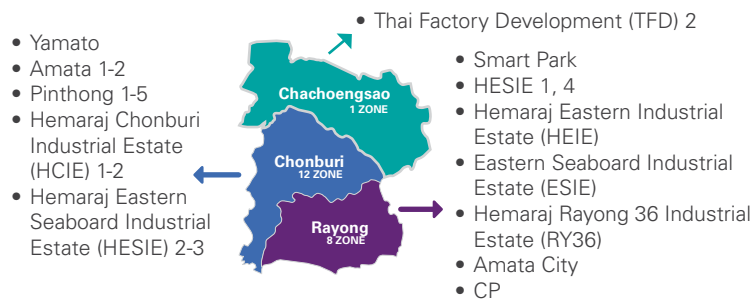
Source: Eastern Economic Corridor Office (as of March 2018)

10 targeted industries in EEC



Source: Eastern Economic Corridor Office (as of March 2018)

21 industrial promotion zones from a total of 31 industrial estates (investment value of THB1.314 trillion over 10 years)



Source: Eastern Economic Corridor Office (as of April 2018)

By 2020, EEC is expected to generate:



Source: SCB EIC Analysis, Bangkok Post

EEC Major Infrastructure Projects

			Budget (THB million)	Expected to start (year)
U-Tapao airport		It will act as an 'airport city' (aerotropolis), consisting of services such as maintenance, repair, overhaul (MRO), cargo, free-trade zone, commercial gateway, medical cluster, military zone, etc.	200,000	2023
TG MRO Campus		This state-of-the-art hub for aircrafts is set to become the most advanced MRO center in the region.	11,000	2021
High-speed rail linking three airports		The high-speed trains will link three major airports (Don Muang, Suvarnabhumi, and U-Tapao) for greater convenience, reduce travel time, and cost saving.	200,000	2023
Laem Chabang port phase 3		The expansion will allow the port's capacity to increase to handling 18 million TEU containers and three million cars per year.	150,000	2025
Map Ta Phut port phase 3		Increase capacity to handle more liquid materials and natural gas.	11,100	2024
Double-track railway		The double-track rail lines will connect industrial zones nationwide to the three main ports.	64,300	2021

Source: Eastern Economic Corridor Office (as of March 2018), Efinancethai

"The Eastern Economic Corridor (EEC) project has been initiated to continue the success of Thailand's Eastern Seaboard and support the digital economy. The EEC project will definitely create significant investments in infrastructure, industrial projects, and social projects, which will in turn strengthen the economic and social development of not only Thailand, but also other countries through interconnectivity. With unmatched opportunities and benefits provided by the Thai Government, it is an interesting opportunity for businesses, whether through direct investments or investing and participation in a Public-Private Partnership (PPP) scheme."

Tanate Kasemsarn
Head of Infrastructure,
Government, Healthcare and Hotel
KPMG in Thailand



New investment incentives in the EEC – starting 1 January 2018

- Applications must be submitted by the end of 2019.
- Investors are required to cooperate with an academic institution, research institution, or Center of Excellence to develop human resources and improve the level of technology.

Area-based	Conditions	BOI Incentives
1. Promoted Zone for Specific Industries (EECi, EECd, EEC-A)	No. of apprentices: > 10% of all employees hired or at least 50, whichever is lower.	< 8 years of CIT exemption plus additional 2 and 5 years for 50% reduction of CIT rate after the CIT exemption period.
2. Promoted Zones for Targeted industries	No. of apprentices: > 10% of all employees hired or at least 50, whichever is lower.	< 8 years of CIT exemption plus additional 5 years for 50% reduction of CIT rate after the CIT exemption period.
3. Other Industrial Estates/ Industrial Parks in EEC	No. of apprentices: > 5% of all employees hired or at least 25, whichever is lower.	< 8 years of CIT exemption plus additional 3 years for 50% reduction of CIT rate after the CIT exemption period.

Note:

- Projects applied for this EEC incentive measure shall not receive additional incentives under merit on Industrial Area Development (under the BOI announcement no. 2/2557). Moreover, certain targeted industries may be granted more tax exemption incentives (i.e. strategic) for up to 15 years (under the announcement no. 1/2560 of the Empowering Competition of Thailand in Target Industries Act B.E.2560 (ECTTI)).
- EEC of Innovation (EECi) is a new economic area focused on research and development, and innovation, including government and private-sector laboratories, field laboratories, leading testing and analysis centers, pilot plants and demonstration plants. These consist of Biopolis, Aripolis, Space Krenovapolis.
- EEC of Digital Park (EECd) is a new economic cluster, strategically located in the EEC, aiming to be the destination for digital global players and digital biz innovators to Invest-Work-Learn-Play together in the park, where digital lifestyle meets digital business.
- EEC Aerotropolis (EEC-A) is a new urban model in which cities are built around airports, speedily connecting time-sensitive suppliers, manufacturers, distributors, and business people to distant customers, clients, and marketplaces.

Source: Eastern Economic Corridor Office, Board of Investment Thailand, KPMG Tax & Legal database

Comparison of the incentives provided by EEC and those provided by other ASEAN nations

Based on the table below, EEC in Thailand offers a highly competitive incentive package ranging from Corporate Income Tax (CIT) and Personal Income Tax (PIT) benefits to favorable duration of land lease.

Country	CIT	CIT exemption (For pioneer firms)	PIT	Land Lease (Years)
Thailand	20%	15 years (strategic), 9-13 years (technology-based), < 8 years (sector-based)	35% (17% for expats)	50+49
Singapore	17%	< 15 years Plus 5-40 years for CIT reduction rate at 5% or 10%	22%	30 (initial lease) plus more years (subject to a business plan and government policy)
Indonesia	25%	5-15 years plus two subsequent years for a 50% reduction in CIT	30%	30+20 (under the right-to-build title)
Malaysia	24%	5 years (high technology) 10 years (strategic, selected industries) 5 years (partial (70%) exemption in CIT) (general)	28% (28% for non-resident expats)	50
Philippines	30%	6 years and maximum 8 years	32%	50
Vietnam	20%	4 years plus 9 years for a 50% reduction rate and 10% CIT rate for 15 years	35%	50 (general) / 70 (special case)

Source: SCB EIC Analysis, KPMG Tax & Legal database

“Evidently, the Eastern Economic Corridor (EEC) is one of the mega projects initiated by the Government to attract investments in advanced technology in the targeted new wave industries. EEC will create plenty of opportunities for investors to participate in, for instance, the Public-Private Partnership (PPP) to develop utilities, infrastructure and public transportation to connect areas over the greater three provinces and beyond. In order to achieve the ultimate benefits from EEC conditions under the BOI and EEC law, Revenue Code, and the ‘Empowering the Competition of the Country in Targeted Industry Act B.E.2560’, investors should be aware and be well-prepared as well as have the appropriate corporate structure and a good understanding of the requirements from the beginning.”

Auaychai Sukawong
Director, Tax and Legal
KPMG in Thailand



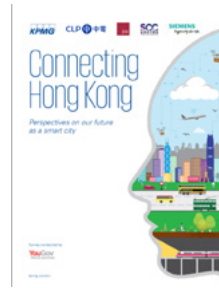
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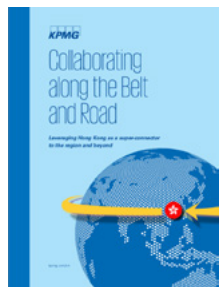
Emerging Trends in Infrastructure 2018

There are a number of trends in this year's report that could be seen as a continuation of previous evolutions. At the same time, this year's edition also highlights topics that are only now emerging and, we believe, will continue to shape infrastructure markets for years to come.



Connecting Hong Kong

This survey explored two areas. First, it asked the respondents about their overall perceptions of Hong Kong's smart city's strengths and weaknesses. Then it looked in more detail at six key sectors for Hong Kong's smart city development: transportation and mobility, finance, education, environment, healthcare, and energy and resources.



Collaborating along the Belt and Road

China's Belt and Road Initiative (the Initiative or BRI) presents significant opportunities to promote economic cooperation and connectivity between countries, companies and people across the globe. In addition to infrastructure development, the Initiative is expected to lead to significant opportunities for a wide range of other business sectors, such as real estate, consumer markets and financial services, to name a few.



Infrastructure Risks 2018

Emergence of fast-evolving digital technologies, increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. KPMG Risk Consulting assists clients to develop robust risk mitigation methods by interpreting the underlying drivers of global risks.

Click on the links above to access the publications.

KPMG Eastern Economic Corridor Center



KPMG Eastern Economic Corridor Center was created to facilitate businesses and key stakeholders in harnessing the growth and investment opportunities in Thailand's Eastern Economic Corridor (EEC) initiative.

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