



# Legal News Update

KPMG in Thailand



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## **New investment promotion for the Printed Circuit Board (PCB) industry**

The BOI has announced promotions for an extended range of businesses involved in the manufacture of Printed Circuit Boards (PCB). In order to support the potential massive relocation of production bases due to current global geopolitical pressures, especially in high-tech industries such as electronics, the BOI are expanding the scope of business activities eligible for investment promotion in the PCB sector to support businesses in the supply chain, such as:

- Production of raw materials essential for PCB production, such as Copper Clad Laminate (CCL), Flexible Copper Clad laminate (FCCL), and Prepreg;
- PCB manufacturing support, including lamination, drilling, plating, and routing; and
- Production of materials such as Dry Film, Transfer Film, and Backup Board, for use in PCB manufacturing.

A promoted company operating these businesses would be eligible for up to eight years of corporate income tax exemption, exemption from import duties on machinery, exemption from import duties on raw materials used in production for export, and other non-tax incentives as summarized below.

Business activity	Incentives	
	Key conditions and exemption from corporate income tax	Other incentives
4.2.4.6 Manufacture of essential raw materials for manufacturing Printed Circuit Board such as Copper Clad Laminate (CCL), Flexible Copper Clad laminate (FCCL), and Prepreg	<ul style="list-style-type: none"> <li>Capital investment in machinery (including cost of installation and test run) used in the manufacturing process of not less than THB1,500 million will receive exemption from corporate income tax for <b>8 years</b>.</li> <li>In other cases, an exemption from corporate income tax for <b>5 years</b> is available.</li> </ul>	<ul style="list-style-type: none"> <li>Exemption from import duties on machinery used for the project;</li> <li>Exemption from import duties on raw materials used in production for export; and</li> <li>Non-tax incentives, such as permission to bring in skilled workers and experts to work in investment-promoted activities, and permission to own land.</li> </ul>
4.2.4.5 Manufacturing support business of Printed Circuit Board which has important process	<ul style="list-style-type: none"> <li>Must operate activities important to the process of manufacturing Print Circuit Boards, such as <ul style="list-style-type: none"> <li>lamination</li> <li>drilling</li> <li>plating</li> <li>routing</li> </ul> </li> </ul> <p>In addition to the manufacturing processes above, if the capital investment in machinery (including cost of installation and test run) used in these manufacturing process is not less than THB1,000 million, the company will receive exemption from corporate income tax for <b>3 years</b>.</p> <ul style="list-style-type: none"> <li>In other cases, the company will receive non-tax incentive benefits.</li> </ul>	
4.2.4.7 Manufacture of raw materials or other essential materials for manufacturing of Printed Circuit such as Dry Film, Transfer Film, Backup Board etc.	<ul style="list-style-type: none"> <li>The company will receive non-tax incentive benefits.</li> </ul>	

According to the BOI's announcement, in 2023, the BOI approved investment promotion benefits for some 40 companies under the PCB project, representing a combined investment of USD2.66 billion, or around THB96 billion. KPMG witnessed last year's investment in the electronics industry firsthand, by assisting and advising companies in relocating their production sites from overseas to Thailand, and anticipates that the BOI's enhanced support for the PCB industry will attract further direct investment in Thailand.

With our extensive experience assisting a wide range of clients with BOI applications and relocation of production bases, KPMG can provide legal and tax advice and assistance with the government's mandatory approval process.

Please feel free to contact us for more information.

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