

# CUSTOMS INCENTIVE SCHEMES

CUSTOMS-BUSINESS CONFERENCE

7 JULY 2016

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# STRUCTURE

Tax Incentive Schemes in Thailand

Customs Free Zone

New Customs Free Zone Notification 2016



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# CUSTOMS FREE ZONE

*“designated areas for industrial or commercial operations or any other activities beneficial to economic growth and development, foreign and domestic merchandise removed into Free Zones is eligible for tax and duty privileges as indicated by the law”*



# Customs Free Zone Privileges



## Examples of eligible goods

- ✓Machinery, equipment, parts
- ✓Foreign merchandise
- ✓Merchandise transferred from other Free Zones



# Customs Free Zone Privileges



## By Customs department

- ✓Relief from import and internal taxes/duties
- ✓Relief from export duty on re-exports
- ✓Relief from standard/quality control requirements
- ✓Duty exemption on waste, scrap, and yield loss
- ✓Eligible for export tax refund/exemption schemes

## By Revenue department

- ✓Exempt VAT
- ✓Zero% VAT

## By Excise department

- ✓Exempt excise tax

## By Ministry of Finance notification

- ✓40% Local Content
- ✓FTAs privilege maintained





## Non-eligible for duty/tax privileges

- Prohibited goods
- Consumed goods in Free Zone
- Personal belongings except special uniform for specific type of work
- Cars, motorcycles (needed to register and pay yearly tax indicated by law)

## New Customs Free Zone Notification 2016

- to support Thai government policy in developing Special Economic Zone (SEZ) and cluster business
- to improve and strengthen investors qualification

Customs Notification no.87/2546 dated 25 December 2003 is cancelled, and replaced by ...  
[Customs Notification no.32 / 2559 issued dated 23 march 2016](#)

New Notification updates criteria how to apply to be Free Zone Establisher/Free Zone User, privileges, and how to cancel the status



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## Comparison between 2003 and 2016

FZ Establisher	2003	2016
Paid registered capital	Minimum of 20 million baht	Minimum of 60 million baht (in SEZ, minimum of 10 MB)
Size	n/a	Minimum of 50 rais (1 rai = 1,600 sqm)
Location (Commercial FZ)	n/a	Within radius 50 km of international airport/port, economic corridor
Cluster (Commercial FZ)	n/a	Cluster, provide service to public
Secure financial status	yes	Last 3 years with profit statement (newly registered company submit feasibility study)
Bank guarantee (during application, will get back after FZ is ready to open)	5 MB in BKK metro area, 2 MB other areas	5 MB (in SEZ, 2 MB)
Annual fee	300,000 baht	300,000 baht



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**liberation**  
of unassisted trade

## Comparison between 2003 and 2016



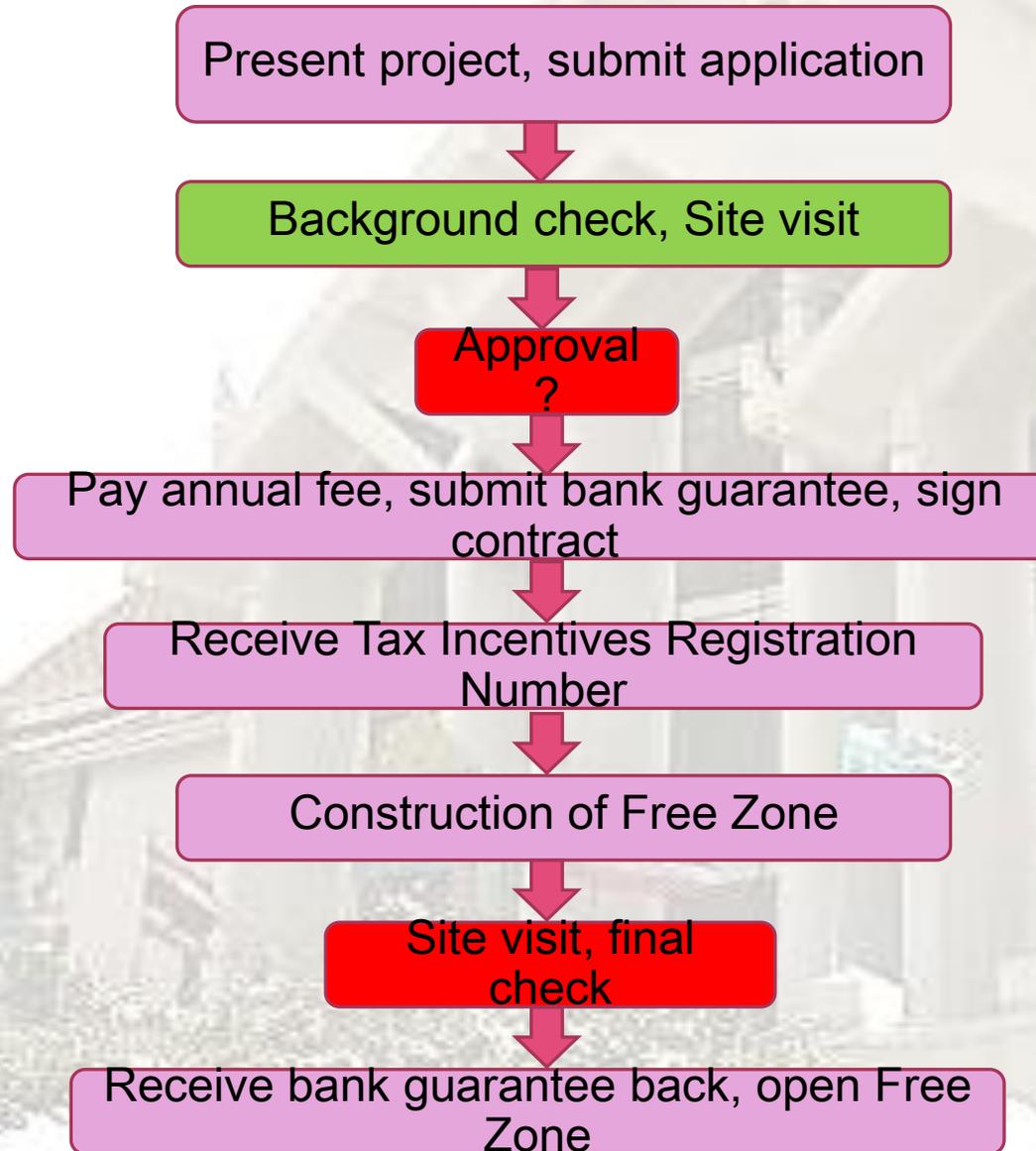
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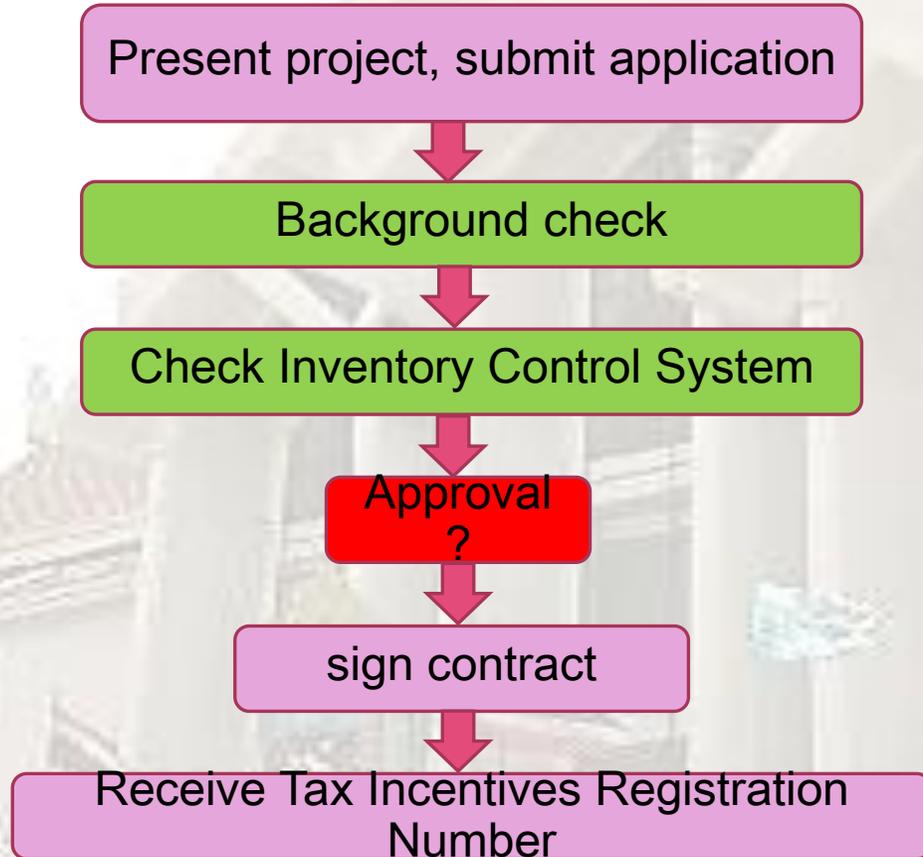


FZ User	2003	2016
Paid registered capital	n/a	Minimum of 5 million baht (in SEZ, minimum of 1 MB)
Secure financial status	yes	Last 3 years with profit statement (newly registered company submit feasibility study)
Annual fee	n/a	n/a
Bonded and security contract	Renew every 3 year	Renew every 3 year

# Applying to be a Free Zone Establisher



# Applying to be a Free Zone User







## Free Zone facts



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Types of Free Zone	Number of Free Zone
1. Commercial	32
2. Industrial	5
3. Commercial and Industrial	49
4. Flight kitchen	3
5. Suvarnabhumi Airport	1
6. Fix/build airport or ship	3
7. Petroluem	6
<b>total</b>	<b>99</b>



As of 23 June 2016

# Free Zone facts



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## Information of Free Zone User

No.	Category	Amount
1	Food	12
2	Chemical Industry /Petroluem	12
3	Plastic/lens/mirror	22
4	Clothes/fabric/Stationery/Consumables	8
5	Accessories/gem/metal	4
6	Made of metal	24
7	Electrical equipment/machine	28
8	Automotive and Related Products	71
9	Airplane and releted Industrial	5
10	Furniture/woodwork/leather	5
11	Electronic products	11
12	Distribution/Logistics/packing	102
13	Others	36
	<i>total</i>	<u><i>340</i></u>



As of 23 June 2016



**THANK YOU**

