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Thailand Board of Investment introduces “Thailand Investment Year 2019 Incentive Package”

Thailand is making progress in terms of stimulating investment projects in advanced technology and knowledge-based industries, considered the country's key engines to boost economic growth and drive economic transformation. According to a press release issued by the Thailand Board of Investment (BOI) on 11 February 2019, The Thailand Investment Year Incentive Package provided by the BOI has been initiated as a strategic tool to support Thailand's development into a value-based economy. Coinciding with the launch of the new incentive package of 2019, the BOI organized the “Thailand Investment Year – What's New?” seminar on 4 March 2019 in order to disseminate information on the latest investment promotion policies and other support measures aimed at enhancing the country's competitiveness.

The Thailand Investment Year Incentive Package is primarily focused on attracting large investment projects with a minimum investment value of 1,000 million baht in the targeted activities. Such projects are entitled to the basic promotion incentives of 5-8 years corporate income tax exemption. In this regard, targeted activities include the manufacture of aircraft or aircraft parts, R&D, biotechnology, the manufacture of advanced technology electrical products, the manufacture of high-technology medical devices, digital services, and so forth. Applications will be open until 30 December 2019 with the approved projects receiving a 50% reduction of corporate income tax for three years on top of the initially granted corporate income tax exemption period.

The initiation of the new investment incentive package will play a significant role in maintaining Thailand's high investment momentum, following a satisfactory outcome in 2018 when the value of investment applications received by the BOI were 25% higher than the target. For this year, the investment application target has been set at 750 billion baht, with the Thailand Investment Year Incentive Package expected to further boost the country's investment value and enable the government to achieve its target for 2019.

National ID: Thailand's financial service industry path towards technology disruption

Over the past several years, digital and technological disruptions have widely affected the financial services sector, including retail banking, payment, and insurance. One of the key solutions to survive such disruptions and prepare for future changes is innovation. According to a report by Deloitte and Robocash, Thailand is set to be one of the best-performing nations in the financial technology revolution over the coming years. The reason for this optimism is that Thailand has sufficient knowledge of modern technology and realizes the importance of data utilization for data monetization (using data for quantifiable economic benefit). Hence, the country represents an opportunity for financial technology development due to its technology literate population and government.

Moreover, Thailand has continuously adopted new technology to accelerate the speed of innovation. The country's policymakers have encouraged the national digital scheme and introduced plans to execute a national ID service,

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which is intended to enhance digital security to facilitate online transactions and enable banks to expand their account base through digital lending via the national ID service. The national ID service is slated for an April launch. Based on facial recognition and blockchain-powered identity authentication technology, the service offers a new feature for mobile banking users called the 'identity platform' which allows users to make a transaction with other banks without the need to provide any supporting documents.

The national ID service is expected to facilitate transactions by making banking services more convenient for customers, promote financial inclusion by increasing the demographic base of clients who can access financial services in Thailand, and promote investment by raising investor confidence in the security of Thailand's financial institutions. In addition, the national ID service also strengthens Thailand's ability to cope with technology disruption in the financial services sector and may signal the country's next step towards becoming a digital economy.

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If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

Rachda Chiasakul | Partner and Managing Director
Rachda.C@bolliger-company.com

Sarut Wittayarungruang Sri | Director
Sarut.W@bolliger-company.com

Tel. +66 (0) 2 230 6399
Fax. +66 (0) 2 230 6333

www.bolliger-company.com

Bolliger & Company (Thailand)

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