

The EEC Act is now in force

Following Thailand 4.0 model aiming to transform Thailand's economy to one driven by innovation, research and development, last February, the National Legislative Assembly passed the Eastern Special Development Zone Act B.E. 2561 (2018) ("**EEC Act**") which was published in the Royal Gazette on 14 May 2018 and is now in effect.

The Eastern Special Development Zone (the "**EEC Zone**"), commonly known as the Eastern Economic Corridor, mainly locates in Chonburi, Chachoengsao and Rayong Provinces of Thailand.

How to apply

The investor shall first apply for investment promotion with the Board of Investment of Thailand ("**BOI**") under Investment Promotion Act B.E. 2520 (1977) ("**BOI Act**"). If the investment project is eligible for special investment promotion incentives, the application will then be passed to the Eastern Economic Corridor Office of Thailand for consideration. Generally, eligible projects under the EEC Act shall have the following qualifications:

- the project must relate to one of the Targeted Industries (i.e. next-generation automotive, intelligent electronics, tourism for high-income tourists and medical tourism, agriculture and biotechnology, food processing, robotics, logistics and aviation, biofuels and biochemical, digital, and holistic medical and health services);
- the project must establish a close cooperation with educational and research institutions which must be approved by the BOI;
- the project must use modern and advanced technology in its operation; and
- the project must locate in the EEC Zone.

Incentives and benefits

To attract investment in the EEC Zone, the EEC Act introduces key benefits for investing in the EEC Zone, including but not limited to the following.

1. Permission to own land

Investor who is a foreign juristic person under the Land Code is allowed to hold ownership of the land located in the EEC Zone to operate the business activities so licensed¹.

¹ Section 49 of the EEC Act.

2. Permission to own condominium units

Investor who is a foreign juristic person under the Condominium Act is allowed to hold ownership of condominium unit(s) located in the EEC Zone to operate the business activities so licensed or for residence purposes and exempted from restrictions under the Condominium Act².

3. Exemption from corporate income tax

Investor may be entitled to the exemption from corporate income tax for up to 13 years by virtue of the BOI Act³.

4. The lowest rate of personal income tax in ASEAN

The qualified executives, specialists and researchers who operate the licensed business in the EEC Zone are entitled to a low personal income tax of 17%⁴.

5. Exemption from import duties

As the promoted person under the BOI Act, the investor shall be entitled to the exemption from import duties on machinery, raw or essential material used in the production⁵.

6. The maximum 99 year leasehold right over the land located in the EEC Zone

Investor has the right to lease the land located in the EEC Zone for 50 years and may be extended for a period of not more than 49 years from the date on which the lease term reaches 50 years⁶.

7. No limitations on number or period of stay for expats working in EEC Zone

Investor has the right to bring foreigners who are executives, experts or have expert knowledge under the EEC Act (and their spouse and dependents) into the Kingdom and residing in the Kingdom without any restriction on the number of foreigners or the period of stay under the Thai immigration law⁷.

8. Exemption on work permit

Investor, specialist and scientist who work in the Targeted Industries in the EEC Zone shall be entitled for a 5-year working visa. Moreover, foreigners who are executive, expert or have expert knowledge as prescribed under the EEC Act shall be entitled to work in the approved positions without being required to obtain a work permit under the Thai immigration law⁸.

As of now, it is informed that the total value of potential investment within the EEC Zone has reached over THB 400 billion this year. The Thai governments announced that the actual investment value in the targeted business in the EEC Zone is expected to be higher than THB 1.7 trillion within the year of 2021.

² Section 49 of the EEC Act.

³ Section 56 of the EEC Act.

⁴ Section 56 of the EEC Act.

⁵ Section 28 of the BOI Act.

⁶ Section 52 of the EEC Act.

⁷ Section 54 of the EEC Act.

⁸ Section 55 of the EEC Act.

Please note, however, that according to the Notification of the Board of Investment of Thailand No. 3/2561 Re: Measures for Investment Promotion in EEC Zone, the application for promotion under the EEC Act shall be submitted to the BOI within 31 December 2019.

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Important Note and Disclaimer

The content of this Newsletter is prepared as of 1 November 2018.

This Newsletter is informational in nature and is not to be considered as legal advice. It does not exhaustively cover the subjects which it treats, and is only intended to address some of the key issues. When specific questions arise in practice, it is necessary to obtain appropriate legal advice.

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