

THAILAND OF INVESTMENT

Where success stories begin

High Value-Added Services



The Land of Smiles at Your Service



THAILAND BOARD OF INVESTMENT
www.boi.go.th

Service Industries

- ❑ Services accounts for about 50% of GDP
- ❑ Many opportunities exist in this growing sector:
 - ✓ Long-stay tourism facilities
 - ✓ Film & Entertainment
 - ✓ Regional Operating Headquarters
 - ✓ Distribution Centers
 - ✓ Logistics
 - ✓ Aircraft repair



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Services

Many opportunities exist in this growing sector:

- ✓ R&D and design
- ✓ Printing
- ✓ Tourism facilities, esp. long-stay
- ✓ Film & Entertainment
- ✓ Regional Operating Headquarters
- ✓ Distribution Centers
- ✓ Aircraft maintenance

Logistics:

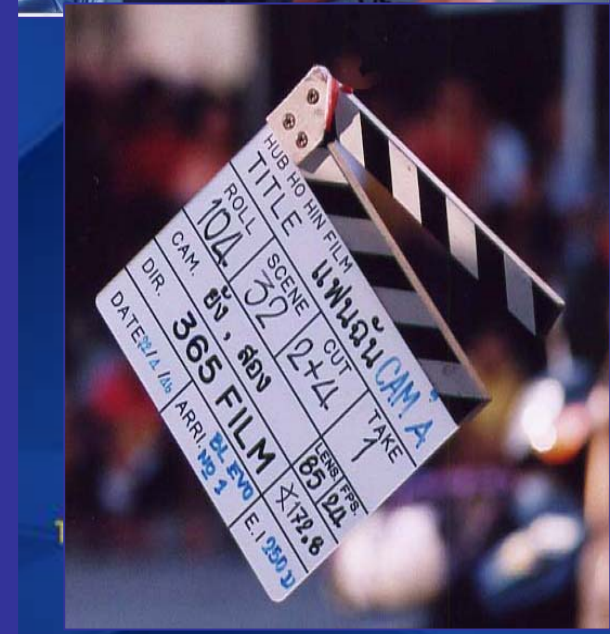
- ✓ Shipping services is strongly supported by the Thai Government to support our strong growth in international trade
- ✓ National goal to reduce logistics costs from 20% to 9% of GDP



Priority Activity: Film & Animation

Incentives:

- ❑ For projects locating in “Movie Town” film industrial estate*:
 - ✓ **Duty-free machinery import**
 - ✓ **8-year cap-free corporate income tax exemption**
- ❑ For all projects, regardless of location:
 - ✓ **5-year corporate income tax exemption**
 - ✓ **Facilitation services, such as one-stop visa/work permit processing, coordinating with government agencies to secure filming location permissions**



Expanding the Thai Film Industry

- ❑ **Development of Thai film industry will also lead to growth of film-related goods**
 - ✓ **One stop shop for film industry**
- ❑ **Large potential for expansion – Thai films typically make up 13-15% of all movies shown in Thai theaters¹**
- ❑ **Increasing government support aimed at exports of Thai films, especially across Asia**



Regional Operating Headquarters (ROH)

Criteria:

Service branches/affiliates in three countries

Majority or totally foreign-owned

Income derived from managerial, technical, administrative, or prescribed support services for branches/associated companies

Incentives:

Corporate income tax of 10% for:

- Qualified services
- Royalties from ROH in Thailand
- Interest income on loans made to ROH branches/ associated enterprises

Tax exemption for dividends from ROH branches/associated enterprises

Personal income tax of 15% for expatriate employees for 4 years

Business Process Outsourcing

□ **Covers a range of services provided through the telecommunications network, such as:**

- ✓ **Administrative services**
- ✓ **Finance and accounting services**
- ✓ **Human resource processing support**
- ✓ **Sales and marketing services**
- ✓ **Customer services**
- ✓ **International call center support**
- ✓ **Data processing, among others**

Notes: Currently granted only non-tax privileges
Replaces Activity 7.22 Calling Centers



Long-Stay Tourism

□ Non-Tax Incentives:

- ✓ Land ownership
- ✓ Visas & work permits



□ Criteria:

- Approval from Ministry of Tourism and Sports
- Provide a variety of services, such as:
 - ✓ Accommodation
 - ✓ Health care
 - ✓ Tourism-related services
 - ✓ Recreation

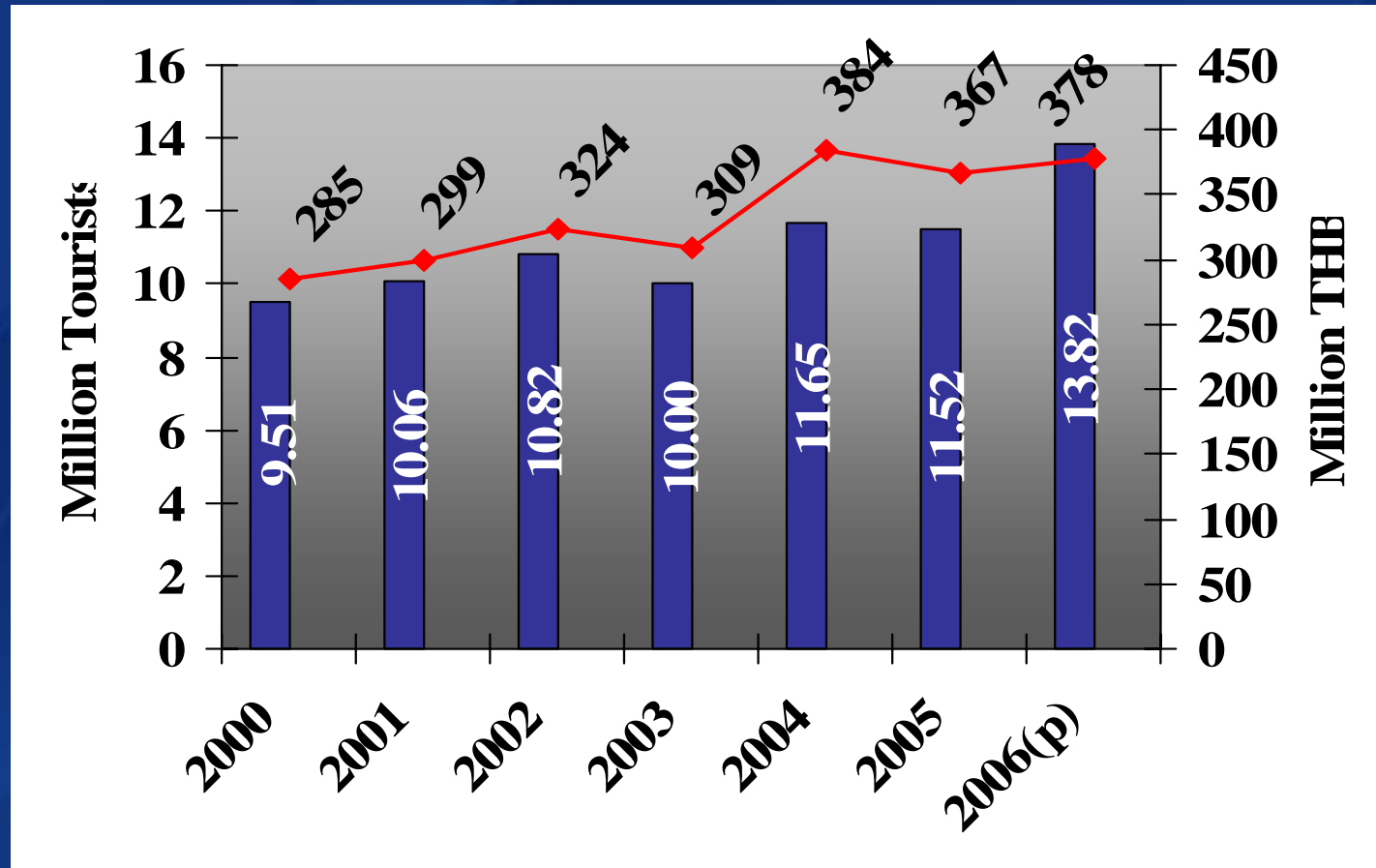


Travel and Leisure Magazine Survey Top 10 Cities in Asia

- | | |
|-----|-----------------------|
| 1) | Bangkok |
| 2) | Chiang Mai |
| 3) | Kathmandu |
| 4) | Kyoto |
| 5) | Hong Kong |
| 6) | Hanoi |
| 7) | Upaipur, India |
| 8) | Beijing |
| 9) | Jaipur, India |
| 10) | Luang Prabang |

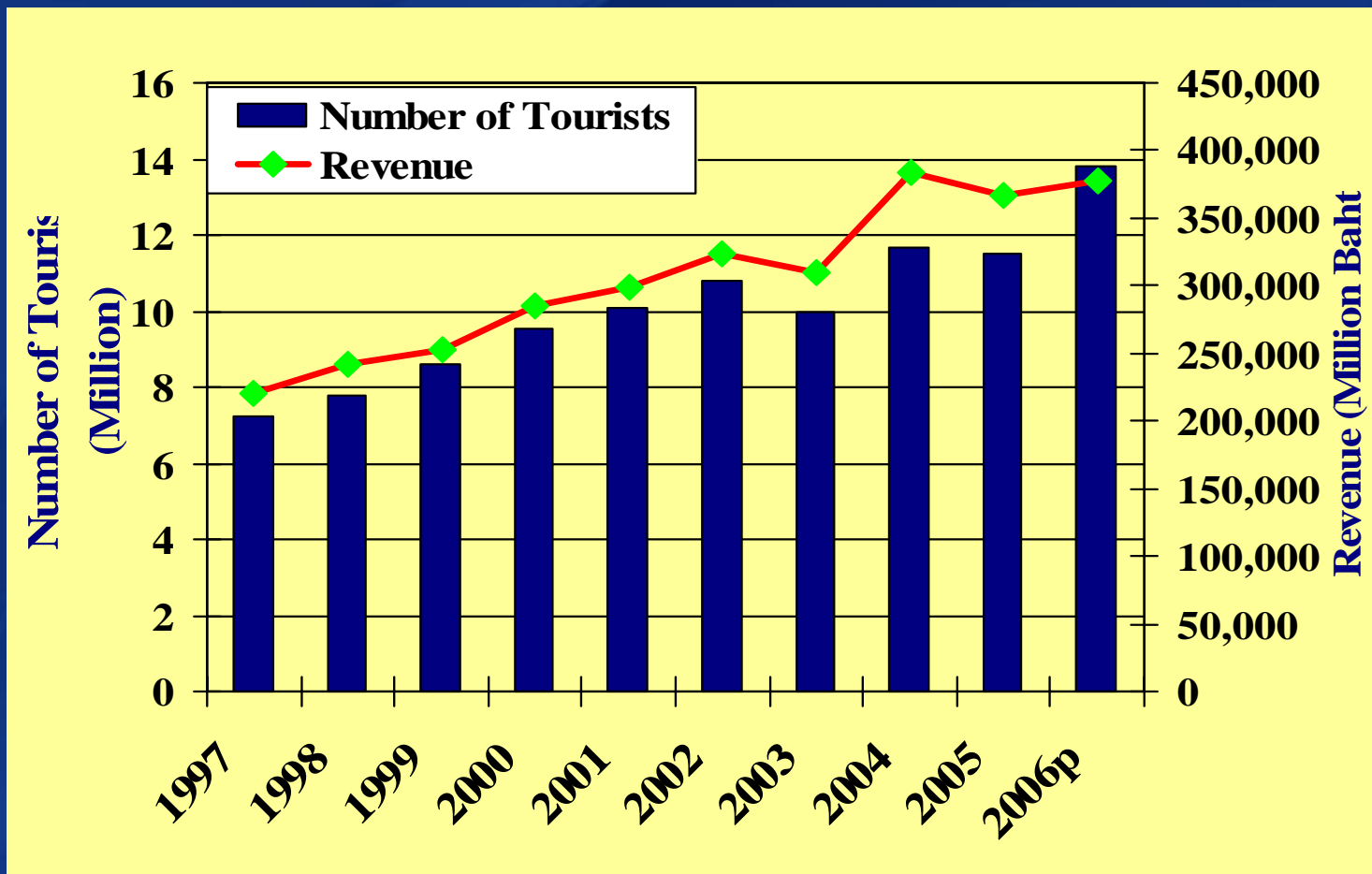


Tourist Arrivals in Thailand



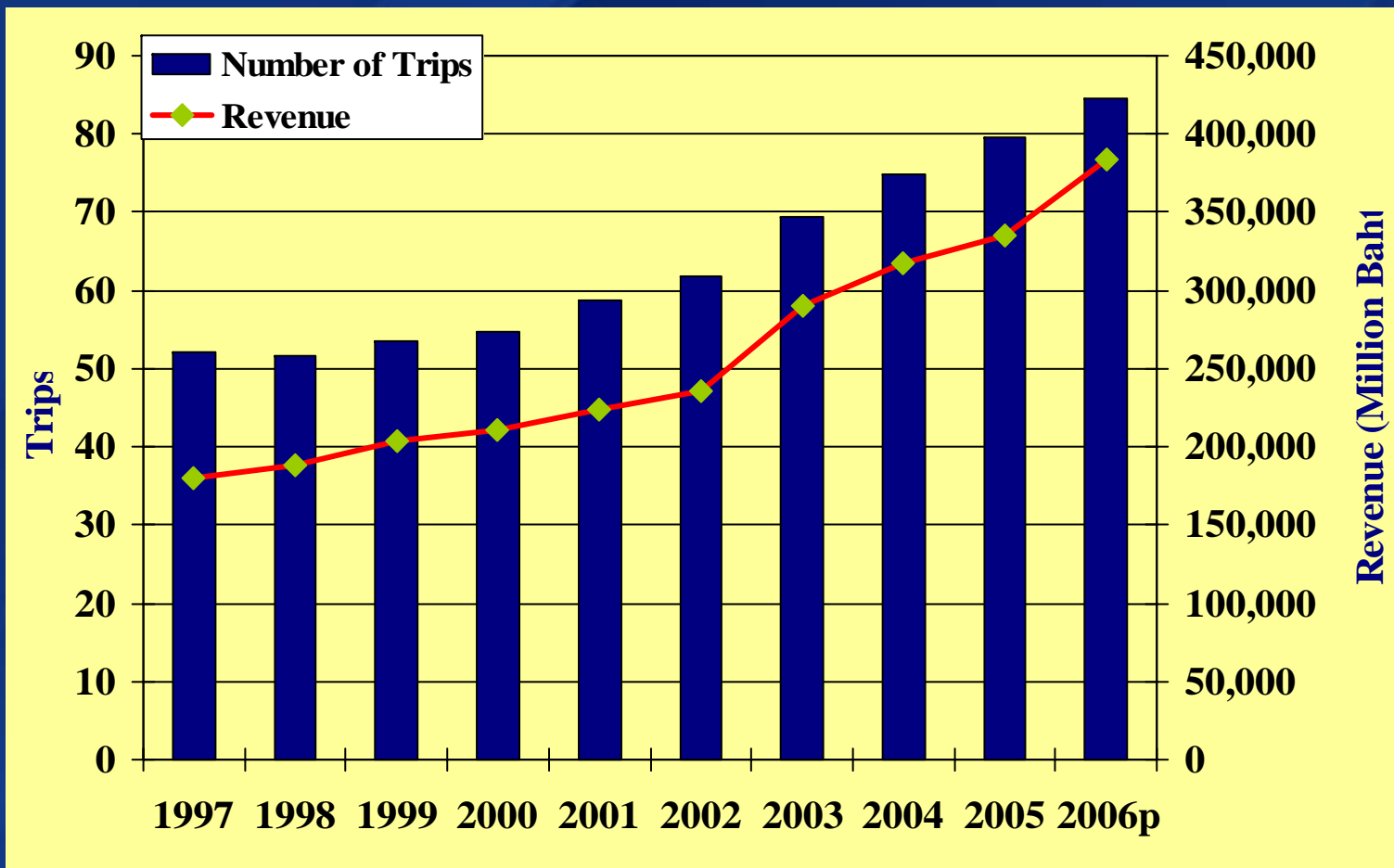
Source: Tourism Authority of Thailand

International Tourism in Thailand



p=Tourism Target of the Ministry of Tourism and Sports

Domestic Tourism in Thailand



p=Tourism Target of the Ministry of Tourism and Sports

Tourism Growth in Thailand

Year	Average Expenditure (baht/person/day)	% change	Revenue (mil baht)	% change
2000	3,861	4.23%	285,272	12.75%
2001	3,748	-2.93%	299,047	4.83%
2002	3,754	0.15%	323,484	8.17%
2003	3,775	0.55%	309,269	-4.39%
2004	4,058	7.51%	384,360	24.28%
2005	3,890	-4.13%	367,380	-4.42%
2006f	4,300	10.54%	378,000*	2.89%

Source: TAT,* from E-TAT Tourism Journal