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Thailand approves steps to ease COVID-19 impact

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Accelerate Investment in Medical Sector



The Board of Investment of Thailand (BOI) has approved a series of measures to mitigate the impact of the coronavirus or COVID-19 outbreak on business, including steps to encourage rapid investment in the manufacturing of medical equipment.

The board also approved incentives to promote technology-based "smart farming" solutions as well as research and development in a broader range of sectors.

Accelerate investments in the medical sector

(1) Apart from the 3 to 8 year tax holidays, a reduction of 50 percent of corporate income tax for an additional 3 years will be given to qualified investments in the medical sector. Examples include the production of medical devices and parts, non-woven fabric used as raw materials in the production of medical supplies, diagnostic test kits, drugs, and active pharmaceutical ingredients. This measure covers projects that apply for promotion between 1 January and30 June 2020 and must start production and generate income by 31 December 2020. Distribution or donation domestically of at least 50 percent of the output must take place in 2020-2021.

(2) A measure to support the adjustment of existing production lines to manufacture medical devices or parts by exempting import duties on machinery on the condition the equipment is imported within 2020 and the application for production line adjustment is filed by September 2020.

(3) Adjustments to the benefits granted for the production of raw materials used in the manufacture of medical products to encourage a more complete value chain in Thailand. For instance, pharmaceutical grade alcohol production can now be entitled to an 8-year corporate income tax exemption. Additional benefits will also be granted for the production of non-woven fabric used as raw materials for the production of medical masks or medical devices, by expanding the corporate income tax exemption to 5 years, from 3 years.