Thanathip & Partners

Relocating Manufacturing to Thailand: BOI Promotion, the EEC, Entity Choice and Land Rights



Nat Boonjunwetvat | Partner
D: (66) 2089 8988
E: nat@thanathippartners.com
V-Card



Sita Maneenut | Associate
D: (66) 2089 8960
E: sita@thanathippartners.com
V-Card

October 2026

Every manufacturer relocating production into Thailand eventually runs into the same coordination problem. The corporate lawyer is negotiating a definitive agreement, the tax advisor is modelling a BOI incentive package, and the real estate lawyer is assessing a site — each, in effect, solving a different puzzle on the assumption that the other two pieces will simply fit once assembled. They usually don't, not without deliberate sequencing. BOI will only promote a specific applicant carrying on a specific activity, the activity and ownership structure determine whether the Foreign Business Act (FBA) is in play at all, and the land-rights route available depends on whether the site sits inside an industrial estate, inside the Eastern Economic Corridor (EEC), or on land elsewhere in the Kingdom.

BOI Promotion: An Activity-Specific Grant, not a Corporate Status

BOI promotion operates under the Investment Promotion Act B.E. 2520 (1977), with activities sitting in tiers that set the ceiling on tax benefits. In the first half of 2026, applications applied for BOI promotion had a combined investment value of Baht 1.473 trillion, led by digital infrastructure and data centres, electronics and electrical appliances, and agriculture and food processing. The eligible-activity list is reviewed and amended by BOI announcements several times a year and should be verified against the BOI's latest announcements before being relied upon.

The BOI certificate promotes the activity, not the company. A manufacturer whose promoted activity is production, but who also intends to provide OEM or other services — an activity within the FBA's restricted lists — cannot assume the promotion covers both. The service arm needs its own legal basis.

The tax package is built around the Section 31 corporate income tax exemption, and the length of the exemption depends on the tier in which the BOI classifies the promoted activity. Activities in Groups A1 to A4 receive an exemption of three to eight years, depending on the group, while the top-tier Group A1+ receives ten to thirteen years. The package also includes import duty exemptions on machinery and export raw materials, a ten-year double deduction on transport, electricity, and water, and, under Section 34, exemption from tax on dividends paid out of exempt profits. This allows a promoted subsidiary to repatriate profits to a foreign parent without Thai dividend withholding tax. For most manufacturers, however, the non-tax incentives may be more significant. Depending on the activity and the terms of the promotion certificate, these may

include majority or full foreign ownership notwithstanding the FBA, the Section 27 land right addressed below, and streamlined work permit arrangements.

The EEC: Genuine Uplift, With a Catch in the Fine Print

The EEC covers Chonburi, Rayong, and Chachoengsao under the EEC Act B.E. 2561 (2018). Projects in the EEC special promotion zones may receive, subject to eligibility conditions and the activity tier, one to two further years of corporate income tax (CIT) exemption on top of the standard BOI grant, followed by a period of 50% CIT reduction, as well as a flat rate of 17% personal income tax for qualifying foreign experts.

This EEC uplift and the BOI's separate incentive for projects located in qualifying industrial areas are not always cumulative. Choosing between an EEC-designated estate and an equivalent estate elsewhere that qualifies for the industrial-area incentive is therefore a genuine exercise, not a formality. A client comparing two shortlisted sites purely on headline incentive language, without assessing which incentives can be combined in each scenario, may reach the wrong conclusion about which site offers the greater benefit.

Section 49 of the EEC Act allows a company in an EEC special economic promotion zone that is a foreign entity under the Land Code to own land within the zone for its permitted business, within the criteria set by the EEC Policy Committee and the limits under the investment promotion and industrial estate laws, without obtaining separate permission under the Land Code. This produces a land ownership route distinct from, and available alongside, BOI Section 27 land rights. The EEC also has a separate regime for long-term industrial leases, whereby land and other immovable property in a special economic promotion zone may be leased to carry out the development and promotion of target industries for up to 99 years, comprising an initial 50-year term with a possible 49-year renewal.

Entity Choice: The FBA Question Usually Answers Itself First

A Thai limited company is, in practice, the only serious option: a branch carries unlimited head-office liability and its own FBA exposure, a representative office cannot generate revenue, and BOI promotion in any event requires a Thai-registered juristic person.

The ownership question deserves more precision than it usually gets. Standard export manufacturing generally does not appear on the FBA's restricted lists — meaning majority or full foreign ownership can often be available without BOI ever entering the analysis. The BOI's ability to address FBA restrictions is relevant in narrower circumstances: where the specific promoted activity does touch a restricted list, or where an ancillary activity — such as in-house distribution, retail, or certain construction services — falls within the restricted lists in its own right. Framing the promotion application around the activity for which BOI promotion is actually needed, rather than assuming that BOI addresses FBA restrictions more broadly than it does, avoids both over- and under-scoping the application.

As manufacturing carries no statutory local-partner requirement, the decision to bring in a Thai joint-venture partner is primarily commercial — driven by an existing estate plot, distribution relationships, or a customer's local-content expectations. Where a joint venture is chosen, shareholding, board composition, and funding mechanics should be locked before filing as the

promotion is granted against a specific ownership structure, and introducing a shareholder afterward may require the BOI approval.

Land Rights: Three Separate Statutes, One Common Mistake

Section 86 of the Land Code B.E. 2497 (1954) prohibits foreigners from owning land, and Section 97 extends the prohibition to a Thai company with more than 49% foreign capital, or where more than half of the total number of shareholders are foreign.

Three separate statutes create exceptions. Each route has its own qualifying conditions and rules governing the ownership and subsequent disposal of the land if the project is later unwound.

1. **BOI Section 27** permits a promoted company to own land for the promoted activity in an amount the BOI considers appropriate. The amount of land permitted for the project is determined by the BOI on a case-by-case basis and is specified in the promotion certificate. The land generally must be sold within one year of the date of dissolution or transfer of the promoted business.
2. **EEC Section 49** is tied specifically to continuation of the permitted business inside an EEC special economic promotion zone.
3. **IEAT Section 44** permits a foreign operator approved within an industrial estate to own land there, including beyond the ordinary Land Code area limits, independent of BOI status entirely. The disposal window on cessation is three years — longer than the BOI route.

Where more than one route is available, the choice has consequences beyond the ownership mechanics. It should be made against the project's expected life and exit plan, since the one-year disposal window under BOI Section 27 and the three-year window under IEAT Section 44 leave very different room to manage a wind-down or sale. Where ownership is not the right structure at all, a registered lease remains the fallback — 30 years generally, or the EEC's 99-year structure where the site qualifies.

Legal and Practical Implications

The key point is that these issues should not be treated as separate workstreams. The corporate lawyer, the tax advisor, and the real estate lawyer are not actually solving three problems — they are solving one problem with three moving parts, and the parts interact. The projects that move fastest are the ones where this is treated as one coordinated workstream from the outset. The ones that stall are usually the ones where three separate advice streams only reconcile after the promotion certificate, the lease, and the shareholders' agreement are already signed. At that point, the fix is a re-filing, not a redline.

This article is intended solely to provide general information on recent regulatory and enforcement developments in Thailand and does not constitute legal advice or a legal opinion. Specific legal advice should be sought in relation to individual circumstances.