



**pwc**

# BOI Services

Tax and Legal Services

[www.pwc.com/th](http://www.pwc.com/th)



PricewaterhouseCoopers (PwC) BOI services are designed to assist companies with the formalities and practical considerations of maximising the benefits available.

We understand that strategic planning for commencement, expansion or relocation can be time consuming and complex. To help with this we have a network of specialists from all lines of service who can advise on a wide range of factors which can impact on your initial structuring decisions and implementation.

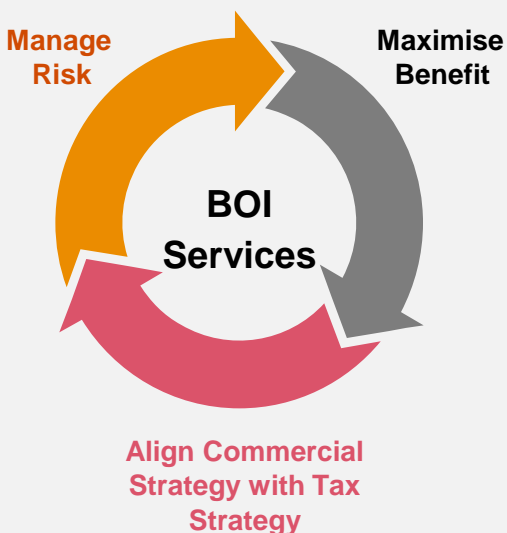


## How do the services work?

We will start with the practical issues of your commencement, expansion or relocation plans and provide an overview of the steps required to establish your operations. We can then help with implementation by coordinating our network of professionals across different lines of service, i.e. legal, tax, advisory and assurance.

To make the process easier, we divide our services into initial considerations and longer term considerations. For each stage we provide you with the relevant services you need.

Maximising BOI benefits requires much more than submitting raw data through the application form. It is important that the practical aspects and long term implications are addressed in addition to the initial considerations.



## What are some of the initial considerations?

### Our BOI services can include the following:

- Advice regarding the possibility of obtaining BOI benefits
- Preparation of BOI feasibility study report
- Preparation or review of BOI application form
- Assistance in discussions with BOI officers.



## What are some of the longer term considerations?

- Holding company and exit strategy
- Debt or equity considerations
- Structured finance, leasing alternatives, managing retained earnings
- Contract structuring for relocation and expansion
- Expatriate and work permit planning
- Inclusion of related activities that may be conducted within the BOI promotion period
- Timing of capital purchases
- Timing of payments to third parties and related parties
- Accounting for inventory and consumables
- Timing of inspection by BOI officers
- Strategy to resolve disputes with the Revenue Department.
- BOI compliance review
- Reinstatement of existing project and obtaining incentives
- Mitigating the impact of Pillar Two rules on granted incentives

## Success stories that have generated many millions in savings



1 Reclassification of assets



2 Restructuring certain entities



3 Comprehensive interpretation



4 Extension of BOI inspection date



5 Thoughtful timing of capital purchase and other expenses



6 Smaller tax burden

## Where should the parent of the BOI company be located?

While using a U.S. entity as the parent might ease the alien business license requirements, the U.S. entity may not be the ideal parent from a tax perspective both in terms of intercompany payments/receipts during operations and on the eventual sale of the BOI operations. Therefore, the location of the parent company should be considered from a tax, licensing and commercial standpoint from both an entry and exit perspective to ensure compliance with all applicable Thai laws and regulations.

## Should we fund the BOI company with equity or debt?

The BOI imposes a minimum threshold of debt to equity ratio; however, that may not be the optimal ratio for minimising your local or global effective rate wherein you have to consider the withholding tax and home country tax foreign tax credit. Consequently, you need to maintain an optimal balance between equity and debt.

## If we need to borrow funds should we use zero coupon bonds, vanilla loans or retained earnings?

This would depend on a variety of factors such as your funding requirements, profit expectations, cost of the funds, availability of funds, etc. and weighing the pros and cons of the tax perspective versus the financial/commercial perspective.

## Do we operate in compliance with BOI regulations and fully enjoy BOI incentives?

While operating BOI projects, many companies usually overlook the BOI rules and regulations and might not realise their failure to follow every rule and regulation until they are challenged by government authorities like the Revenue Department. An example of a common non-compliance issue is the use of a promoted project's machinery for other promoted projects or non-BOI business. That's why a BOI compliance review would be helpful to safeguard yourself against potential tax risk and withdrawal or cancellation of all BOI privileges.

Also, a BOI compliance review will help promoted companies early detect non-compliance and, through our advice, maximise their available resources and BOI privileges with little or no effect on their current operations.

# Here are some examples of the long term considerations in a more detailed manner

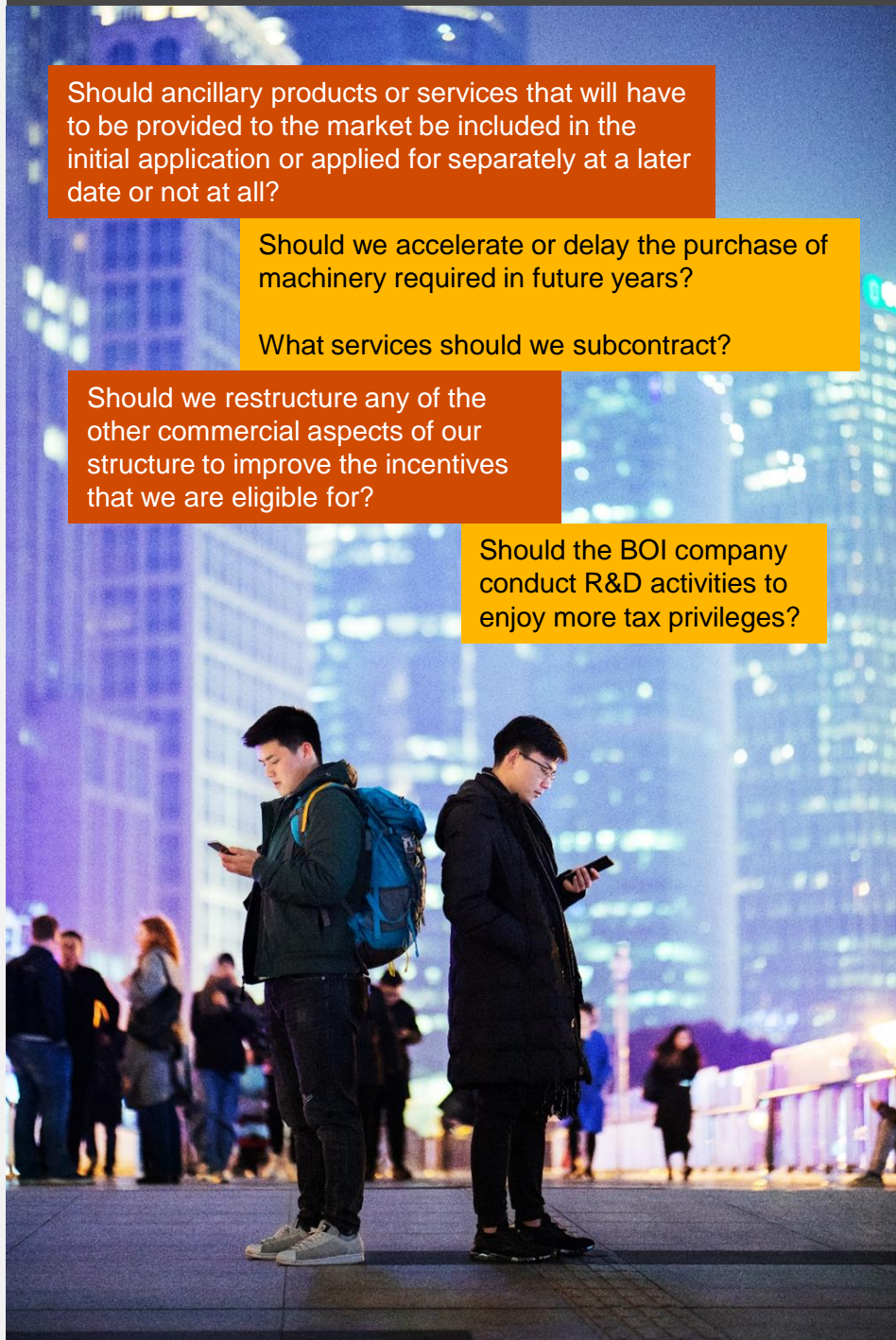
Should ancillary products or services that will have to be provided to the market be included in the initial application or applied for separately at a later date or not at all?

Should we accelerate or delay the purchase of machinery required in future years?

What services should we subcontract?

Should we restructure any of the other commercial aspects of our structure to improve the incentives that we are eligible for?

Should the BOI company conduct R&D activities to enjoy more tax privileges?



## How should we structure intercompany payments for assistance provided in various areas such as management, technical knowledge, etc.?

The BOI application requires a projection of your investments and income for the first three years whereas the tax benefits may last from 3 to 15 years. In addition, the protection or exemption from taxes may be limited to the amount invested or a number of years. You will therefore need to manage the possible mismatch of the duration of the exemption with the investment and whether to split the products and to obtain different BOI certificates and when it would be best to apply for each certificate, etc. in according with the BOI laws.

# What are the benefits?

PwC provides a dedicated specialists who will act as your single point of contact. The experience of our specialists and their well-established working relations with the BOI allow you to focus on your business strategy with the confidence that the complex details of your BOI structuring have been addressed.



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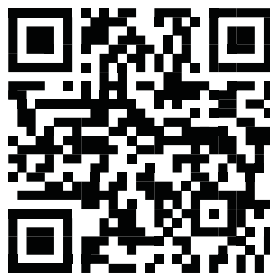
At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with more than 360,000 people who are committed to delivering quality in assurance, advisory and tax services.

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Legal Services

