



Tax Incentives Division

The Customs Department

GUIDEBOOK

TAX *INCENTIVES*



The Customs Department



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Tax Incentives

- **FREE ZONE**
- **BONDED WAREHOUSE**
- **GODOWN, PLACE OF SECURITY AND PERMITTED PORT**
- **DUTY DRAWBACK FOR EXPORTATION UNDER SECTION 29**
- **TAX COMPENSATION**



DUTY **FREEZONE**

Duty Free Zone is an area designated for the benefit of customs duty exemptions in industrial operations, commercial activities, or other operations beneficial to the nation's economy.



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FREEZONE

"Any person wishing to establish a duty-free zone shall obtain a license from the Director-General. A licensee granted permission to operate a business in a duty-free zone is a person authorized by the Director-General to conduct industrial operations, commercial activities, or other operations beneficial to the nation's economy within the duty-free zone."



Import Duty Exemption



Goods imported into the Kingdom to be brought into a Duty-Free Zone include:

- Machinery, equipment, tools, and appliances, including their components, necessary for business operations, as well as goods used in the construction, assembly, or installation of a factory or building within the duty-free zone.
- Goods imported for use in industrial operations, commercial activities, or other operations beneficial to the nation's economy.
- Goods transferred from other duty-free zones."

Exported goods with duty exemption / Duty Refund



"If such goods are brought into a duty-free zone, they shall be granted a duty exemption or refund, assuming they are considered exported from the Kingdom at the time of entry into the duty-free zone.

Export Duty Exemption



Goods released from a duty free zone to be exported out of the Kingdom

Exemption of Laws and Regulations



- **Exemption from the application of laws** related to the control of standards or quality, as well as the stamping or marking of goods imported into the Kingdom, or local materials brought into the duty-free zone for production, mixing, assembly, packing, or processing in any manner for the purpose of exportation from the Kingdom.
- **Exemption from the application of laws** related to the control of importation into or exportation from the Kingdom, as well as the possession or use of goods imported into the Kingdom, or local materials brought into the duty-free zone for production, mixing, assembly, packing, or processing in any manner for the purpose of exportation from the Kingdom—applicable only to the duty-free zones at Don Mueang Airport, Suvarnabhumi Airport, and U-Tapao Airport, as well as the duty-free zones established in Special Economic Zones and the Eastern Economic Corridor



Incentives According to Notifications of the Ministry of Finance

Duty Rate Reduction to 0%



Goods obtained from raw materials imported for the purpose of production, mixing, assembly, packing, or processing in an industrial manner within a duty-free zone and subsequently distributed or consumed in the country must meet the following significant criteria and conditions:

1. The sum of Thailand-originating raw materials and/or the combined value of raw materials originating from ASEAN member countries, labor costs, and other actual production costs in Thailand—along with the profit (the difference between the ex-factory price and the production cost per item)—must not be less than 40% of the ex-factory price.
2. Such goods must have undergone an essential production process within the duty-free zone and must comply with official announcements issued by the Office of Industrial Economics or other government agencies with the authority to supervise production processes for such goods.



Applicable to waste, parings, and scrap of plastics or unusable plastic under tariff classification Chapter 39.15, derived from imported goods (regardless of their original classification), that have undergone production, mixing, or assembly in a duty-free zone for exportation—not out of the Kingdom, but for distribution or other uses.

Duty Exemption



Applicable to products obtained from domestic or duty-paid imported goods that are not entitled to a duty refund or exemption under the Customs Act or other laws, brought into a duty-free zone for production, mixing, assembly, packing, or processing without incorporating any parts of goods already in the duty-free zone. These products may then be distributed or consumed domestically.

Customs Duty Reduction/Exemption Equivalent to Duty Rate under an International Treaty or Agreement at the Time of Importation



Applicable to goods entitled to customs privileges under an international treaty or agreement, imported into the Kingdom, and brought into a duty-free zone for commercial purposes without changing their tariff classification headings or incorporating parts of any goods already in the duty-free zone. These goods may then be distributed or consumed in the country.



Request for License to Establish a Duty Free Zone

- 1. Submit the request for granting a license to establish a duty free zone
- 2. Verify qualifications/ criteria and conditions / established site inspection
- 3. Obtain the license to establish the duty free zone
- 4. Construct/Establish the duty free zone
- 5. Submit the request for operations
- 6. Inspect the readiness before operations
- 7. Announce the opening of the duty free zone

Begin the construction / establishment within 90 days from the date of receiving the license, and the construction must be completed **within 2 years**

Request for License to Operate a Business in a Duty Free Zone

- 1. Submit the request for granting license to operate a business in a duty free zone
- 2. Verify qualifications / criteria and conditions
- 3. Obtain the license to operate a business in the duty free zone

A licensee granted a permission shall display a license or a substitute license at a noticeable place within his place of business

QUALIFICATIONS OF REQUESTER FOR LICENSE

Qualifications

A Requester for a License to Establish a Duty Free Zone

A Requester for a License to Operate a Business in a Duty Free Zone

Type of Operated Business

- State enterprise Limited
- Company Public Limited
- Company

- Juristic person

Authorized Capital

In case of a limited company:

- Paid-up capital shall not be less than 60 million Baht.
- Exception: For companies established in a special economic zone or in the area of a model city under the "stable, prosperous and sustainable triangle" project, paid-up capital shall not be less than 10 million Baht.

In case of a limited company:

- Paid-up capital shall not be less than 5 million Baht.
- Exception: For companies established in a special economic zone or in the area of a model city under the "stable, prosperous and sustainable triangle" project, paid-up capital shall not be less than 1 million Baht.

Established Area

- ✓ Having an ownership or
- ✓ Having possessory right or
- ✓ Having a management right in the area

Having an ownership / a possessory right and granted a consent from a licensee to establish the duty free zone to operate a business

Financial

- ✓ Have a stable financial status

Status Prohibited Condition

- ✗ Not being a person whose license is suspended
- ✗ Not being a person whose license has been revoked unless the revocation was ordered more than three years prior to the date of a request for the license submission

-SUSPENSION

Suspension



01

Failure to comply or duly adhere to this Act, Ministerial Regulations, notifications, or conditions specified in the license.



02

The Director-General shall send a written notice to the licensee to comply or take appropriate action within a specified period.



03

Failing to comply



04

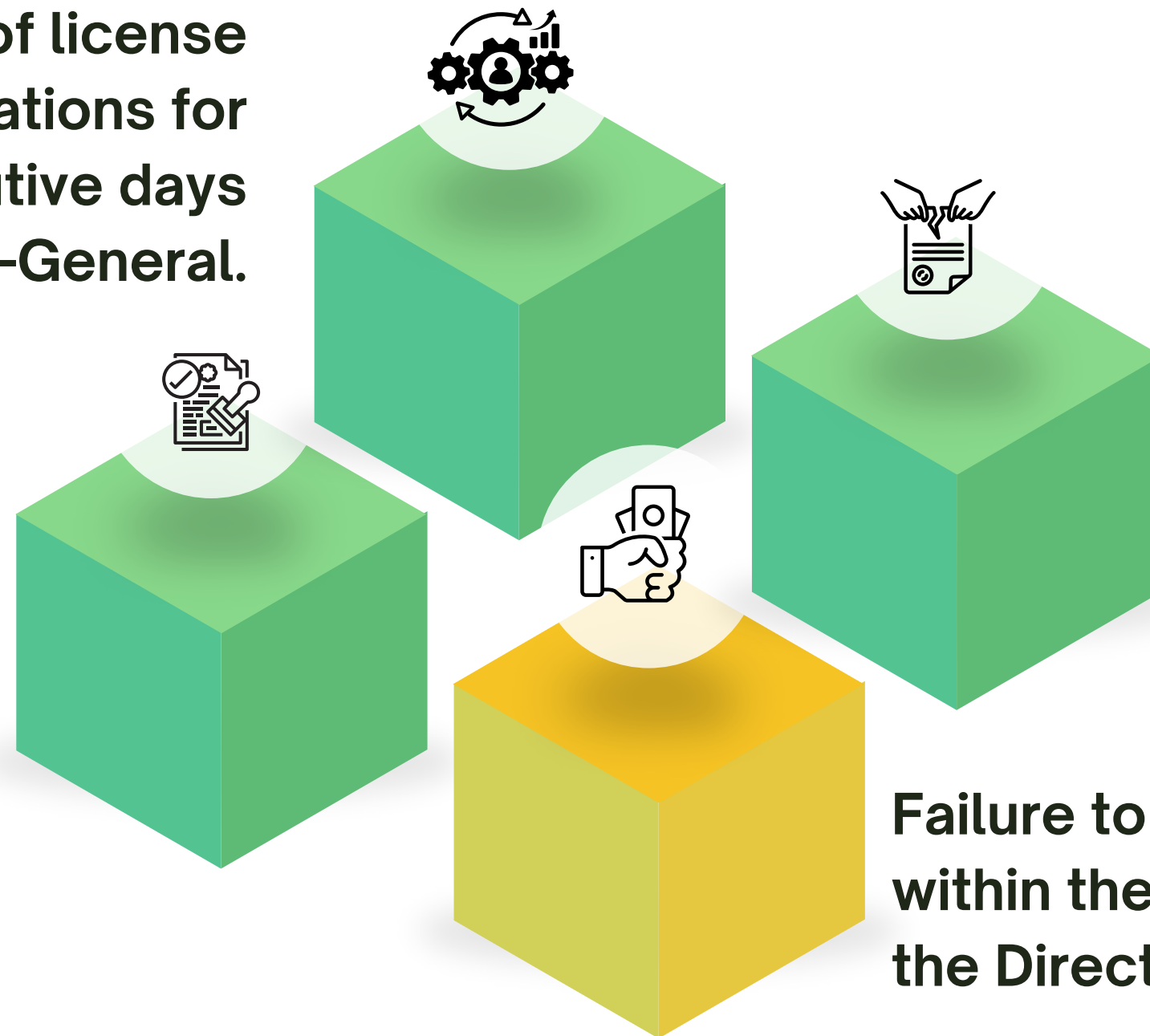
License suspension

- REVOCATION

License Revocation

Failure to commence operations within 90 days from the date of license issuance or cessation of operations for more than 180 consecutive days without notifying the Director-General.

Having had the license suspended twice or more.



Violation of or failure to comply with a license suspension order.

Failure to pay the annual fee within the period specified by the Director-General.



LICENSE

Fee

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Type	Licensee to establish a duty free zone	Licensee to operate a business in a duty free zone
License Fee	10,000 Baht	5,000 Baht
Annual Fee	300,000 Baht	15,000 Baht



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FREEZONE

CUSTOMS FORMALITIES IN DUTY FREE ZONE

Customs Formalities Proceeding



RESPONSIBILITIES

01

Responsibilities of a licensee granted permission to operate a business in a duty-free zone.

1. Preparation of the periodic report
2. Stock counting
3. Deposit of Guarantee
 - Risky goods
 - An operating loss
4. Strict compliance with the Customs Act, regulations, and notifications
5. Payment of the annual fee

02

Storage of goods in a duty free zone; 2 years from the date of importation

1. Limitation of storage of goods in commercial duty free zone + special cases, can be extended for 1 year / necessary cause
2. Limitation of storage of goods in industrial duty free zone can be extended according to the periodic time.



Type D

Type 0

Importation of goods from abroad Prepare goods declaration Type 0 and specify the Tax Incentives ID of the duty free zone where the goods are imported therein.

Acceptance of the transferred goods from other incentives, such as Section 29 / another bonded warehouse / other duty free zones / free trade zones / goods under investment promotion
Prepare goods declaration Type D and specify the Tax Incentives ID of the duty free zone that bringing goods in
Specify the Tax Incentives ID of other incentives (Bonded Warehouse, Section 29, IEAT, other FZ) where the Transfer of goods to other incentives

Kor Sor Kor.122 /Type D

Bringing in the local goods Prepare Kor Sor Kor. 122 form or goods declaration Type D ** the privilege code of the duty free zone in the goods declaration shall not be specified, but the Tax Incentives ID of the duty free zone shall be. **



Transfer of goods to other incentives

- Transfer goods to Bonded Warehouse/goods under investment promotion/goods under Section 29 Prepare goods declaration Type C
- Transfer goods to another duty free zone / Free trade Zone Prepare goods declaration Type D

Specify Tax Incentives ID of the duty free zone where goods are released and of the other incentives (Bonded Warehouse, Section 29, IEAT, other FZs) where the goods were brought in.

Type C/D

Type 1

Exportation of goods out of the Kingdom

Prepare goods declaration Type 1

** Specify the privilege code (Tax Incentives ID) of the duty free zone where goods are released in the goods declaration **

Importation of goods into the Kingdom

Type P

Prepare goods declaration Type P for paying Customs Duty based on a nature of goods, a customs value, a corresponding customs tariff and a duty rate at the time goods are released from the duty free zone **Specify Tax Incentives ID of the duty free zone where goods were released in the goods declaration **

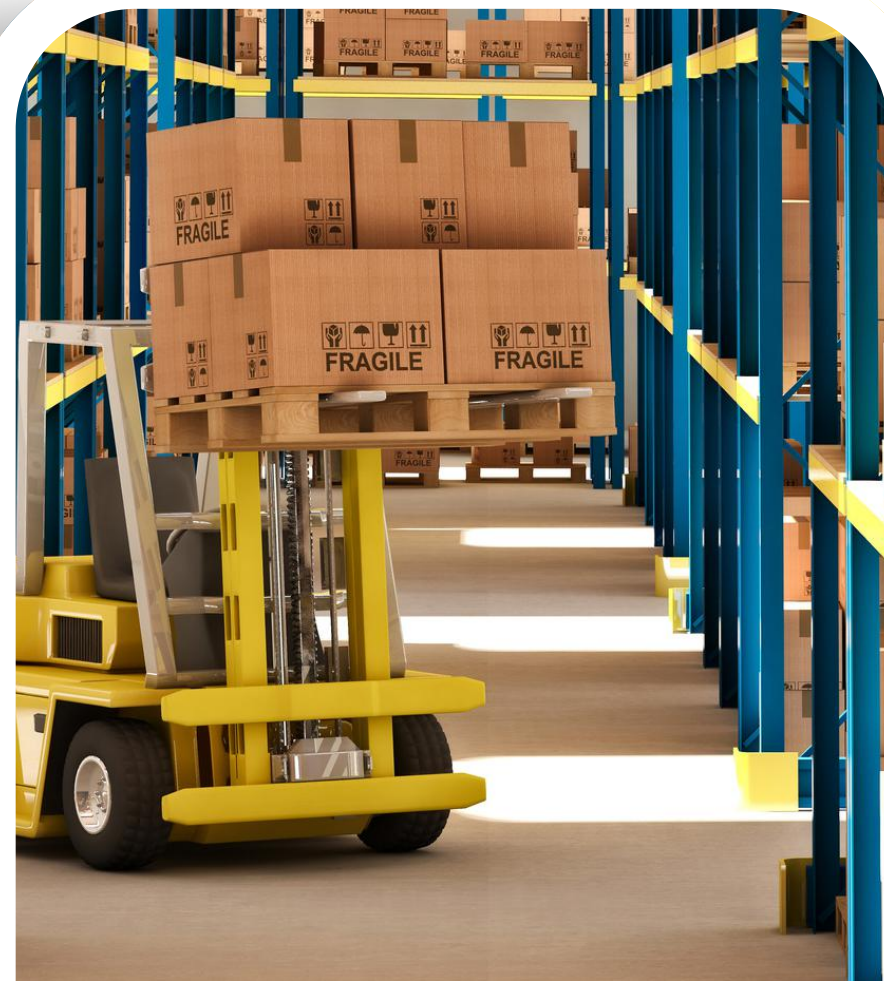
RESPONSIBILITIES

»» Storage Period in Duty Free Zone

Goods imported into the Kingdom and stored in a duty-free zone are granted duty exemption under the Customs Act for a period not exceeding two years from the date of first storage. The storage period may be extended in accordance with the rules and conditions specified by the Customs Department. However, this limitation does not apply to the storage of machinery, equipment, tools, and appliances, including their components, which are necessary for industrial and/or commercial operations, as well as products, by-products, and any other items obtained from imported raw materials for the purposes of production, mixing, assembly, packing, or processing in any manner within the duty-free zone.

»» Responsibilities of Licensee Granted Permission to Establish Duty Free Zone

Strict compliance with the Customs Act, regulations, notifications, and the bond with security for a licensee granted permission to establish a duty-free zone.



RESPONSIBILITIES OF LICENSEE GRANTED PERMISSION TO

Operate a Business in Duty Free Zone

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Deposit of Guarantee

- 1. Risky goods
Ready-made imported cars
: 5 million Baht
Other goods: 1 million Baht

2. An operating loss

- In case of excess loss than registered capital, deposit a guarantee at 3% of values of the remaining goods
- In case of excess loss than 50% of registered capital, deposit a guarantee at 1% of values of the remaining goods

Prepare a 6-month periodic report according to the format specified by the Customs Department



Facilitate a customs officials for annual at stock counting least once a year.

Pay Annual fee

Strictly comply with Customs Act, regulations, notifications and bond with security for a licensee granted a permission to operate a business in a duty free zone.

FREEZONE

Dissolution of Duty Free Zone Operations

Any licensee intending to dissolve a business shall submit a written notification to the Director-General no less than 90 days prior to the intended date of dissolution. Upon notification of the business dissolution, the licensee shall cease all operations under the granted license.

In the case of a licensee authorized to establish a duty-free zone, the licensee permitted to operate a business within such a zone must be informed and must undertake one of the following measures:

- Remove goods from the duty-free zone and duly pay the required duties within the timeframe specified by the Director-General; or
- Export goods from the Kingdom or transfer them to another bonded warehouse, duty-free zone, or free zone under the Industrial Estate Authority of Thailand, or distribute them to an importer under Section 29, or to a person eligible for a duty exemption under the Customs Tariff Act or other applicable laws.

(Failure to comply with these requirements may result in a fine not exceeding 50,000 Baht.)

Once one of the above measures has been fulfilled, the Director-General shall grant permission for the dissolution of the business. The license shall be terminated on the date such permission is granted.

Should a licensee who has notified the dissolution of the business fail to comply with the prescribed measures, the Director-General shall order the revocation of the license. Consequently, any incentives applied to the goods stored within the duty-free zone shall be terminated, and such goods shall become subject to duty as of the date of license revocation.

The duty calculation shall be based on the following factors:

- The nature of the goods,
- Their customs value,
- The applicable customs tariff, and
- The duty rate in effect at the time the duty exemption is terminated.



BONDED WAREHOUSE



BONDED WAREHOUSE

Bonded warehouse is an area permitted under the Customs Act and proposed for storage of display and sale of goods therein; or production, mix, assembly, packing or processing in any manner of goods stored therein.



TYPES OF BONDED WAREHOUSE

- **Bonded Warehouse for storage of goods**
 - 1.1 General Bonded Warehouse
 - 1.2 Bonded Warehouse for liquefied petroleum gas (LPG)
 - 1.3 Bonded Warehouse for dock or shipyard
 - 1.4 Bonded Warehouse for petroleum

- **Bonded Warehouse for display and sale of goods stored therein**
 - 2.1 Duty-free shop
 - 2.2 Bonded Warehouse for display or exhibition
 - 2.3 Bonded Warehouse for international in-flight duty free sales

- **Bonded Warehouse for production, mix, assembly, packing or processing in any manner of goods stored therein**
 - 3.1 Manufacturing Bonded Warehouse
 - 3.2 Bonded Warehouse for in-flight services supplies

INCENTIVES

of Bonded Warehouse

» Exemption of import and export duty

For goods released from a bonded warehouse to be exported out of the Kingdom, whether or not they are in the same condition as the time of their importation. However, this shall not be applied to a transportation into the bonded warehouse of domestic goods, which are subject to an export duty and have been exported in the same condition.

» Exemption of import and export duty

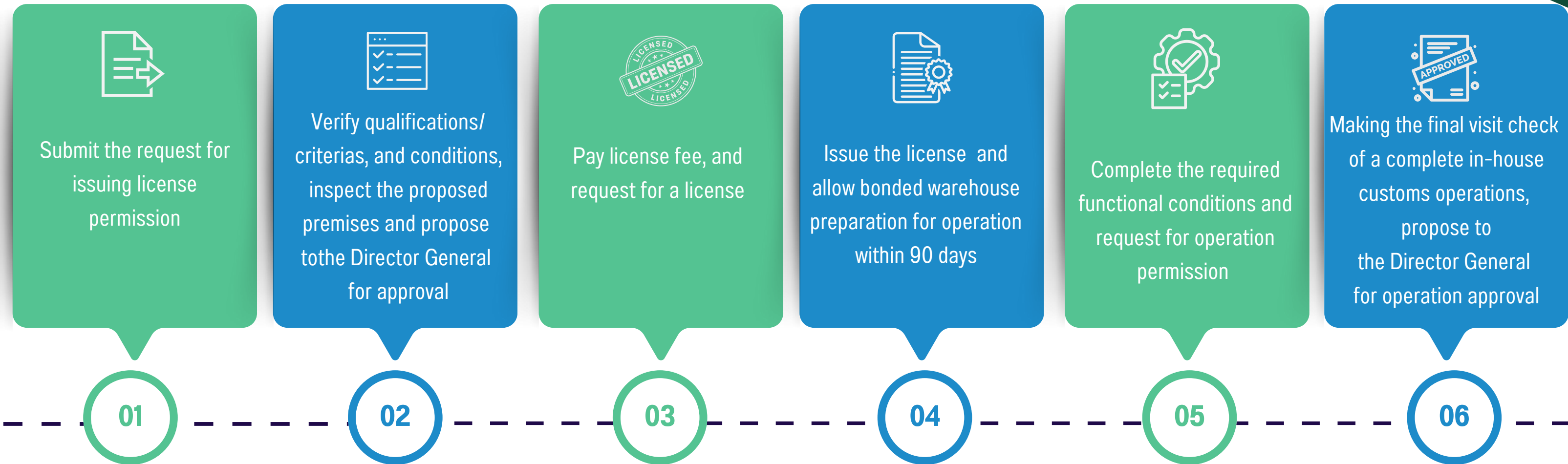
For goods released from the bonded warehouse if they are transferred to another bonded warehouse, or distributed to the importer under Section 29 or any person entitled to at duty exemption under the law on customs tariff or other laws, it shall be deemed as an exportation out of the Kingdom at the time such goods have been released from the bonded warehouse. An acceptance of the transferred or distributed goods shall be deemed as an importation into the Kingdom, or an importation has been completed at the same time such goods have been released from the bonded warehouse.



Request for permission to Establish a Bonded Warehouse

■ Customs
■ Entrepreneur

03



Qualifications for licencees to establish a Bonded Warehouse

- State Enterprise/ Government Agencies/ Company or Juristic Partnership, with a stable financial status and no deficit
- Having no records of offence under Customs Act for the past 3 years
- Having ownership in the established area
- Not being a person whose license is being suspended
- Not being a person whose license has been revoked

Criteria and conditions for requesting a permission to operate a bonded warehouse

- The construction is in accordance with the layout submitted to the Customs Department
- Building surrounded by secured and strong fences with an entrance
- A specified customs office for Customs officer
- Functional computerized system, which can connect to Customs computer system
- Closed circuit television/ surveillance camera system
- Inventory control system

BONDED WAREHOUSE

License Fee and Annual Fee



License Fee

10,000 Baht



Annual Fee

- Bonded Warehouse for storage of goods = 30,000 Baht
- Bonded Warehouse for display and sale of goods stored therein = 30,000 Baht
- Bonded Warehouse for production, mix, assembly, packing or processing in any manner of goods stored therein = 10,000 Baht



OPERATIONS OF BONDED WAREHOUSE

05

Bringing in, Storage and Release of Goods from Bonded Warehouse

IMPORTED GOODS FROM ABROAD

Declaration 0



Declaration A



ACCEPT GOODS TRANSFERRED FROM ANOTHER BONDED WAREHOUSE/ DISTRIBUTED FROM OTHER INCENTIVES

Declaration C



ACCEPT GOODS TRANSFERRED FROM A DUTY FREE ZONE/ FREE OPERATION ZONE

Declaration 1



EXPORT GOODS ABROAD

Declaration B



TRANSFER GOODS TO ANOTHER BW/ DISTRIBUTED TO OTHER INCENTIVES

Declaration D



TRANSFER GOODS TO ANOTHER DUTY FREE ZONE/ FREE OPERATION ZON

Declaration P



CONSUME OR DISTRIBUTE GOODS IN THE KINGDOM

DETERIORATED, DESTROYED, DAMAGED OR LOST GOODS



Export abroad



Pay duty

INSPECTION AND CUSTOMS CONTROL

**IN CASE OF VIOLATION, PENALTIES
SHALL BE APPLIED ACCORDING TO
SECTION 236 OF THE CUSTOMS ACT
B.E. 2560 (2017)**


Customs Officers Supervising Bonded Warehouse

- Control the bringing in, release transport, storage of goods and inventory
- Control the customs processings in the Bonded Warehouse to comply with the specified rules and conditions

Tax Incentives Division (Bonded Warehouse Audit Section) applies risk management to :

- Check and count inventory
- Periodic Audit report
- Monitor and ensure that the privilege of tax incentives is in accordance with the purposes of the BW

Responsibilities of **Bonded Warehouse Licensee**

- 
- Prepare and submit the periodic report according to the form specified by the Customs Department.
 - Facilitate control and Inspection of the privilege of tax benefits
 - Deposit a guarantee as specified by the Customs Department
 - Pay annual fee
 - Strictly comply with Customs Act, regulations, notifications and bond with security

Revocation of Bonded Warehouse Operations

08

- Submit a written notification not less than 30 days prior to the date of termination of the business
- Cease overall operations
- Goods stored in the bonded warehouse shall be subject to the following measures:
 - Inform the licensee to move the goods out of the bonded warehouse or pay a duty
 - Export goods out of the Kingdom, or move to another bonded warehouse, duty free zone or industrial estate zone under the law on Industrial Estate Authority of Thailand, or distribute to the importer under Section 29 or a person entitled to a duty exemption under the law of Customs tariff or other laws, as the case maybe



**GODOWN,
PLACE OF SECURITY
AND
PERMITTED PORT**



GODOWN, PLACE OF SECURITY AND PERMITTED PORT

01

GODOWN

is the area permitted to establish a depot with a stable and strong storage building to be a place for inspection, storage or clearance of imported or exported goods which have not been paid duty and are still in Customs custody.



- Godown for storage of goods
- Godown for inspection and loading of goods into containers for exportation
- Godown for imported goods clearance and loading exported goods transported by container system outside the permitted port area
- Godown that is approved for storage of export dutiable goods

02

PLACE OF SECURITY

is the area permitted to establish as a place of security used as a place of inspection, storage or clearance of imported or exported goods that have not been paid duty and are still in Customs custody, with closed fence that can be controlled by the Customs, whether with a depot for storage or not.

03

PERMITTED PORT

is a port permitted to establish under the Customs Act for an importation of goods into or an exportation of goods out of the Kingdom, transit or transshipment.

Permission for Godown, Place of Security and Permitted Port Establishment



Qualifications of a requester of a license to establish Godown, Place of Security and Permitted Port

- State Enterprise/ Government Agencies/ Company or Juristic Partnership
- Having no records of offence under Customs Act for the past 3 years
- Having ownership in the established area
- Not being a person whose license is suspended
- Not being a person whose license has been revoked

Criteria and conditions for requesting a permission to operate Godown, Place of Security and Permitted Port

- The construction is in accordance with the layout submitted to the Customs Department
- Building surrounded by secured and strong fence and entrance
- An office for Customs officer
- Functional computerized system, which can connect to Customs computer system
- Closed circuit television/ surveillance camera system

License Fee and Annual Fee

License Fee = 10,000 Baht

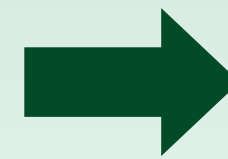


Annual Fee

Godown

Place of Security
30,000 Baht

Permitted Port
30,000 Baht



- For storage of goods 30,000 Baht
- For inspection and loading of goods into containers for exportation 100,000 Baht
- For imported goods clearance and loading export goods transported by container system outside the permitted port area 300,000 Baht
- Approval place for storage of export dutiable goods 1,000 Baht

Operations of Godown, Place of Security and Permitted Port

- A transfer of Goods from a vessel or loading of goods onto a vessel shall be done within the permitted port area
- Prepare a Container Tally Sheet of the container transferred from or loaded onto the vessel and deliver a copy of the Container Tally Sheet to the Customs officer at the import or export office as the case may be
- An importer who intends to transfer goods from the vehicle and bring it into a godown or a place of security shall submit goods declaration or a request for inspection, or a permission to transfer goods. Such goods shall not be prohibited to be stored in a godown or a place of security

- Goods transferred from the vehicles shall be stored in the godown or the place of security. In case of being kept outside the godown or the place of security, such goods shall be permitted by the Customs officer at the godown or the place of security
- Amount, marks and numbers of cases of goods stored therein shall be counted and inspected. If false description is found, a person who detects such fault shall immediately report the Customs officer at the godown or the place of security within 24 hours since the detection
- Delivering goods from the godown or the place of security shall have release information from Thai Customs electronic systems. In case of system failure, the release evidence signed by the Customs officer shall be applied

Responsibilities of Licensee

- Pay annual fee
- Strictly comply with Customs Act, regulations, notifications and bond with security

Dissolution of Operations

Provide a written notification not less than 30 days prior to the date of dissolving the business

Cease an operation

Goods stored in the Godown, Place of Security or permitted Port shall be un-clearance goods

The Customs Department will carry out the un-clearance goods by selling by auction/ destruction/ exportation out of the Kingdom

Licensees must fully pay duty and charges



A hand is shown holding a yellow pin with the Indian flag (saffron, white, and green horizontal stripes) over a map of Indonesia. The map features several toy ships (white with blue and red accents) placed on the water. The background is a light blue and green geometric pattern with a grid of small circles. The text is overlaid on the left side of the image.

DUTY DRAWBACK

*for Exportation under
Section 29*

PRINCIPLE

It is the exercise of right for duty drawback under Section 29 which includes Customs Duty, Excise Tax, Interior Tax and other duties prescribed by law as a customs duty but **excluding value - added (VAT)** for imported goods that the import duty has been paid or the **guarantee** has been deposited when being imported and could be proven that such goods has gone through production, mix, assembly, packing, or processing of goods in any manner which result as exported goods. Duties and any relevant taxes will be consequently refunded according to Production Formula (Form Kor Sor Kor. 96) under the condition that such goods obtained from the said processes must be exported within 1 year from the date of importation of such goods, and the request for duty drawback must be made within 6 months from the date of exportation of such goods.

Types of Guarantee

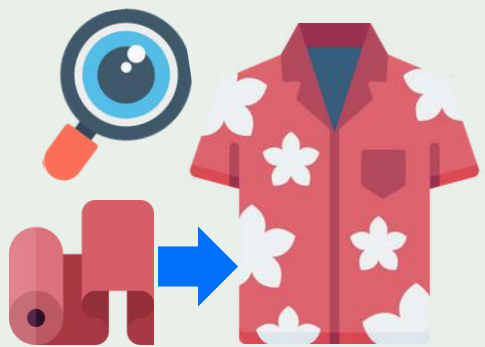
1. Bank Guarantee
2. e- Guarantee Deposit
3. Guarantee issued by the Ministry of Finance in lieu of the payment of import duty

* In case the contexts indicate only sections but do not specify the act or related regulations, it shall be referred to the Customs Act B.E. 2560 (2017).

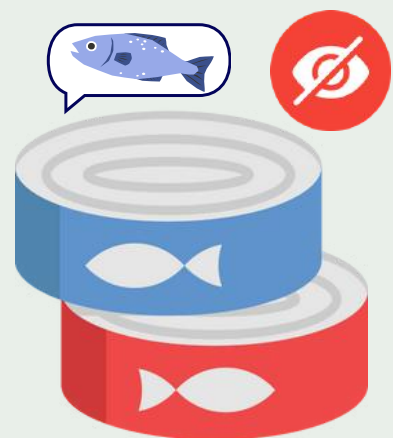


ELIGIBLE GOODS

FOR DUTY DRAWBACK UNDER SECTION 29



The raw materials which are obviously seen in the exported goods such as fabric, buttons, zippers and thread in finished garment products; plastic pellets and plastic sheets in plastic products; etc.



The raw materials which are directly contained in the exported goods, but not obviously seen such as preservatives in canned food products, stiffening agents in garments, solvents for glue in cellophane, and anti-rust agents in integrated circuits (I.C.) products, etc.



The raw materials which are significantly required for the manufacturing process e.g. sizing materials and bleaching agents used in textile products, sandpaper, abrasive powder, felt polishes, abrasive agents, abrasive materials, chalk, carbon paper and pattern, etc.

INELIGIBLE GOODS

FOR DUTY DRAWBACK UNDER SECTION 29



Machinery, tools, long-term and repetitive use appliances e.g. mold, grinding ball for ores, tools and appliances made of Tungsten Carbide used in the manufacturing of watches, etc.



Fuel for manufacturing including lubricants used for manufacturing machines, e.g. oil, firewood, coal, gas and lubricating oil etc.

OVERVIEW

1



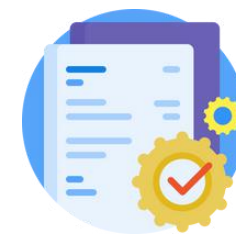
Request for principal approval before an importation of goods

2



Follow Customs formalities for the importation and pay a duty/deposit a duty guarantee

3



Produce, mix, assemble, pack/process goods in any manner and submit Production formula (Form Kor Sor Kor. 96) and Privilege transfer table (Form Kor Sor Kor. 96/6) (if any)

4



Export and request for duty drawback within 6 months from the date of an exportation of goods

5



Charge for duty of raw materials (In case the raw materials have not been used or have been leftover more than 1 year following to the conditions), a duty together with a surcharge must be paid for the remaining of raw materials imported by depositing a guarantee

PROCESSES



1. Request for Principal Approval

Consider for Principal Approval

Deposit a Guarantee instead of Duty Payment by Cash

An importer shall request for principal approval before an importation of goods by submitting Form Kor Sor Kor. 29 with the attachment and/or specify the numbers of written evidences, as follows

- Certificate from Ministry of Commerce issued within 6 months
- Factory Operation Notification (Ror Ngor. 2) or Factory Operation Permit (Ror Ngor. 4), or Business Operation Certificate from government, or lease agreement/work contract (In case the importer has no factories/operates by using OEM)
- Documents describing raw materials and final products information
- Documents describing product manufacturing processes

Customs Officer shall verify qualifications and approve the principal. The 14-digit tax-incentives registration number will be issued in this process to later use for customs formalities.

The first principal request will be approved only for cash payment.

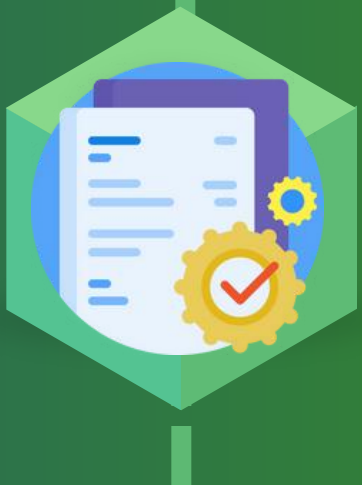
The importer who would like to use the guarantee issued by the Ministry of Finance, Bank Guarantee, or e-Guarantee deposit instead of duty payment by cash must have the following qualifications:

- Full payment of duty by cash for not less than 2 years, with stable financial status of business by earning profit in the last accounting period, and having no unpaid tax/duty, or;
- Being an AEO importer/exporter

The approved principle with no records of importation for Duty Drawback under Section 29 for 3 consecutive years shall be withdrawn.



2. Follow Customs Formalities for the importation and Pay a Duty/Deposit A Guarantee



3. Submission of Production Formula (Form Kor Sor Kor.96)

(1) During Customs formalities for the importation, the importer shall declare the exercise of tax incentives under Section 29, together with the 14-digit tax-incentive registration number.

(2) Duty payment for imported raw materials must be in accordance with the principal approval

- Cash Payment
- Guarantee issued by the Ministry of Finance/ Bank Guarantee/ e-Guarantee Deposit

(1) Prior to the exportation of goods, the importer who has produced, mixed, assembled, packed, or processed goods in any manner, must submit Form Kor Sor Kor.96 and the following documents:

- Production Formula (Form Kor Sor Kor.96)
- Electronics media containing description of exported products according to the form specified by the Customs Department
- Production processes or procedures
- Samples of imported goods and exported products

(2) The importer who would like to use standard formula under notification of standard formula, or intends to use mutual formula with another importer, shall submit Production Formula (Form Kor Sor Kor. 96) together with documents and electronics media according to the form specified by the Customs Department.

Production Formula is valid for 5years from the specific date of raw material write off. The formula must be requested for extension **before** the expiration date of Production Formula.

- In case the formula expired within a year, it will be considered as an offence and the formula extension can still be requested.
- In case the formula has expired over a year, the formula will be withdrawn.

**Submit Privilege
Transfer Table
(if any)**



**4. Export and Request
for Duty Drawback**

**Consider for
Duty Drawback**

(1) An exporter who would like to transfer the privilege of imported raw materials to the importer, shall prepare the privilege transfer table by declaring information in privilege transfer list according to privilege transferred declaration form for drawback under section 29 (Form Kor Sor Kor.96/6) and electronics media according to the specified form including copies and submit them to Customs Department in order to input them into Customs computer system before proceeding Customs formalities for exportation.

(2) Should any inaccurate information of the privilege transfer and/or receiving be later found in the privilege transfer table, the exporter must re-prepare and submit the new table as request for amendment is not allowed.

During Customs formalities, the exporter shall declare the exercise of tax incentives under Section 29, together with 14-digit tax-incentives registration number, the Production Formular number, and the privilege transfer table (if any)

Requesting for Duty Drawback under Section 29 requires documents as follows;

- Duty Drawback request according to Form Kor Sor Kor. 111
- List of attachment of Duty Drawback request
- Computer report showing lists of goods and requested amount of duty to be refunded.

The Customs Officer validates the details of documents / proposes for approval



Transfer money to the account / return the Guarantee issued by the Ministry of Finance / return Bank Guarantee / notify the bank to return e-Guarantee through online channel



5. Charge for Duty of Raw Materials



6. Detection of Incorrect Duty Drawback

In case imported raw materials for production, mix, assembly, packing, or processing of goods in any manner have not been used or have been leftover under the conditions, the importer must submit the summary of import duty (Form Kor Sor Kor. 112)



The Customs Officer validates and calculates amount of duty and surcharge.



The importer pays for duty and surcharge.



Guarantee issued by the Ministry of Finance/ Bank Guarantee shall be returned to the importer at the import port.

After the approval of Duty Drawback, if the duty was found exceedingly refunded, the importer must follow the following procedures:

1. Surcharge: The importer must return an exceeding amount including a surcharge at the rate of one percent per month to the Customs Department within 30 days from the date of receiving written notification from the Customs Department. However, if such mistake is caused by an importer or an agent, the Customs Department shall assume that it is an offence.

2. Criminal Penalty: Any importer who submits a claim for a Duty Drawback under Section 29 by declaring a false statement, fraud, deception or any other likewise means in order to obtain the Duty Drawback more than the eligible amount, shall be liable to an imprisonment for a term not exceeding five years or a fine not exceeding either five hundred thousand baht or four times of the sum of the excess Duty Drawback being claimed, whichever is higher, or both the imprisonment and the fine.

CUSTOMS PRIVILEGES

DUTY REDUCTION PRIVILEGES

REDUCE TO HALF OF STANDARD RATE

In addition to owing no debts to the Customs Department, a person who is eligible to benefit from duty rate reduction to half of standard rate must have not only no history of fraud in the Duty Drawback under Section 29 but also one of the following qualifications;

1. Being a public company
2. Being a member of the Federation of Thai Industries
3. Being a member of the Chamber of Commerce of Thailand.
4. Having a financial statement according to the regulations of the Ministry of Commerce, which is certified by the Certified Public Accountant that such business has earned profits for at least 2 consecutive fiscal years.

REDUCE TO 5% OF STANDARD RATE

Privileges of AEO Importer / Exporter / Customs Broker

1. Request for the duty rate reduction to be 5% of standard rate
2. Select either of the methods of Production Formula submission as follows;
 - Submit the Production Formula which shall be approved within 10 days from the date a Customs officer has received all complete documents.
 - Submit the Production Formula which has been certified by government agencies, the Federation of Thai Industries, institutes, or agencies specified by Tax Incentives Division of the Customs Department, or
 - Submit self-certified Production Formula, in case of one-on-one formula or exported goods.
3. Immediately be approved for the Duty Drawback which shall be post audited later for AEO importer / Exporter / Customs broker.



TAX COMPENSATION

under Tax and Duty Compensation
of Exported Goods produced in the Kingdom
Act B.E. 2524 (1981)



GOODS



TRANSPORTS



CUSTOMER

TAX *COMPENSATION*

Is one of government measures to increase potential in production of exported goods and encourage greater exportation of goods produced in the Kingdom to foreign countries so that they are able to compete in international market. Therefore, the Committee Considering the Tax and Duty Compensation of Exported Goods produced in the Kingdom shall determine tax compensation rate for exported goods, and the compensation of such goods is paid in form of a tax card.



A Person Eligible for Tax Compensation Claims

1

Being an exporter under the Customs Act, whether being a manufacturer or not, and correctly and completely exporting goods following to the rules, and procedures specified by the Customs Department.

2

Being a local merchant who distributes products to the government or state enterprises under foreign loan offer or subsidies as prescribed by the Committee

3

Being a merchant distributing goods which are classified as duty-exempted goods according to the law on customs tariff to international organizations or agencies who are eligible to import such goods into the Kingdom with duty exemption under the determination of the Committee.



COMPENSATION

Goods Eligible for Tax Compensation Claims



1. Goods must be produced in Thailand

2. Goods must be exported for commercial purposes and receive payment

3. An exporter shall not exercise the right of duty refund, duty exemption, or duty reduction as follows

4. Goods must not be prohibited from tax compensation

- Duty Drawback under Section 29 of Customs Act
- Import duty exemption for goods release from Production Plant Bonded Warehouse for an exportation out of the Kingdom under the Customs Act
- Import duty exemption regarding to Free Operation Zone under the law and regulations of Industrial Estate Authority of Thailand
- Import duty exemption or reduction for non-machinery goods under the Investment Promotion Act
- Import duty exemption regarding to duty free zone under Chapter 6 of the Customs Act

- Minerals under Minerals Act
- Dutiable goods or goods with fee when being exported
- Goods that are prescribed by the Committee to be ineligible for Tax Compensation (Currently, there are Notifications of Committee Considering the Tax and Duty Compensation of Exported Goods produced in the Kingdom No. 3/2527 and 1/2535)

Documents Required for Tax Compensation Claims

- Tax Compensation form (Kor Sor Kor.20/1)
- Goods declaration form (Kor Sor Kor.20/1 Kor)
- Copy of Invoice and payment evidences for exported goods
- Request form for tax card transfer acquisition (Kor Sor Kor. 22/1)
in case of tax card transfer
- AIRWAY BILL specifying freight charge in case of air exportation
- Certificate of Ministry of Commerce in case of new-entry for
Tax Compensation Claims





Rate of **TAX** **COMPENSATION**

Section 4. Compensation of Experts.
Secretary of Ministry of Finance as Chairman, Director-General of Fiscal Policy Office, Representative of the Ministry of Commerce, Industry and not more than five qualified persons appointed by the Cabinet members.
(Qualified committee member shall not be political official, person holding political position, committee member or person in managing in a political party or primary stakeholder in business that might be eligible for the compensation.
The committee may appoint the secretary of the committee.
Section 5. The committee members that appointed by the Cabinet shall hold the position for a term of two years and may be reappointed.
The successor shall hold office for the remainder of the term of office of his predecessor until a new appointment.
Section 7. Other than termination upon expiration of term under section 4 the committee members appointed by the cabinet shall be terminated from office upon,
(1) death,
(2) resignation,
(3) being dismissed by the Cabinet,
(4) being a bankrupt.

Determination of rate of Tax Compensation is in accordance with the Notification of Committee Considering the Tax and Duty Compensation of Exported Goods Produced in the Kingdom

For checking, the rate of Tax Compensation is available at

 www.ratchakitcha.soc.go.th 

Tax Compensation Claims Processes and Practices

**Exporter request
for Tax Compensation Claims**

The Customs Department

External Agencies

Prior to exportation Register

- Customs Registration via TCES system
- Request form for Power of Attorney for Tax Compensation Claims

**The Registration and Customs Privileges Section;
Customs Standard Procedures and Valuation Division
or the general administration sub-division
at Customs Office / Customs House**

Register to be an eligible person for Tax Compensation

Tax Compensation Section, Tax Incentives Division

Customs formalities for Exportation via TCES System

- Export Declaration Detail shall be specified with the exercise of Tax Compensation in the box of Tax Compensation which shows "Y"
- Each item in goods declaration shall be specified with "003" in the Privilege box

Customs House / Customs Office where Customs formalities for exportation is allowed.

Export goods abroad

**Tax Compensation Section
Tax Incentives Division**

Receive request and attachment

**Verify request and attachment
for Tax Compensation payment**

Approve Tax Compensation payment

Issue Tax Card


Tax Compensation Claims Practices

1. Submit a set of documents for Tax Compensation Claims within 1 year from the date of exportation of goods.
2. Status of goods declaration must be completed (0409).
3. Submit attached documents according to the form specified by the Customs Department.



Thank You

Get in touch!

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 www.customs.go.th

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