Thailand Government Approves New Investment Privileges to Stimulate Electric Vehicle Production

Thailand Board of Investment announces cuts the excise tax to 2% for full EVs manufacturers.

BANGKOK (PRWEB) April 29, 2019 -- The Thailand Board of Investment (BOI) has announced new investment privileges that reduce the excise tax from 8% to 2% for qualified auto manufacturers planning to establish full Electric Vehicles (EVs) production in Thailand. In return for the tax break, companies are required to commence manufacturing of full EVs within three years of receiving such tax privileges. EVs is one of the government’s 12 economic growth industries recognized under its S-curve policy, and the new tax waiver represents the government’s support for developing a strong EV market in Thailand.

“The Thailand government acknowledged that the production of full EVs is relatively higher, with battery cost accounting for half the price, therefore it will continue to focus on supporting measures that will encourage battery manufacturers to set up plants in Thailand and reduce their production costs,” said Mr. Chokedee Kaewsang, Deputy Secretary General of the Thailand Board of Investment. “The new tax incentives together with local manufacturing of cars, auto parts, and batteries will create favorable conditions to establish a global EVs production hub in Thailand.”

Last year, the government kicked off EV tax promotions, including a tax holiday of 5-8 years and import duty exemptions for car and auto part makers, covering three EV types: hybrid EVs, plug-in hybrid EVs, and battery EVs. With leading car manufacturers including Mercedes-Benz, Nissan, BMW, Mazda, and Toyota locating EV assembly operations in Thailand, analysts are predicting that by 2023 close to 820,000 EVs will be manufactured in Thailand. To support the growth of the EV market in Thailand, BOI recently approved a project to build 3,000 charging stations nationwide worth 1.09 billion baht or about 34 million USD.

At the end of last year, Mazda announced plans to manufacture full EVs in Thailand after it received investment privileges from BOI for its 11.48 billion baht (365 million USD) hybrid EVs project. In 2017, Mercedes-Benz became the first brand to produce lithium-ion batteries for EVs in the country and recently, Mercedes-Benz announced further plans to manufacture its global EV line-ups: plug-in hybrid EVs, battery EVs, and lithium-ion batteries. Another car giant BMW Group Thailand in September 2018 commenced production of high voltage batteries as well as the roll out of its advanced training and qualification programs in the country.

Other top car producers such as Nissan and Toyota have also picked Thailand to build their hybrid EVs production hubs. After celebrating the milestone of manufacturing its 1 millionth car intended for export, Nissan revealed plans to invest an additional 10.96 billion baht (345 million USD) in a hybrid EV hub in Thailand, which will supply domestic and international markets with hybrid EVs and batteries. Toyota has submitted a 21 billion baht (661 million USD) investment plan to the government to receive incentives to localize manufacturing of new eco-friendlier vehicles in Thailand. The company plans to assemble 7,000 hybrid EVs and 70,000 batteries for EVs a year.

About BOI
The Thailand Board of Investment (BOI) is the investment promotion agency for Thailand that facilitates foreign direct investment. BOI’s services are free of charge and customized to help business succeed in Thailand. For more information, please visit http://www.boi.go.th and http://www.thinkasiainvestthailand.com.
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