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Thailand EV Board Approves Tax Incentives for Electric Trucks and Buses Adoption, Cash Grants for Battery Cells Manufacturers, to Reinforce EV Hub Status

Thailand's National Electric Vehicle Policy Committee (EV Board), chaired by Prime Minister Srettha Thavisin, today approved incentives to encourage companies to transition their commercial fleets of large trucks and buses to battery electric vehicles (BEV), and cash grants for EV battery cells manufacturers. The two policies will further expand the country's supports to the whole EV ecosystem and reinforce its status as an EV manufacturing hub.

"The measures approved today will complete the so-called EV3 and EV3.5 sets of measures taken earlier for the passenger car sector, by focusing this time on large commercial vehicles," Mr. Narit Therdsteearakdi, Secretary General of the Thailand Board of Investment (BOI), who is also the secretary of the EV Board, told reporters at a press conference held after a Board meeting at Government House in Bangkok. "We believe this will significantly increase the adoption of electric trucks and buses, reduce pollution from the transportation and manufacturing sectors, and support companies' moves to reach their net-zero targets."

Thailand is the top automotive producer in the ASEAN region and ranks in the top 10 in the world for automotive production and total automotive exports. In regards to EV, Thailand is the first country in Southeast Asia to offer special incentives to the whole supply side as well as the demand side, and to have set a clear target under the 30@30 policy that at least 30% of the cars made in Thailand are EVs by 2030.

The support to the use of electric powered buses and trucks will come in the form of special tax deduction granted to companies eligible under this scheme, and will be effective until December 31, 2025. Companies buying vehicles manufactured domestically will be able to deduct expenses of 2 times the actual price of the vehicles, without a price ceiling being set. For the purchases of imported vehicles, the deduction will be equal to 1.5 time the actual price of the vehicles.

The large electric vehicles eligible for the incentives include electric trucks for commercial uses such as container trucks, liquid trucks, hazardous substance trucks, special trucks, tow trucks, as well electric buses, both air-conditioned and non-air-conditioned vehicles.

The meeting also approved a plan to promote the manufacturing in Thailand of battery cells for EV and energy storage systems (ESS) by providing financial support via the country's Competitiveness Enhancement Fund, and possibly other benefits available under the Competitiveness Enhancement Act, to companies meeting the criteria.

To qualify for investment promotion under this scheme, a company must meet the following requirements:

- (1) Being a leading and well recognized battery manufacturer providing batteries to EV manufacturers;
- (2) Having a clear plan to produce for battery cells for batteries used in EV, and also if possible to produce battery cells for batteries used in ESS;
- (3) The batteries must have a high energy density of not less than 150 Wh/kg;
- (4) The battery must have a life cycle of not less than 1,000 cycles, counting from 70% of the nominal capacity at a depth of discharge of not less than 80% at a test temperature of 20-25 degrees Celsius.

Interested companies must submit their investment project proposals by the end of 2027.

"The measures to promote investment in the production of battery cells, a key element of the supply chain, will help ensure the sustainability and resilience of our EV ecosystem," Mr. Narit said.

The measures approved today require final consideration and approval by the Cabinet prior to implementation.

EV Sector Update

The meeting also heard an update report on the EV3 measures to promote the use of EV passenger cars.

Statistics as of 31 January 2024 show that, since the scheme started in 2022, a total of 14 manufacturers and importers of BEV cars and pickups have registered a total of 78,554 EV cars to enjoy the excise tax discounts and subsidies. According to the conditions of the EV3 scheme, these companies will have to produce in Thailand at least one vehicle for each vehicle imported.

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