



**NEW
ENERGY
NEXUS**

Thailand

**ECOSYSTEM
MAPPING**



Executive Summary

Thailand has been rapidly developing its renewable energy sector in recent years, with a focus on promoting startups in climate technology and renewable energy. The government has introduced several initiatives to support the growth of startups in these sectors, including tax incentives, funding support, and access to resources and expertise. The Board of Investment (BOI) has also designated renewable energy as a promoted activity, making it eligible for investment incentives.

In addition, the private sector in Thailand is increasingly recognizing the potential of startups and is becoming more involved in supporting and investing in them. There are several angel investors, venture capitalists, and corporate venture capital funds that are actively investing in Thai startups. Many private companies are also launching their own initiatives to support startups, such as mentorship programs, and co-working spaces. Some companies are also partnering with startups to develop innovative solutions to business challenges or to enhance their own products and services. Moreover, there are several startup-focused events and conferences in Thailand initiated by private entities i.e., Techsauce and Expresso, which provide opportunities for entrepreneurs to network and connect with potential investors and mentors from the private sector.

Overall, the country has been making efforts to promote startups with various initiatives and programs aimed at supporting and fostering innovation. However, there are still areas that need improvement, such as access to funding.



THAILAND OVERVIEW

Introduction

New Energy Nexus has conducted research to examine Thailand's ecosystem landscape in relation to the climate technology sector. The objective of the project is to provide an overview and understanding of the climate technology environment and the roles and influence of various stakeholders, including governmental authorities, associations, venture capitalists, and corporate entities. The study focuses on current Thai startups operating in the climate technology sector that have measurable greenhouse gas (GHG) reduction business operations, hereafter referred to as "Startups."

This understanding will help New Energy Nexus support the development and funding of Startups, identify market opportunities, and enhance their operations. Additionally, the report highlights the trends and national policies in Thailand that aim to reinforce GHG emissions reduction.



CARBON EMISSIONS TREND OF THAILAND

Thailand is making efforts to become a low-carbon society, with a goal of achieving carbon neutrality by 2050 and a net-zero greenhouse gas (GHG) emission economy by 2065, as pledged under the National Determined Contribution (NDC) to the Paris Agreement [1]. To reach these targets, Thailand is developing and deploying national policies. Currently, the Energy Policy and Planning Office (EPPO) under the Ministry of Energy is working on the National Energy Plan, which consists of five energy-related plans: the Power Development Plan (PDP), the Alternative Energy Development Plan (AEDP), the Energy Efficiency Plan (EEP), the Gas Plan, and the Oil Plan [2].

The National Energy Plan focuses on four key aspects [3]:

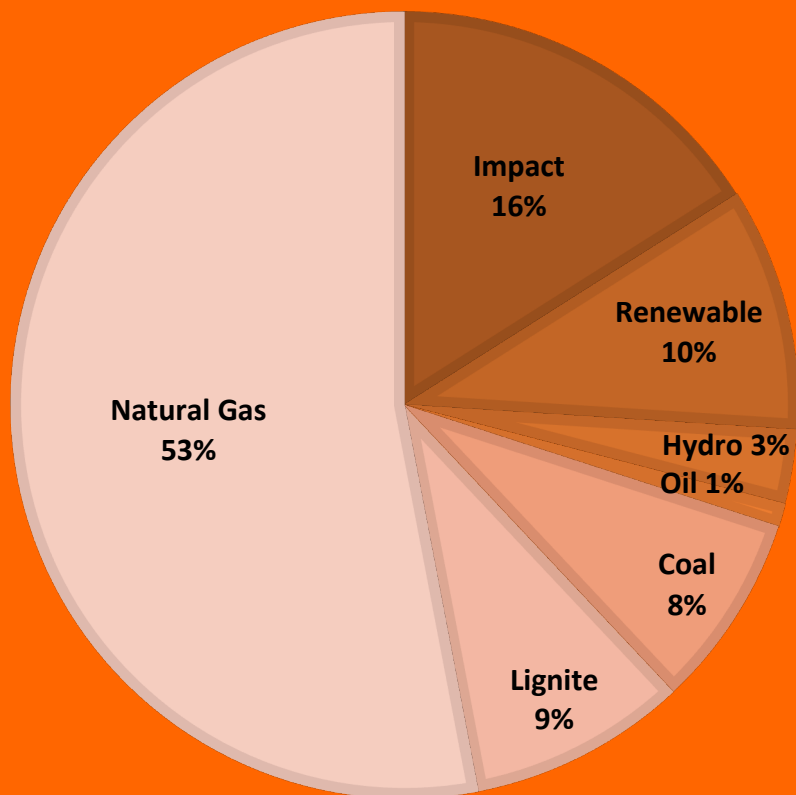
- 1. Electricity**
the government aims to increase the renewable energy ratio i.e., solar, wind, hydro, biomass and biogas, to not less than 50% and promote the use of battery technology
- 2. Transformation of the transportation sector**
Thailand plans to transition to green electricity by promoting the use of electric vehicles
- 3. Energy efficiency**
through the promotion of renewable energy production and usage, Thailand aims to develop energy efficiency usage on a national scale
- 4. Energy transition**
Thailand aims to achieve energy transition through the "4DE1" policy direction, consisting of Digitalization, Decarbonization, Decentralization, Deregulation, and Electrification.

[1] Thai NDC (<https://unfccc.int/sites/default/files/NDC/2022-11/Thailand%20nd%20Updated%20NDC.pdf>)

[2] National Energy Plan 2022, (<https://www.bangkokbiznews.com/business/1017753>)

[3] Ibid.

ENERGY SOURCES IN THAILAND



In addition to the aforementioned initiatives, the Thai government is also working towards establishing the country as a free regional trading hub for liquefied natural gas (LNG). The National Energy Plan, which includes this objective, is expected to be publicly released in 2023. Thailand has identified the power generation sector as a significant contributor to CO₂ emissions, accounting for 33% of the total in 2022. The transportation and industrial sectors follow closely at 30% and 31%, respectively, while the remaining sectors contribute 6% to the total [4]. In 2022, a large portion (53%) of Thailand's electricity generation was reliant on natural gas, with an additional 16% from imported gas, making up a total of 69%. Renewable energy accounted for only 10% of the country's power generation, as shown in the figure [5]. Thailand is taking steps to reduce its reliance on fossil fuels and increase the share of renewable energy sources in its energy mix.

While Thailand has been aware of climate and energy-related issues, it is still in the midst of developing effective solutions to tackle these challenges. In addition to the government's efforts mentioned earlier, private sector involvement will play a crucial role in advancing the country's climate agenda. A number of Thai private entities, such as PTT, a major national oil company, have recognized the importance of clean energy and have established subsidiaries like Expresso and GPSC to focus on this sector. PTT Expresso is one of the active stakeholders in the field supporting innovation for climate tech and the decarbonization agenda. They have also been NEX partners in the Decarbonization Thailand Sandbox (DTS) 2022 showcasing two successful startup-PTT collaborations at the end of the program. These companies have expressed their intention to invest in climate technology and contribute to Thailand's efforts to reduce its greenhouse gas emissions. Thailand has taken steps towards this agenda and has recently announced renewable energy projects in solar and wind, doubling said capacity by 2030.

[4] Ibid.

[5] The Energy Policy and Planning Office, Ministry of Energy (<https://www.eppo.go.th/index.php/en/en-energystatistics/co2-statistic>).

Thailand has made significant strides in reducing direct carbon emissions, and one noteworthy development is the establishment of a carbon credit market. This market involves various stakeholders, including entrepreneurs and organizations like the Thailand Greenhouse Gas Management Organization (TGO), an autonomous public entity responsible for overseeing and promoting greenhouse gas reduction projects. The TGO actively supports collaborations between public, private, and international organizations to advance climate action initiatives. Currently, the carbon credit market in Thailand operates on a voluntary basis. Interest in the carbon credit market is starting to increase and with it players in the field. These range from Thai startups such as CWallet, SpiroCarbon, and Thai Carbon.

Carbon Credits [6]

In Thailand, carbon credits are primarily project-based, and an Emission Trading Scheme (ETS) known as the "Thailand Voluntary Emission Trading Scheme" has been implemented by the TGO. This scheme adheres to rigorous measurement, reporting, and verification (MRV) standards based on ISO 14064-1, 14064-3, and 14065. The aim of this pilot project is to prepare stakeholders for future participation in the international arena.

Trading in the Thai carbon credit market occurs through two mechanisms: trading platforms and over-the-counter (OTC) trading. Transactions take place in both primary and secondary markets. However, to ensure credibility, all carbon credits sold must be certified by the TGO through the "Thailand Voluntary Emission Reduction Program (T-VER)". Interested parties seeking TGO certification for T-VER credits must submit an application with all the necessary documentation. The TGO, in collaboration with an external inspector called a validation and verification body (VVB), carefully monitors and verifies the provided information. Upon successful reconciliation of all details, the TGO issues a T-VER Credit to the applicant. It is important to note that these T-VER Credits are currently only recognized within Thailand and cannot be utilized internationally.

Thailand has taken a significant step forward by introducing multiple carbon credit trading platforms. At present, the prominent trading platforms in Thailand include the Thailand Carbon Credit Exchange Platform, the Energy Trading Platform, and the FTIX platform. These platforms serve as essential marketplaces for the buying and selling of carbon credits within the country [7].

[6] Thailand Greenhouse Gas Management Organization (Public Organization), (<http://www.tgo.or.th/>)

[7] Thailand Opens New Clean Energy and Carbon Credit Trading Platform, (<https://www.tilleke.com/insights/thailand-opens-new-clean-energy-and-carbon-credit-trading-platform/>)

In Thailand, the concept of sustainability has gained recognition through the Stock Exchange of Thailand (SET). The SET has implemented a policy to promote sustainable investments by establishing and maintaining the Thailand Sustainability Investment ("THSI") list since 2015. This initiative aims to provide interested investors with a curated list of verified businesses that prioritize environmental, social, and governance (ESG) factors. In order to be included in the THSI list, a listed company must undergo a sustainability evaluation conducted by the SET or be a qualified member of the Dow Jones Sustainability Indices. To enhance transparency and accountability, listed companies in Thailand are now required to disclose ESG information to investors through an annual report known as the "One-Report (Form 56-1)." Starting from 2022, this report consolidates the previous annual registration statement (Form 56-1) and annual report (Form 56-2). As part of the One-Report disclosure, listed companies must provide information about their organizational sustainability management policies, which demonstrate their commitment to driving their businesses while considering environmental and social issues, human rights, and good corporate governance. This regulatory measure ensures greater visibility of a company's sustainability practices and facilitates informed investment decision-making.

Sustainability Concept

Moreover, private sector entities are not lagging behind in their response to the imperative of sustainability. In addition to governmental policies and actions, many companies are taking proactive steps to contribute to a greener future. A noteworthy example of this commitment can be seen in companies like PTT Public Company Limited (PTT) and Siam Cement Group (SCG), which have pledged to achieve their net-zero targets by 2050 [8].

PTT, a leading energy company, recognizes the urgency of addressing climate change and has set its sights on becoming a net-zero emissions company by 2050. By leveraging their expertise and resources, PTT aims to transform their operations and reduce their carbon footprint significantly. Through investments in renewable energy, research and development, and the adoption of clean technologies, PTT is actively working towards its net-zero goal while contributing to the overall decarbonization of the energy sector [9]. Similarly, Siam Cement Group (SCG), a prominent conglomerate with diverse business interests, has also committed to achieving net-zero emissions by 2050. These commitments from companies like PTT and SCG highlight the private sector's growing recognition of the importance of sustainability. By embracing net-zero targets, these companies are not only reducing their own environmental impact but also driving industry-wide transformation. Their actions serve as inspiring examples, encouraging other businesses to follow suit and contribute to a collective effort in mitigating climate change [10].

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[8] Sustainable Capital Market Development, (<https://www.setsustainability.com/libraries/710/item/thailand-sustainability-investment-lists>)

[9] Net Zero Target of PTT, (<https://www.pttplc.com/th/Media/News/Content-30473.aspx>)

[10] Net Zero Target of SCG, (<https://www.scgsustainability.com/en/energy-transition/>)

Despite Thailand's global ranking of 53rd and 11th in Asia Pacific for the best countries for startups in 2022 [11], the startup sector in Thailand is still in its early stages. From 2007 to 2021, only 35 startups have successfully exited by selling their shares to investors or leaving the startup scene [12]. Furthermore, the number of startups founded in Thailand has been decreasing since 2016 [13]. The primary focus areas for startups in Thailand are fintech, e-commerce, and business solutions [14]. However, the country still faces some challenges in terms of supporting its startup ecosystem, including a lack of early-stage investment opportunities and a limited support system for deep tech and research and development [15].



Startups in Thailand

Climate tech startups can be categorized into different sectors with one of the vital sectors for a green transition is the e-mobility sector. Especially the capital Bangkok is the hotspot for a number of e-mobility startups, such as Etran a high quality e-motorbike startup for delivery couriers and a swapping station option in planning. Muvmi and ERA Thailand are e-tuk tuks for public transport and last mile delivery. EVlomo has also opened a head office in Thailand, bringing their e-vehicle and charging technology from Indonesia to Thailand. ElectronMove is a startup working on charging stations for EV and a solar panel SME. There are a number of solar SMEs in Thailand both in Bangkok and rural areas.

Another sector is building and energy efficiency where startups such as TIE Smart Solutions and AltoTech are applying their AIOT and IoT Technology in building envelopes ranging from large shopping mall structures to hotels to direct energy consumption patterns and alter the use of heating, cooling, lighting, and other electrical applications in accordance to the analyzed needs.

Others such as ThaiCarbon, a startup using slow pyrolysis technology in the production of carbon capturing biochar is one of the startups entering the carbon market in Thailand.

[11] Global Startup Ecosystem Index 2022, Startup Blink, Page no. 202 (<https://www.startupblink.com/startupecosystemreport>)

[12] Thailand Innovation Club Baseline Study Annual Report 2021, An in-depth look at Thailand's startup ecosystem, Page 18, (https://innovationclubthailand.com/wp-content/plugins/pdf-poster/pdfs/web/viewer.html?file=https://innovationclubthailand.com/wp-content/uploads/2021/12/Baseline-Study-Report_2021.pdf)

[13] Thailand Innovation Club Baseline Study Annual Report 2022, Page no. 13 (https://innovationclubthailand.com/wp-content/plugins/pdf-poster/pdfs/web/viewer.html?file=https://innovationclubthailand.com/wp-content/uploads/2022/12/Baseline-Study-Report_2022.pdf)

[14] Future of the Thai startup and venture capital ecosystem, February 2023, Page No. 26, (<https://www2.deloitte.com/sg/en/pages/human-capital/articles/venture-capital-ecosystem-thai.html>)

[15] Ibid, Pages nos. 30 – 38.



SUPPORTING ENTITIES AND STARTUPS

This section provides an overview of the main supporting entities and startups related to climate technology that were identified during the research period of January to March 2023.

For a detailed list of entities and startups, please refer to the Excel file accompanying this report.



Incubators

Think Tank

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Government Entities

NGOs / Associates

VC / CVC

adiCET



สำนักงานนโยบาย และแผนพลังงาน กระทรวงพลังงาน



InVent

SCB IOX

BANPUNEXT



INNOPOWER



REAPRA

SIRIVENTURES

trueINCUBE



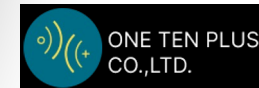
Electric Vehicle

New Materials

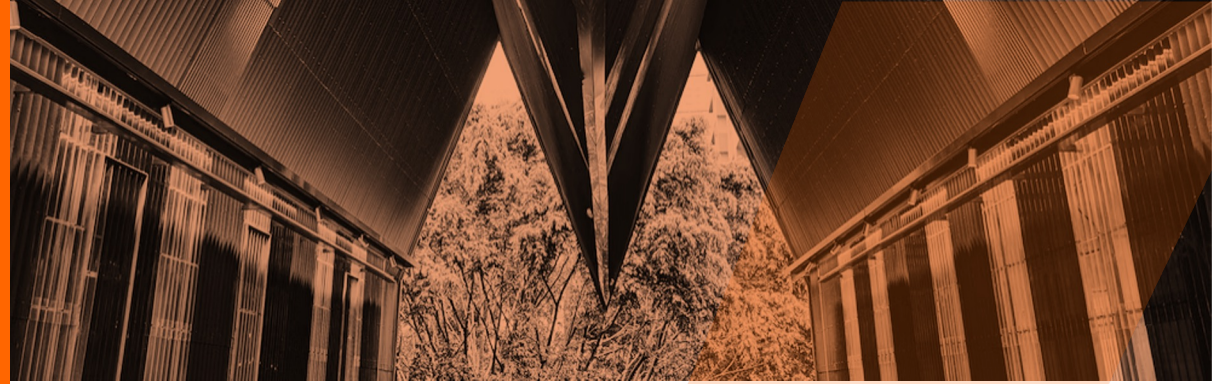
Carbon Management

Renewable Energy

Energy Efficiency & Management



The Thai government has been actively promoting and supporting climate technology through its national policy. The government agencies that are relevant to climate technology and renewable energy sectors, such as EPPO, DEDE, and ERC, are playing an important role in boosting efficiency and environmentally friendly energy production in Thailand. These entities also regulate the renewable energy sector. The cabinet is currently in the process of deciding on the National Energy Plan, with recommendations from EPPO. Once the top-down approach is used, incentive schemes will be determined which are subject to the decided framework. Currently, Thailand is focusing on combating GHG emissions, but supporting schemes for startups are limited.



Government Entities

In terms of supporting startups, the National Science and Technology Development Agency (NSTDA), the Digital Economy Promotion Agency (DEPA), and the National Innovation Agency (NIA) are the main government agencies in Thailand that provide support to startups in the climate technology and renewable energy sectors. While these agencies have broader objectives to promote innovation in Thailand, they offer various forms of support to startups, such as access to funding, incubation programs, and business development services. While the main objective of these entities is not solely focused on promoting startups in climate technology, they do have a concurrent point to support and encourage innovation in Thailand, including startups. They provide various forms of support such as training, suggestions, and incentives to startups conducting business in the industries targeted by the Commission on National Competitiveness Enhancement for Targeted Industries Policies [16]. Overall, these agencies play a crucial role in fostering the growth and development of startups in Thailand, particularly those working in the climate technology and renewable energy sectors.

In addition to the aforementioned agencies, investors looking to start or expand their businesses in Thailand can benefit from support schemes provided by the BOI's promotion. These schemes are subject to the criteria and requirements set forth by the BOI. To be eligible, investors must carefully review the list of eligible activities and criteria to ensure their business activities meet the requirements [17].

[16] Digital Council of Thailand, (<https://www.dct.or.th/th/our-service/detail/389>)

[17] Thailand Board of Investment, (https://www.boi.go.th/index.php?page=criteria_for_project_approval)



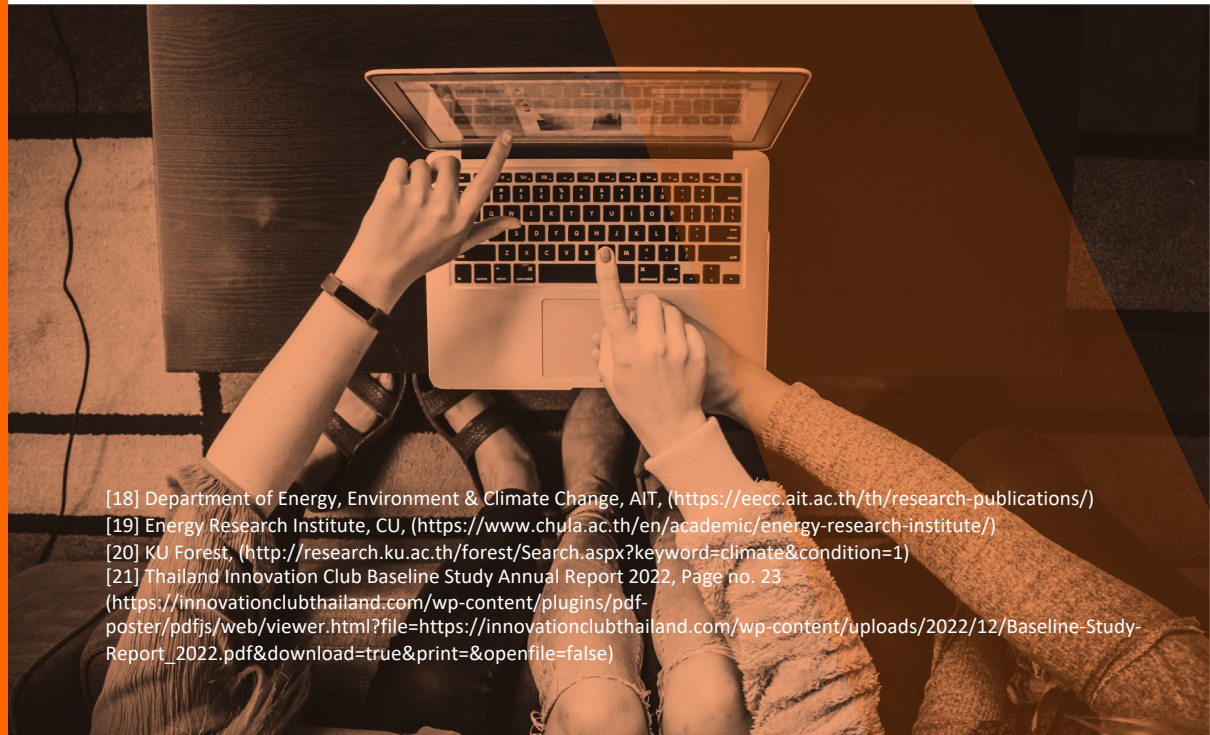


Think Tanks

Think tanks in Thailand, both governmental and private, play an important role in researching and promoting the development of climate technology. Academic institutions and non-governmental organizations (NGOs) are particularly active in this area. Given the growing trend of GHG emission reduction in Thailand, many of these think tanks are focused on environmental issues and are usually affiliated with universities or NGOs. One prominent of think tanks in Thailand is universities. Various universities in Thailand have paid their attention to the research and development in field of the climate technology i.e., Asian Institute of Technology (AIT) [18], Chulalongkorn University (CU) [19], Kasetsart University (KU) [20], etc. These universities, along with others across Thailand, contribute to the research and development of climate technology through their academic programs, research centers, and collaborations with stakeholders. Their efforts play a crucial role in addressing climate change challenges and promoting sustainable development in the country and beyond.

Incubators

Thailand has a limited number of incubators and accelerators, with most of them being industry-specific entities in areas such as education technology, medical technology, or artificial intelligence. While this has facilitated rapid growth in these specific sectors, startups outside these areas have limited access to opportunities [21].



[18] Department of Energy, Environment & Climate Change, AIT, (<https://eccc.ait.ac.th/research-publications/>)

[19] Energy Research Institute, CU, (<https://www.chula.ac.th/en/academic/energy-research-institute/>)

[20] KU Forest, (<http://research.ku.ac.th/forest/Search.aspx?keyword=climate&condition=1>)

[21] Thailand Innovation Club Baseline Study Annual Report 2022, Page no. 23

(https://innovationclubthailand.com/wp-content/plugins/pdf-poster/pdfs/web/viewer.html?file=https://innovationclubthailand.com/wp-content/uploads/2022/12/Baseline-Study-Report_2022.pdf&download=true&print=&openfile=false)

Venture Capital (VC) & Corporate Venture Capital (CVC)

In Thailand, the VC landscape is dominated by CVC firms that primarily invest in startups aligned with their parent companies' corporate strategy, such as True Incube, Expresso, and Siri Ventures. These CVC firms are mostly from private entities with sufficient funds seeking to expand their market opportunities.

However, there is currently a funding gap for many startups, as CVCs and VCs tend to invest in middle or later stage startups rather than in the seed stage [22].



Startups

Startup creation in Thailand has been declining since 2016, and the majority of startups are not focused on energy and climate technology. Research shows that only 22 startups are currently focused on the climate technology sector, with most of them related to electric vehicles, artificial internet of things (AIoT), and energy efficiency. Among the 22 startups in the climate technology sector, energy efficiency and energy management emerge as the most popular business areas. This indicates a growing emphasis on optimizing energy consumption and implementing efficient energy management practices. Following energy efficiency, the EV sector shows promising growth and innovation within the climate technology landscape. Please see the Excel file attached herewith for the results of the research.

[22] Future of the Thai startup and venture capital ecosystem, February 2023, Page No. 28, (<https://www2.deloitte.com/sg/en/pages/human-capital/articles/venture-capital-ecosystem-thai.html>)s

The number of associations in the climate technology sector in Thailand is rather limited. Founders tend to limit the scope of the association to their passion. However, due to the increasing trend of climate change in Thailand, the number of associations has also grown. Based on our research, the currently outstanding associations are mostly focused on electric vehicles, energy storage, and energy service companies. These include the Electric Vehicle Association of Thailand (EVAT), Thailand Energy Storage Technology Association (TESTA), and Thai ESCO Association.

Associations

In April 2023, a significant collaborative effort took place in Thailand, leading to the establishment of the Climate Tech Club. This initiative brought together several key organizations, including Nexus, the National Innovation Agency (NIA), the National Science and Technology Development Agency (NSTDA), the Thailand Greenhouse Gas Management Organization (TGO), KBANK, Wastech Exponential, Builk One Group, PAC Energy, and cWallet. The primary objective of the Climate Tech Club is to develop and strengthen the ecosystem of the climate technology sector in Thailand. The Climate Tech Club aims to provide support and assistance to startups and small and medium-sized enterprises (SMEs) operating in the climate technology sector. By nurturing and fostering these innovative companies, the club seeks to accelerate the growth and impact of their sustainable solutions. These startups and SMEs play a crucial role in driving the nation's net-zero target, aligning with Thailand's commitment to reducing greenhouse gas emissions and combating climate change. Through collaborative efforts, the Climate Tech Club intends to create an enabling environment for climate technology entrepreneurship. This includes facilitating access to funding, mentoring, expertise, and resources necessary for the development and scaling of climate tech solutions. By nurturing and supporting these startups and SMEs, the club aims to catalyze innovation and accelerate the adoption of sustainable technologies across various industries. The establishment of the Climate Tech Club reflects Thailand's commitment to fostering a vibrant and robust climate technology ecosystem. By bringing together diverse stakeholders from the public and private sectors, this collaboration seeks to drive forward the national net-zero agenda while simultaneously supporting the growth and success of climate tech startups and SMEs.

RELEVANT LAW AND REGULATIONS FOR STARTUPS

As a means of support, Thailand has enacted a number of laws and regulations in recent year to promote the development of the startup industry. Some of these laws and regulations include:

National Competitiveness Enhancement for Targeted Industries Fund

The establishment of the Commission on the National Competitiveness Enhancement for Targeted Industries Policies and the National Competitiveness Enhancement for Targeted Industries Fund is in accordance with The National Competitiveness Enhancement for Targeted Industries Act, B.E.2560 (2017). The Commission is empowered to establish policies and strategies, develop plans, and prescribe the types of targeted industries and business descriptions for national competitiveness enhancement. They are also authorized to approve subsidies from the Fund, which was created to promote and develop targeted industries.

The Commission's Announcement has identified several industries that are targeted for support through the National Competitiveness Enhancement for Targeted Industries Fund. These industries include robotics, digital technology, next-generation automotive, agriculture and biotechnology, medical hubs, circular economy facilitators, biofuels and biochemicals, aviation, smart electronics, high value-added food processing, human resource development and research for targeted industries, defense, and affluent and wellness tourism.

Business operators in the targeted industries can submit their investment project proposals to the BOI for evaluation. The BOI will then review the proposal and provide its opinions to the selection and negotiations sub-committee for approval to proceed with negotiations. Once negotiations are approved, the BOI will inform the business operator to prepare the details of the investment project to be submitted as support for the negotiation. After the negotiations are completed, the sub-committee will inform the business operator of the results, and the operator must submit an application for promotion along with the investment project details to the Commission within the agreed period for approval of rights and benefits under the project.

The promotion targets startups that have a juristic person established under the law of Thailand and have been in operation for no more than 5 years. If a startup has been established for more than 5 years but less than 10 years, they must comply with the guidelines set forth by the Expert Working Committee. The startup must conduct business activities under the targeted industries and have received funds from VC and/or CVC, but not more than THB 5,000,000. Furthermore, the startup must not have received support from other agencies for the same project. Additionally, the startup must offer returns to the fund, suitable organization, or country in order to generate high externalities, such as technology transfer, stocks, or cash.

The incentive schemes offered to the startups under this promotion include various benefits such as support for personnel salary, permission to bring in foreign skilled workers under the BOI Promotion Act, exemption of corporate income tax, and exemption of import duty for machinery and raw materials. These incentives can provide significant advantages for startups operating in the targeted industries, allowing them to lower their costs, increase their competitiveness, and promote their growth and development.

The Thai Bayh-dole Act [23]

The Thai Bayh-dole Act, also known as the Thailand Research and Innovation Utilization Promotion Act B.E. 2564 (2021), became effective on May 7, 2022. Prior to this law, employers, hirers, or commissioning parties in Thailand automatically owned patentable inventions unless otherwise agreed upon with the inventor. Public research organizations and government agencies had their own policies regarding ownership and management of intellectual property rights. Some government funding agencies retained full ownership of any intellectual property rights resulting from their research and development funding, while others co-owned such rights with the relevant research institutes. Inventors were often granted a license instead of full ownership. However, under the new TRIUP Act, inventors (such as universities and research institutes) now own the inventions resulting from government funding.



In addition, other than the existing laws, Thailand is also in the process of enacting the Startup Act [25,26]. With reference to the drafted act, the purpose of the Act is to promote and develop startups' ecosystem and ensure that startups will be specially regulated under the relevant policies. The definition of "startups" is also provided under the draft together with the direction to support, details of the National Startup Committee, etc [27]. The privilege and promotion to startups under the draft will be tax incentives, visa and work permit for expats (which are quite similar to the BOI privilege) including funding [28].

Amendment of the Thai Civil and Commercial Code [24]

The Thai Civil and Commercial Code ("CCC") has been amended to reduce the minimum number of promoters required for company incorporation from three persons to two. This change is expected to streamline the registration process for companies and offer more flexibility to promoters.

- [23] The Thai Bayh-Dole Act: A New Dawn for Government-Funded Research in Thailand (<https://www.tilleke.com/insights/the-thai-bayh-dole-act-a-new-dawn-for-government-funded-research-in-thailand/>)
- [24] Thailand Officially Opens New M&A Pathway—Plus Eight Other Notable Changes in the Amended CCC (<https://www.tilleke.com/insights/thailand-officially-opens-new-ma-pathway-plus-eight-other-notable-changes-in-the-amended-ccc/>)
- [25] <https://www.nia.or.th/presented-NSC-and-startup-act>
- [26] ภาครัฐและภาคเอกชน ร่วมมือร่างกฎหมายส่งเสริมธุรกิจ Startup, (2022) (<https://techsauce.co/pr-news/startup-thailand-government-bill>)
- [27] Nutchapong Samran, Policy and Law to support Startup in Thailand (2020), page 206 (https://utcc2.utcc.ac.th/utccjournal/404/200_210.pdf)
- [28] Future of the Thai startup and venture capital ecosystem, (2023), Page No. 121, (<https://www2.deloitte.com/sg/en/pages/human-capital/articles/venture-capital-ecosystem-thai.html>)

Likewise, Thailand provides governmental programmes to support the startup industry in various methods. For illustration:

Capital Tax Gain Exemption [29]

To support Thai startups in raising more capital from investors, the Revenue Department of the Ministry of Finance has implemented tax measures through the Capital Tax Gain Exemption program.

- I. Both Thai and foreign investors are exempted from personal income tax and corporate income tax on profits from the sale of shares in a startup.
- II. Startups must be certified by the NSTDA or NIA and operate in one of the 14 targeted industries to be eligible for the tax exemption.
- III. Investors, including angel investors, who invest directly or through VC, CVC, or PE Trust, will enjoy a 10-year exemption from gains on share transfers. This benefit applies to both Thai and foreign individuals and juristic persons.
- IV. To be eligible for the tax benefits, investors must hold shares in a startup or CVC for a minimum of 24 months, and the startup must have earned at least 80% of its core revenue during the two-year period before the sale of shares.
- V. The tax benefits can be received until June 30, 2032.

Note: Startups, which will have fallen under this incentive, must be certified by the authorized government authority i.e., DEPA or NSTDA. The criteria and requirements between DEPA and NSTDA are different. The DEPA is focusing on the Digital Technology sector i.e., hardware & smart devices, software, digital content. On the other hand, the NSTDA is focusing on various sectors i.e., Energy Storage Technology, EV Technology, Blockchain, etc.

BOI Promotion [30]

The BOI, a government agency under the Office of the Prime Minister, is primarily responsible for promoting valuable investments, including investments into Thailand and Thai overseas investment.

In order to promote business in Thailand, BOI has offered tax incentives i.e., exemption of corporate income tax, exemption of import duties on machinery, essential materials, and raw material, and non-tax incentives, i.e., 100% foreign ownership (except some business activities which are strictly reserved for Thais), permission to own land, permission to bring skilled workers and experts into Thailand.

Nonetheless, such promotion will be provided merely to the eligible activities which the government considers as necessary for Thailand i.e., machinery and automotive sectors, or electronics industries, public utilities.

According to the latest announcement of the BOI, some activities, which are related to usage of renewable energy or production of electricity by using renewable energy or batteries of electric vehicles, are promoted.

[29] Capital Gain Tax Exemption, (<https://www.dct.or.th/th/our-service/detail/371#:~:text=%E0%B8%AB%E0%B8%A5%E0%B8%B1%E0%B8%81%E0%B9%80%E0%B8%81%E0%B8%93%E0%B8%91%E0%B9%8C%E0%B8%81%E0%B8%B2%E0%B8%A3%E0%B8%A2%E0%B8%81%E0%B9%80%E0%B8%A7%E0%B9%89%E0%B8%99%E0%B8%A0%E0%B8%B2%E0%B8%A9%E0%B8%B5%20Capital,%E0%B8%AA%E0%B8%A7%E0%B8%97%E0%B8%8A.%20%E0%B8%AB%E0%B8%A3%E0%B8%B7%E0%B8%AD%20depa>)

[30] Please see the promotion to startups under the section “National Competitiveness Enhancement for Targeted Industries Fund” above.



SMART “S” Visa [31]

The SMART "S" Visa Program is designed to attract executives, investors, startup entrepreneurs, and experts to work or invest in technology companies that can help develop targeted industries and drive innovation in Thailand. The program offers a 2-year permission of stay, renewable for up to 2 years, as well as annual immigration reports and an exemption from work permit requirements.

Funds

Startups have access to various funds, and those that meet the requirements can apply directly to the relevant authority. Some of the notable funds available to startups include the NIA Open Investor Fund [32], Thematic Innovation Fund [33], InnoSpace Fund [34], DEPA Fund [35], TED Fund: Youth Startup Fund, and NSTDA: Startup Voucher [36].

In addition to the aforementioned government initiatives, private entities in Thailand are also contributing to the startup ecosystem by offering support programs such as the Startup Booster Programme [37].

[31] SMART Visa, (https://smart-visa.boi.go.th/smart/pages/smart_s.html)

[32] NIA Open Investor Fund, (<https://open.nia.or.th/>)

[33] Thematic Innovation Fund, (<https://thematic.nia.or.th/>)

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