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# LEGAL UPDATE

## Thailand's Board of Investment Unveils New Matching Fund for High-Potential Startups

### Introduction

On 15 July 2024, the Board of Investment of Thailand ("BOI") announced a new initiative, titled *"Announcement of the Competitiveness Enhancement Policy Committee for Target Industries No. 2/2567 Subject: Measures to Promote High-potential Start-Up Businesses"*. The announcement also effectively revoked a similar scheme previously issued under announcement No.2/2564<sup>1</sup> and its amendment.<sup>2</sup>

The new initiative aims to promote high-potential startups and enterprises that are currently in the fundraising process, including those in Pre-Series A and Series-A stages. This initiative pledges to match funds received by startups from investors to up to 50 million Baht, in hopes to increase competitiveness among startups in targeted industries on an international level through the provision of additional liquidity, financing, and tax benefits.

### Qualification Requirements

#### Legal Entity

To qualify, the eligible startup or enterprise must be a legal entity established under Thai law with at least 51% of the shares held collectively by Thai nationals and/or Thai legal entities, and at least 60% of the shares must be held by the founder(s). Furthermore, the entity must not be declared bankrupt, or under receivership by court order, or previously convicted in criminal matters, among other conditions.

<sup>1</sup> 2-2564 Announcement of the Competitiveness Enhancement Policy Committee for Target Industries No. 2/2564 Subject: Measures to promote start-up Business.

<sup>2</sup> 1/2565 Announcement of the Competitiveness Enhancement Policy Committee for Target Industries No. 1/2565 Subject: Amendment measures to promote start-up Business.

### Target Industries

The eligible startup must operate within a target industry as designated by the National Committee on Competitiveness Enhancement for Target Industries (“**Target Industry**”) as follows:

1. Modern Automotive
2. Smart Electronics
3. High-Quality Tourism
4. Agriculture and Biotechnology
5. High-Value Food Processing
6. Robotics
7. Aviation
8. Biofuel and Biochemical
9. Digital
10. Medical Hub
11. National Defense
12. Industries that directly support the circular economy significantly, such as waste-to-fuel production and water resource management.
13. Human Resource Development and research development for Target Industries
14. Other Target Industries aligned with the 20-Year National Strategic Plan as approved by the Policy Committee.<sup>3</sup>

Whilst the list of target industries above is subject to change, the principle is that it shall focus on core technologies that are considered fundamental for economic development in Thailand, such as biotechnology, nanotechnology, advanced materials technology, and digital technology.<sup>4</sup>

### Funding

This initiative offers financial support ranging from 20 to 50 million Baht per startup / enterprise. However, the support is capped at the actual amount of funding received from investors listed with the National Innovation Agency (“**NIA**”). The funds may be disbursed into multiple

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<sup>3</sup> The 20-Year National Strategic Plan as approved by the Policy Committee are as follows:

(1) Well-being of Thai people and society: Creating national security for public contentment.  
 (2) National competitiveness, economic growth, and income distribution: Enhancing different capacities to promote constant economic development.  
 (3) Development of human capital: Promoting multidimensional human capital development for righteous, skilful, and quality citizens.  
 (4) Social equality and equity: Broadening opportunities and promoting, equality in society.  
 (5) Sustainability of national biodiversity, environmental quality, and natural resources: Improving quality of life based on green growth.  
 (6) Government efficiency and better access to public services: Reforming government administration with a focus on public interest.

<sup>4</sup> Announcement of the Competitiveness Enhancement Policy Committee for Target Industries No. 1/2561 Subject: Amendments to the Types of Target Industries According to the Announcement of the Competitiveness Enhancement Policy Committee for Target Industries No. 1/2560 Section 2

tranches across a period of up to three years. The current list of investors listed with the NIA as of August 2024 are as follows<sup>5</sup>:

1. Beacon Venture Capital
2. CU Enterprise
3. Krungsri Finnovate
4. Finnovenue Private Equity Trust I
5. InnoSpaceThailand
6. NVest Venture
7. Openspace Ventures
8. Y&Archer
9. Thai Kodama

The criteria for funding are as follows:

1. The eligible startup must have previously received funding from venture capitalists (VC) and/or corporate venture capitalists (CVC) of no less than 15 million Baht, excluding support in other forms such as intellectual property rights; and
2. The eligible startup must have previously received funding from investors listed with the NIA in any amount and must have evidence of investment or letter to invest from such listed investor.

The support funds will be disbursed in two parts in the following manner: <sup>6</sup>

1. 50% of the support fund will be disbursed at the initial closing when the startup receives funding from the listed investor. To receive this fund, the startup must provide evidence of the fund receipt; and
2. All the remaining amounts will be disbursed in instalments upon the completion of specific performance indicators, in accordance with conditions approved by the committee on a case-by-case basis.

## Other Benefits

Other than financial support, the eligible startup would enjoy tax benefits offered by the BOI<sup>7</sup>, as well as visa and work permit benefits<sup>8</sup> for foreign experts that the startup hires throughout the three-year support period.

## **Impact on Thai Businesses**

This new initiative from the BOI is designed to boost competitiveness of startups and enterprises in targeted industries by matching subsidies provided by listed investors through the NIA. The initiative aims to facilitate business expansion for these startups and enterprises,

<sup>5</sup> Announced by NIA on official Facebook page: [here](#)

<sup>6</sup> The timing, terms and conditions of payments will vary depending on necessity, worthiness and benefit that project has to the target industry, in accordance with the approval from the committee.

<sup>7</sup> Competitiveness Enhancement Act for Target Industries B.E. 2560 (2017)

<sup>8</sup> foreigners to enter the Kingdom and work in accordance with Sections 25 and 26 of the Investment Promotion Act B.E. 2520 (1977) throughout the period of receiving the support.

enhancing their ability to compete on an international stage. By increasing access to capital, it will support Thai early-stage operators in their growth and help elevate Thai businesses' capabilities and competitiveness in both regional and global markets.

## Further information

Should you have any questions on how this article may affect you or your business, please get in touch with the following persons:

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