Daily Thai News Summary: 13 January 2016

1. BOI sees doubling in projects' value to BT 450 BN

Source: **The Nation** (Link)

The board of Investment expects a huge jump in the value of projects applying for tax privileges to Bt450 billion this year from about Bt218 billion in 2015. Hiranya Suchinai. secretary-general of the BOI, said yesterday that the board was confident of achieving this target given its recent offers of new tax measures and other measures in the pipeline. It will also kick off the planned roadshows in the middle of this month to local and overseas markets to woo investment.

The BOI has also drawn up a plan to provide tax incentives to encourage local investment in the tourism and agricultural industries, in line with the government's policy to strengthen the local economy. The planned incentives will also contribute to the forecast surge in the number of project applications this year. The promotion agency will also encourage some approved projects to accelerate their investment this year to be eligible for additional tax privileges under the newly launched BOI special measures designed to hasten project investments. According to its preliminary survey, about 1,600 projects worth Bt600 billion are eligible to gain additional tax privileges under the special measures approved by the Cabinet last November to urge projects to move faster rather than wait to see a sign of improvement in the economy.

2. Ad spending grows by 3.34%, with digital TV the big winner

Source: **The Nation** (Link)

As forecast, advertising expenditure last year grew by 3.34 per cent to Bt122.31 billion from Bt118.36 billion in 2014, according to the latest media survey by Nielsen (Thailand). The growth in advertising spending appeared to reflect the sluggish economy amid weak consumption. The leading media-research company reported that advertisers continued to spend on digital television, radio, cinemas, outdoor media, transit and the Internet.

With aggressive marketing and content strategies along with affordable cost, digital TV appears to be attractive for advertisers. Throughout last year, advertising spending via this medium surged by 143 per cent to Bt20.93 billion from Bt8.58 billion in 2014. Pathamawan Sathaporn, managing director of Mindshare Thailand, explained in a previous interview that digital television was still on the rise while analog TV channels and cable/satellite TV seemed to be hurt by the fierce competition in the television industry. Nielsen's latest report indicated that advertising expenditure through analog TV stations such as Channel 7, Channel 3, MCOT

Channel 9, TV 5 and NBT (Channel 11) declined by 9.8 per cent to Bt57.52 billion last year, compared with Bt63.77 billion in 2014. Cable and satellite TV advertising followed suit with a decrease of 16.27 per cent to Bt6.05 billion.

3. UTCC unit forecast 2% export growth despite China

Source: **The Nation** (Link)

Export value is forecast to grow by 2 per cent this year to US$218.34 billion (Bt7.935 trillion), the first expansion in four years, according to the University of the Thai Chamber of Commerce's Centre for International Trade Studies. But exports to China, the Kingdom's third-largest market, will continue to contract because of its slowing economic growth.

The centre foresees exports in the worst case growing by only 0.1 per cent to $214.27 billion, and in the best case by 4.1 per cent to $222.83 billion. That compares with an estimated 5.9-per-cent contraction last year. *"Thai exports this year will expand slightly on the recovery of the global economy. However, the sluggishness of China will still be a major negative factor, since about 11 per cent of Thai exports have relied on the China market, while China has also had an indirect influence on export to many markets, mainly in Asean,"* Aat Pisanwanich, director of the centre, said yesterday. China is Thailand's third-largest export market after Asean and the United States. He said that if China's gross domestic product could grow by 6.3 per cent, Thai export value this year would grow by at least 2 per cent. This year, Thai exports to that country are projected to decline by 1.1 per cent, compared with contraction of about 5.4 per cent last year.

4. Aggressive tax audits are expected in the year ahead

Source: **The Nation** (Link)

At the end of last year, the government issued many tax measures to spur the economy. Of course, the consequential reduction in government revenue results in the need to find other sources of income to compensate. It seems that tax audits will be used as a tool to increase the government's tax revenue. Last month, the Revenue Department signalled that it would increase the volume of tax audits through the formal tax audit process, so taxpayers can expect to receive a summons for a tax audit instead of an invitation letter if the department has any desire for additional clarification.

For the past several years, the department tended not to issue a summons asking for a formal audit of accounting and tax records. Instead, it performed an operational review after an invitation letter. The taxpayer was asked to submit documents and answer specific questions. By not using a summons, the tax authority expected to be able to close cases faster by asking the taxpayers to amend their tax returns voluntarily and pay additional taxes and surcharges without a penalty. However, the review time was sometimes longer than expected, especially in cases where a conclusion could not be reached between the taxpayer and the tax authority, resulting in extensive negotiations. Effective from the last week of December, many taxpayers with outstanding cases with the tax authorities have received summonses for formal tax audits from the department if there had been disagreement with the tax authorities over voluntarily amending their tax returns.

5. Fund managers advised on China's new RQFII regime

Source: **The Nation** (Link)

The current market volatility is breeding more interest in China's markets, and fund managers in Thailand are advised to enter China as renminbi-qualified foreign institutional investors, a channel introduced last month that offers flexibility, liquidity and transparency. *"The RQFII needs an elapsed time, including applying for a licence and a quota, that has a normal turnaround time of about six months, so you should apply for this new opportunity now to invest in the China perspective,"* Patrick Wong, head of China sales and business development at HSBC Securities Services, said yesterday. The RQFII regime allows asset managers to launch funds or products for raising yuan (aka renminbi, or RMB) offshore to invest in the Chinese markets. Available instruments include mainland stocks, bonds, warrants, fixed-income debt, securities investment funds, index futures and initial public offerings. This is mainly a regime or channel for institutional investors in Thailand to become eligible to invest in China. *"Whether you can activate your investment or not really depends on the situation and also on the market perspective,"* he said.

Wong said he did not have a "crystal ball" to predict how the market will perform in the next six months, but overall, on a global basis, there was already demand from European institutional investors for China's fixed-income products via this channel. There are some asset managers in Asia and Thailand who have already expressed their interest for exchange-traded funds under this new regime. *"In Asia, we have more inquiries about how to access China now, so I will say that demand is there, definitely in the short term. And recently, because of the market volatility, there are more questions about how to access China, and in different perspectives as well,"* he said.

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