

Published on 05/05/2016

Govt targets 10,000 start-ups

THE SCIENCE and Technology Ministry targets 10,000 innovative start-up businesses being established this year, thanks to the Finance Ministry's tax incentives for such new enterprises.

"We hope the 10-year tax exemption for venture-capital and private-equity trusts that invest in innovative and start-up business operating under the 10 industry-cluster target, and the five-year tax exemption for start-ups establishing themselves this year, will challenge investors and start-ups to invest in and establish a business. The target is for 10,000 new businesses to be set up by the year's end," Science and Technology Minister Pichet Durongkaverroj said yesterday.

He was speaking at the "Tax incentives for Venture Capital and Innovative Start-ups" seminar, arranged by the Securities and Exchange Commission (SEC).

Under the incentive for venture-capital operators and private-equity trusts, which came into effect on February 10, new entities that invest in an innovative and start-up business approved by the National Science and Technology Development Agency (NSTDA) will get a 10-year income tax exemption from the start of their investment.

Meanwhile, approved start-ups established between October 1, 2015 and the end of this year benefit from a five-year income tax exemption, effective from April 18.

To qualify for such incentives, the NSTDA requirement is for the new business to undertake innovative work in one of 47 technologies, which will be announced at the end of this month, the minister said.

The technologies must fall within the 10 industry-cluster target: the first five 'S-curve' businesses of next-generation automotive, smart electronics, affluent medical and wellness tourism, agriculture and biotechnology, and food for the future; and the next five S-curve business fields of robotics, aviation and logistics, biofuels and biochemicals, digital, and medical hub.

"We believe our tax-exemption policy for venture-capital and private-equity trusts, and for start-ups, provides an opportunity and a challenge that surpasses what is on offer in other countries in the region. This will drive Thailand to become a regional innovation and start-up hub," Deputy Finance Minister Wisudhi Srisuphan told the seminar audience.

Despite the traditional survival rate of only 10 per cent among new tech start-ups, the government's policy offers a challenge for the Kingdom to move forward from a middle-income country to an innovation-based economy in the next phase of its development, said Vorapol Socratyanurak, member of the National Legislative Assembly and former secretary-general of the SEC.

SEC assistant secretary-general Paralee Sukonthaman said the agency would take just 15 days to approve a licence for venture-capital operators and private-equity trusts under the tax-exemption scheme.

However, since the regulations came into effect, only one private-equity trust has applied for a licence to date, she said.

Narong Sirilertworakul, executive vice president of the NSTDA, said the agency would for its part take between one and two months to approve a new tech business in which such funding entities can invest, depending on which of the 47 technologies the start-up falls under.

