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Tax Incentives Aim to Get U-Tapao Back on the Runway

The Thai government is preparing a package of tax and investment measures intended to accelerate the long-delayed U-Tapao Airport and Eastern Aerotropolis project in the Eastern Economic Corridor (EEC). The Cabinet has acknowledged urgent measures approved by the EEC Policy Committee to improve the investment environment and attract target industries. A key proposal would allow qualifying businesses to deduct twice the amount of eligible capital expenditure (CapEx) and operating expenditure (OpEx) for corporate income tax purposes. Other measures under consideration include additional incentives linked to highly skilled workers, advanced technology, clean energy, high-value assets and technology transfer, together with a special EEC visa and reduced corporate income tax rates for international air transport operators.

The incentives form part of a broader effort to restart momentum around a strategically important EEC development that has faced significant delays. The EEC Office entered into a 50-year public-private investment agreement with U-Tapao International Aviation Co in June 2020, but development has not progressed as originally anticipated. The government is seeking to move beyond construction of airport infrastructure by stimulating wider economic activity around the project. The EEC Office has been instructed to accelerate the necessary legal and administrative work so that the measures can take effect by 30 September 2026.

The proposed approach also shows that the government is using tax policy to influence the type and quality of investment attracted to the area, rather than simply offering a general reduction in tax costs. Additional benefits may favour businesses deploying skilled labour, modern technology and clean energy or making high-value investments accompanied by technology transfer. The measures are expected to be granted for five-year periods and reviewed before any extension, allowing the government to reassess whether the incentives continue to deliver the intended investment and economic outcomes.

The airport project is also being positioned as the centre of a broader transport, tourism and industrial ecosystem. The government plans to study cruise and yacht ports and feeder transport links connecting U-Tapao with surrounding tourism and business activities. According to the government figures reported, the project is expected to attract approximately THB 1.3 trillion in private investment over its lifetime, create more than 63,700 jobs and generate around 400,000 additional foreign tourist arrivals annually. These projections underline why the government is treating the project's acceleration as both an infrastructure priority and an economic-development initiative.

From a legal and business perspective, the package could create significant opportunities for investors in aviation, logistics, technology, clean energy and other EEC target industries, but the practical value of the incentives will depend on the detailed eligibility criteria and implementing rules. Businesses considering investment should monitor which CapEx and OpEx categories qualify for the double deduction, the conditions attached to enhanced incentives, and how the special visa and aviation tax measures will operate. As the measures remain subject to further legal and administrative implementation, the coming rules will be critical in determining whether the new incentive package can translate the government's ambitious U-Tapao investment targets into actual project activity.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com