

# Navigating Land Ownership and Factory Permitting in Thailand for Foreign Investors

A Strategic Guide for Foreign Investors in Solar Manufacturing

**Content Partner: J. v. G. technology GmbH**

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Land Ownership and Factory Permitting in Thailand



Created as part of the PVKnowHow Knowledge Network




Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Key Project Data

<b>Indust...</b>	<b>Variable</b>	<b>6–12 mo</b>	<b>Thaila...</b>
<b>Factory Scale</b>	<b>Investment Level</b>	<b>Ramp-Up Period</b>	<b>Target Region</b>
Solar module manufacturing — mid to large-scale production	Depending on automation level and factory scale	From planning to operational production start	Southeast Asia — Thailand as primary manufacturing base

 Line type: Automated solar module production · Source: PVKnowHow / J.v.G. Technology GmbH · Note: These scenarios are based on real composite figures

# Thailand as a Manufacturing Gateway

## Strategic Advantages

- Strategic location within Southeast Asia supply chains
- Growing domestic and regional renewable energy markets
- Established export infrastructure and port access
- Neutral positioning in global trade tension environment

## Key Investor Consideration

- Legal framework is navigable — but not automatic
- Land and permit rules are the most underestimated risk
- Failing to structure correctly causes costly delays
- Early legal and operational planning is essential

# Core Challenge: Land Ownership Laws

## The Legal Baseline

- Section 96 of Thailand's Land Code Act prohibits foreign individuals or entities from owning land
- The restriction applies broadly — regardless of industry or investment size
- Non-compliance carries serious legal and operational consequences

## Why It's Underestimated

- Investors focus on business plan and funding — not the ground beneath the factory
- Land ownership restrictions affect both site control and long-term operational security
- Incorrect structures can lead to project suspension or closure

## Available Pathways

- Three primary legal routes exist for foreign manufacturers
- Each involves specific structures, timelines, and trade-offs
- Pathway selection must align with investment scale and long-term strategy

# Foreign Investor Restriction Overview

Aspect	Default Rule	Exception / Pathway
Land Ownership	Prohibited for foreign entities (Land Code Act, S.96)	Permitted via BOI promotion or IEAT zone
Business Ownership	Max 49% foreign shareholding (Foreign Business Act)	100% foreign ownership via BOI or FBL
Restricted Activities	Manufacturing subject to Foreign Business Act controls	BOI promotion overrides FBA restrictions
Nominee Structures	Illegal — increasingly prosecuted since 2024-2025	No compliant workaround; use legal pathways only
Work Permits	Required for all foreign employees	Streamlined process under BOI / IEAT promotion

# Long-Term Lease Model

## Structure

- Thai law permits registered land leases for a maximum of 30 years
- Common arrangement: initial 30-year lease with pre-agreed renewal option
- Provides effective operational control for multiple decades

## Advantages

- Avoids complexity of direct land ownership
- Relatively fast to implement compared to ownership pathways
- Lower upfront legal burden; suitable for phased entry

## Limitations

- No freehold title — land security depends on lessor stability
- Renewal terms must be carefully contracted in advance
- Less suitable for high-capex, long-horizon industrial assets


# Thai Majority-Owned Company Model

## Structure

- Foreign investor holds up to 49% of a Thai-registered company
- Thai nationals hold majority (51%+) of registered capital
- Company may own land in its name under standard law
- Operational control structures vary — legal advice essential

## Critical Risk Factors

- Nominee shareholding arrangements are illegal and prosecuted
- Enforcement has intensified significantly in 2024–2025
- Authorities cross-check registrations, voting rights, and capital flows
- Non-compliance risks: fines, imprisonment, or business closure

 Nominee structures that disguise effective foreign control are actively investigated. Only genuine Thai co-investment arrangements should be used.

# BOI Pathway Advantages

## Ownership Rights

- 100% foreign ownership – no Thai shareholders required
- Overrides Foreign Business Act 49% restriction
- Right must be expressly granted in BOI approval letter

## Land Rights

- BOI-promoted companies may own land for approved operations
- Minimum paid-up capital: THB 50 million required throughout ownership period
- Updated rules (effective Nov 2024) provide clearer criteria

## Operational Privileges

- Streamlined work permits and visas for foreign specialists
- Simplified foreign currency remittance processes
- Generally the recommended pathway for solar manufacturing investment

# Tax and Investment Incentives

1

## Corporate Income Tax

Exemptions of up to 8–13 years depending on sector priority and R&D investment commitments

2

## Import Duty Relief

Exemptions on imported machinery, equipment, and raw materials used in promoted activities

3

## Additional Benefits

No import quantity limits in IEAT Free Zones; no standard quality control requirements on zone imports

- ❏ BOI application processing time: approximately 40–90 working days depending on investment value. Initial meeting with BOI case officer scheduled within 10 business days of application submission.

# Zoning, EIA, and Environmental Approvals

## 1 Step 1 – Zoning Confirmation

Verify the target site is designated for industrial use under Thailand's zoning framework

Mixed-use zones may apply depending on factory type and scale

## 2 Step 2 – Environmental Impact Assessment (EIA)

Required for projects specified by the Ministry of Natural Resources and Environment

EIA review process: typically 4–6 months; must be approved before construction permits

## 3 Industrial Estate Exemption

Factories located within IEAT-managed industrial estates are generally exempt from standard EIA requirements

Zoning pre-clearance is a key advantage of industrial estate locations

# Construction Permit Process

## Construction Permit (Or.1)

- Issued by the local municipal office (OrBorTor)
- Requires architectural drawings stamped by a licensed architect
- Plans must include fire lanes, green spaces, and structural specifications
- Must comply with Thai Industrial Building Standard Specifications

## Within IEAT Zones

- Building permits issued directly by the IEAT
- Requires prior completion of industrial land permit approval
- BOI channel applicants: BOI promotion certificate required first
- IEAT review period: up to 30 days from application submission

## Post-Construction

- Building Certification (AOR.6) required after construction completion
- Authorities inspect the building before certification is granted
- Construction supervisor notification (Nor.4) required throughout build


# Factory License Requirements (Ror.Ngor.4)

## What It Is

- Factory License (Ror.Ngor.4) — issued by the Department of Industrial Works (DIW)
- Required before manufacturing operations may legally commence
- Administered under the Factory Act B.E. 2535 (1992)
- Processing time: approximately 4–6 months from application

## Application Requirements

- On-site inspection of facility, machinery, safety systems, and waste management
- Machinery specifications and process details must be submitted
- Environmental and safety compliance verified before approval
- Operator must notify DIW  $\geq 15$  days before test-run and before full production start

 The technical specifications of a turnkey solar manufacturing line must align with DIW requirements. An experienced implementation partner coordinates this alignment during factory commissioning.

# Industrial Estate Advantages

## Infrastructure

- Ready-made utilities: water, electricity, sewage, and roads
- Access to port and transportation networks
- Waste treatment facilities managed on-site

## Regulatory Benefits

- EIA exemption for qualifying factories within estates
- Expedited licensing processes under IEAT management
- One-stop service center for permits, registration, and compliance

## Ownership & Free Zone Access

- 100% foreign land ownership within IEAT zones
- IEAT Free Zone: no import quantity limits, no standard quality controls on zone imports
- Currency remittance facilitated for international transactions

# Realistic Implementation Timeline

1

## Months 1–3 — Legal Structure & BOI Application

Company registration; BOI application submission and case officer meeting

BOI processing: 40–90 working days depending on investment value

2

## Months 3–6 — Land, Site & Zoning

Site selection; lease or purchase process; zoning and EIA initiation

EIA review (if applicable): 4–6 months — initiate in parallel where possible

3

## Months 4–9 — Construction Permits & Build

Construction permit (Or.1 or IEAT) obtained; factory construction begins

Machinery import and installation under BOI import duty exemption

4

## Months 9–12+ — Factory License & Ramp-Up

Factory License (Ror.Ngor.4) application submitted; DIW inspection completed

Test-run notification  $\geq$ 15 days prior; production start notification required

❑ Source: PVKnowHow / J.v.G. Technology GmbH. Overall timeline: 6–12 months from initial planning to operational start, assuming no major setbacks.

# FAQ Highlights

## Can a foreign company own factory land in Thailand?

Yes – through BOI promotion or within IEAT zones. Direct foreign land ownership is otherwise prohibited under Section 96 of the Land Code Act. BOI-promoted entities must maintain THB 50M paid-up capital throughout ownership.

## Is 100% foreign factory ownership possible?

Yes – via BOI promotion, IEAT zone establishment, or a Foreign Business Licence (FBL). BOI is the preferred and most accessible route for eligible manufacturing activities, including solar module production.

## What are the risks of nominee structures?

Nominee shareholding is illegal and increasingly prosecuted. Authorities actively examine Thai shareholders for genuine financial interest. Non-compliance risks include fines, imprisonment, and business closure.

# Strategic Conclusion

1

## Legal Foundation First

Land and permit strategy must be determined before site selection, not after — the legal structure shapes every downstream decision

2

## BOI is the Preferred Route

For solar module manufacturing, BOI promotion delivers ownership rights, tax incentives, and regulatory streamlining in one framework

3

## Industrial Estates Reduce Risk

Locating within an IEAT-managed estate resolves zoning, EIA, and land ownership issues simultaneously — reducing permitting complexity significantly

- ☐ An experienced European turnkey provider integrates factory permitting know-how into full-project methodology — reducing the learning curve for investors entering Thailand manufacturing for the first time.

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

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