

Ministerial Regulation No.15, B.E. 2532 (1989)**Prescribing Special Reduction**

Issued under the provisions of the Petroleum Act, B.E. 2514

Translation

In exercise of the power conferred by Section 14 (5) of the Petroleum Act, B.E. 2514 and Section 100 ter (4) of the Petroleum Act, B.E. 2514 as amended by the Petroleum Act (No.4), B.E. 2532, the Minister of Industry hereby issues the following Ministerial Regulation:

1. When the announcement on invitation to submit applications for petroleum concessions is made, the Minister, with the approval of the Council of Ministers, shall prescribe for each exploration block a Special Reduction for the purpose of determining the Special Remunerator Benefit under Division 7 bis. The Special Reductions for each exploration block shall be specified in the announcement in term of percentage of the capital expenditure under the law on petroleum income tax as specified in paragraph 2 hereof which shall not exceed thirty-five per cent of such expenditure.

The Special Reduction under this paragraph shall be determined paying due regard to the geological conditions of each exploration block, competitive situation in international investment at the time of the invitation for concession application as well as other considerations to induce investment for petroleum operations in Thailand. When the concession is awarded to the concessionaire, the Special Reduction for each exploration block shall be clearly specified in the concession.

2. The capital expenditures under the law on petroleum income tax to be used in the calculation of the Special Reductions shall be exclusively limited to those expenditures which are expended on acquiring tangible properties that are:

- (1) offshore petroleum production stations;
- (2) petroleum pipelines;
- (3) equipment to be used in petroleum production, e.g. petroleum separators, dehydration and decontaminating unit, equipment for separating or eliminating by-products from petroleum, compressor, heat exchanger, flow rate meter, petroleum storage tanks, etc.;
- (4) equipment for stimulating the petroleum production;
- (5) tangible properties which are parts of those in (1) through (4) inclusively. The expenditure under this paragraph shall not include those expended on, or in connection with, the drilling of any type of petroleum wells.

3. In the case of whether some specific expenditure is considered item of capital expenditure under paragraph 2, the concessionaire shall take as his duty to prove to the Director-General that such expenditure has been expended on the matter described in paragraph 2. The decision rendered therefore by the Director-General shall be deemed final.

Given on this 8th Day of December B.E. 2532

Signed by Mr. Banharn Silapa-Archa

Minister of Industry

Published in the Government Gazette, special issue, page 17-20, vol. 106, part 227,
Dated 25th December B.E. 2532