A Guide for Doing Business in Thailand 2023

Foreword

Grant Thornton Thailand, a member firm within Grant Thornton International Limited, was established in Thailand in 1991 and has enjoyed growth and success since its establishment. We have approximately 200 professional staff providing quality assurance, management consulting, business risk services, corporate finance, executive recruitment, outsourcing, recovery and reorganisation and tax consulting. We provide our broad range of services to help clients in various industries achieve their business objectives. We ensure we operate to the highest standards of professional integrity with solid principles. Our dedication, teamwork and commitment result in world-class professional service to our clients in Thailand. Grant Thornton International Limited is one of the world's leading organisations of independently owned and managed accounting and consulting firms providing assurance, tax and specialist advice to independent businesses and their owners.

The strength of each local firm reflects the quality of the international organisation. All Grant Thornton International Limited member firms are committed to providing the same high-quality service to their clients wherever they choose to do business.

We have prepared this guide for the assistance of those interested in doing business in Thailand. It does not cover the subject exhaustively but is intended to answer some of the important, broad questions that may arise. When specific problems occur in practice, it will often be necessary to refer to Thailand's laws and regulations and obtain appropriate accounting and legal advice.

Ian Pascoe

CEO and Managing Partner

Grant Thornton Thailand

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Country Profile

Geography

The Kingdom of Thailand lies in the heart of Southeast Asia, making it a natural gateway to Indochina, Myanmar and Southern China. Its shape and geography are divided into four natural areas: the mountains and forests of the north, the vast rice fields of the central plains, the semi-arid farmlands of the northeast plateau, and the tropical islands and long coastline of the southern peninsula. The country comprises 77 provinces subdivided into districts, sub-districts and villages. Bangkok is the capital city and centre of political, commercial, industrial and cultural activities. The provinces are separated into six commonly referred to regions; north, northeast, central, west, east and south. Thailand covers 514,000 square kilometres.

Population

Thais are well-known for their friendliness and hospitality. A large majority of around 69.79 million citizens of Thailand are ethnic Thai, along with strong communities whose ethnic origins lie in China, India and elsewhere. About 10.8 million people reside in the capital city of Bangkok, with an additional 4.8 million living in its vicinities. Bangkok and vicinities represent around 44% of Thailand's GDP.

Political and legal system

Thailand has been a constitutional monarchy since 1932, with the King as its head of state. Under the present constitution promulgated in 2007, the Prime Minister and a council of ministers exercise the King's executive powers. The constitution provides for a House of Representatives and a House of Senators. Members of both houses are elected. At a national level, executive power is administered, and legislation is proposed by the Cabinet, on which all the Ministers are represented. The legislative body is the National Assembly, of which the Prime Minister and the Cabinet are members. There are 77 Provinces in Thailand, each with a Provincial Governor representing the province and providing a link between the national government and the local community. The Ministry of the Interior appoints each Governor, except for the Governors of Bangkok and Pattaya, who are elected. Each province is divided into districts or "Amphur", sub-districts "Tambons", and villages "Moobans".

Language

Spoken and written Thai is largely incomprehensible to the casual visitor. However, English is widely understood, particularly in Bangkok, which is almost the major commercial language. English and some European Languages are spoken in most hotels, shops and restaurants in major tourist destinations, and you can see Thai-English road and street signs nationwide.

Business hours/time zone

Thailand Standard Time is 7 hours ahead of Greenwich Mean Time (GMT+7) and 6 hours ahead during Daylight Saving Time (British summer). Government officials open their desks between 7.00 - 9.00 a.m. and close between 3.30 – 4.30 p.m. While private company offices are open from 8.30/9.00 a.m. until 5.30/6.30 p.m. Lunch is from midday to 1.00 p.m., Department stores open around 10 a.m. and close between 8.00 p.m. and 10.00 p.m. Banks open from 8.30 a.m. to 3.30 p.m., Monday to Friday, except for the branch located in department stores, which opens every day following the store opening hours.

Economy

Thailand's GDP in 2021 is 505.98 billion USD. Thailand is an export-oriented emerging economy. As a result, the exports of goods and services are the most important sector and account for 58% of GDP, and services constitute around 57% of GDP. Industry (33%) and agriculture (8.5%) contribute significantly to GDP. The local currency is the Thai Baht ("THB"), and 1 USD is approximately equivalent to 35 THB. 1 THB is divided into 100 satang. Notes exist in denominations of 20, 50, 100, 500 and 1000 and coins of 1, 2, 5 and 10 baht, as well as 25 and 50 satang.

Economic growth

Thailand’s economy has been buffeted in recent years by many factors; a coup in 2006, the world recession in 2008 and the major floods in late 2011. Political uncertainty during that time meant that there were no large-scale infrastructure investments or consistent policies, causing the Thai government to characterise the time between 2003 and 2013 as “the lost decade”, with no fewer than seven separate governments during that time.

As political stability returned, economists posited that the Thai economy would provide a solid growth of around 5.5% in 2013.

However, during 2013 this has been consistently revised again and again. The latest forecast for GDP growth in 2013 is 3.4% (SCB, Bank of Thailand [BOT] at 3.7%) and 4.8% (BOT) in 2014. The end of tax incentives under a “first-time car buyer scheme” and swelling household debt that has been creeping up for several years have been blamed for prolonged lukewarm domestic consumption. Coupled with a controversial and significantly loss-making “rice pledging scheme”, it has ensured tepid growth. After two years of operation, the losses from this scheme stand at $10bn, and the government has indicated they will continue the program.

Given Thailand's reliance on manufacturing and exports, the recent gradual recovery of the world markets, especially Thailand's largest trading partners, bode well for its future GDP. It should be noted, however, that consumers in those countries are buying more high-value goods, and thus Thailand's growth will no longer be in lock-step with their growth.

Tourism has recently risen markedly, and with continued political stability, most economists believe Thailand's macroeconomic fundamentals are stable.

Thailand's government has recently debated its huge infrastructure investment plans of $66bn in parliament. The projects will see investments in rail systems of all types, including high-speed rail, roads, and ports. Given its geographic location at the heart of Southeast Asia and the existing strength of its manufacturing base, it should be in a strong position to capitalise on that infrastructure as the AEC expands, should these mega-projects move ahead. It intends to complete them by 2020.

Recently, the Thai Board of Investment (BOI), under the Ministry of Industry and the principal government agency for encouraging investment, announced a new blueprint for future incentives. It is likely to be announced early in 2014 and commence in 2015. These plans show that Thailand is very serious about moving up the manufacturing value chain and away from simple labour-based manufacturing, which is a critical evolution for Thailand's economy.

However, with low unemployment (0.8%) and protectionist policies that stifle foreign competition, the productivity rate is not growing fast enough to accommodate these changes. It is exacerbated by an education system based on rote learning, meaning the system's product is not what most modern workforces require. Things will take time to change, and in the meantime, salaries continue to rise.

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1. Regulatory Environment

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1.1 FOREIGN BUSINESS ACT

- The Foreign Business Act (formerly known as “Alien Business Act”) came into effect in the year 2000. The Foreign Business Act (“FBA”) continues to restrict majority foreign participation in certain types of businesses. On the other hand, all companies not specified in the text are open to majority or 100% foreign ownership.

- In case foreigners want to create a company carrying out one of the prohibited activities, they have 3 solutions:

1. To respect the maximum shareholding of 49% in the company (the company will be considered as a Thai company and will not be subject to the FBA);
2. To obtain a Foreign Business License; or
3. If entitled to an exemption under the FBA, obtain a Foreign Business Certificate.

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1.1 FOREIGN BUSINESS ACT

A foreigner is defined as:

(1) A natural person who is not of Thai nationality.

(2) A juristic person not registered in Thailand.

(3) A juristic person registered in Thailand being:
- a juristic person in which at least 50% of capital shares are held by persons (1) or (2) or in which such persons have invested at least 50% of the capital value.
- a limited partnership or registered ordinary partnership having the person (1) as managing partner or manager.

(4) A juristic person registered in Thailand having at least 50% of its capital shares held by persons (1), (2) or (3) or having such persons investing at least 50% of the capital value.

1.1 FOREIGN BUSINESS ACT

Restricted businesses

There are 3 categories of business in which majority foreign participation is prohibited or restricted, details refer to Appendix A:

Category I

- activities that are restricted for foreigners for special reasons

Category II

- activities that may affect national security or safety, art, culture, customs, handicraft productions, natural resources or the environment

Category III

- activities in which Thais are considered not adequately prepared to compete with foreigners

1.1 FOREIGN BUSINESS ACT

BOI and IEAT

Exemptions under FBA

Foreigners who granted exemptions from the FBA will be required to obtain a Foreign Business Certificate as evidence of the exemption instead.

Privilege under the Treaty	Government permission for specific period	BOI and IEAT
Foreigners operating a business under the following Treaty: − Treaty of Amity − Thailand-Australia Free Trade Agreement − Japan-Thailand Economic Partnership Agreement	Foreigners operating restricted businesses who obtained a temporary governmental permission	Foreigners obtained promotion through BOI or IEAT (details on 1.2)

1.1 FOREIGN BUSINESS ACT

Application Timeline

Each application is expected to be examined by the DBD within 60 days from the date of receipt of all documentation. This delay can be extended for a maximum of 60 more days.

The date of receipt the Application

60 days

The consideration must be completed within 60 days

Extended for another 60 days

The consideration can be extended for another 60 days

The FBL is issued within 15 days from the approval date. If the DBD refuses to grant permission, it must notify the applicant in writing within 30 days (Category II applications) or 15 days (Category III applications).

The date of approval

15 days

FBL must be issued with 15 days

1.1 FOREIGN BUSINESS ACT

Penalties under the Foreign Business Act

Thai or foreign nationals who violate the provisions of the FBA, which include nominee structures used to avoid the law, are subject to following penalties:

- Imprisonment for up to **3 years;** or
- A fine from **THB 100,000 up to THB 1,000,000;** or
- **Both imprisonment and fine**

A Thai court may also order the violating entity to cease its operations.

Any violation of a court order in this regard shall be subject to a daily fine of **THB 10,000 to THB 50,000**

1.2 INVESTMENT INCENTIVES

The Thai government offers a range of incentives to investors, both Thai and foreigners. The government bodies responsible for administering these incentives are the Board of Investment (“BOI”) and the Industrial Estate Authority of Thailand (“IEAT”). The government also created the International Business Centre (“IBC”) regime.

1.2.1 BOI

The BOI is responsible for attracting investors to Thailand to accelerate economic and social development. To this end, the BOI offers numerous tax and non-tax benefits to promoted companies. To obtain this promotion, investors must meet certain criteria and plan to engage in one of the activities for which the BOI grants promotions.

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

In late 2022, the BOI announced a new investment promotion strategy. This strategy will be implemented for five years, from 2023 to 2027. The goal is to transform Thailand's economy to be:

1. Innovative
   - driven by innovation, technology and creativity
2. Competitive
   - adapting and generating high growth
3. Inclusive
   - taking into account environmental and social sustainability, creating opportunities and reducing inequalities

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Incentives Under The Investment Promotion Act

To obtain investment promotion, the BOI applicant must follow the conditions prescribed by the Board of Investment as specified in the BOI promotion certificate, which grants the following incentives:

Tax Incentives	Non-Tax Incentives
• Exemption/reduction of import duties on machinery • Reduction of import duties for raw or essential materials • Exemption of import duties on materials imported for R&D purposes • Exemption of corporate income tax on the net profit and dividends derived from the promoted activity • A 50% reduction of the corporate income tax • Double deduction from the costs of transportation, electricity and water supply • Additional 25% deduction of the cost of installation or construction of facilities • • Exemption of import duty on raw or essential materials imported for use in production for export	• Permit for foreign nationals to enter the Kingdom to study investment opportunities. • Permit to bring into the Kingdom skilled workers and experts to work in investment-promoted activities • Permit to own land • Permit to take out or remit money abroad in foreign currency

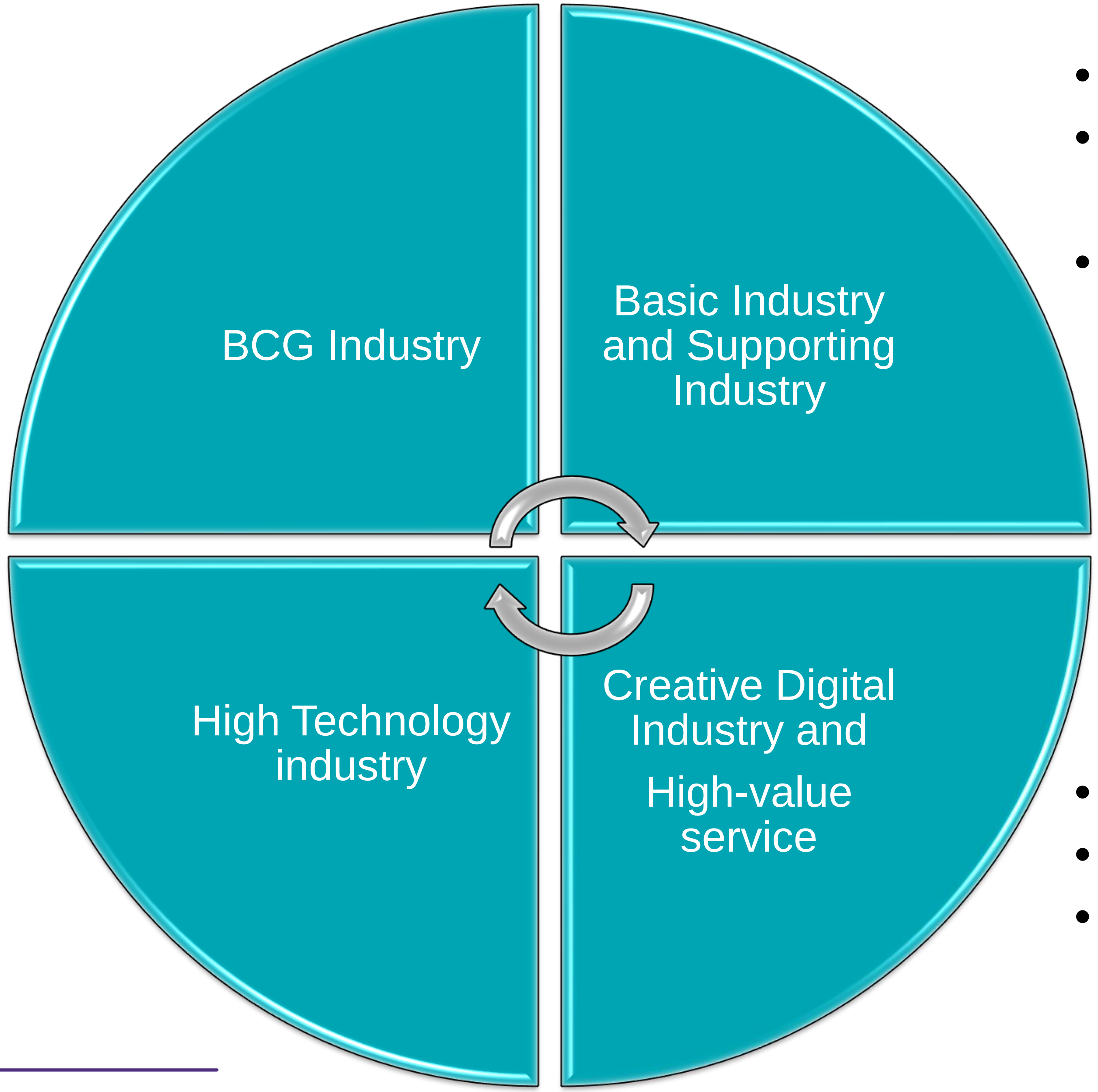
1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Eligible business activities

- Agriculture, food and biotechnology
- Medical industry

- Metal and material industry
- Chemical and petrochemical industry
- Public utilities



- Machinery and vehicles industry
- Electrical appliances and electronics industry

- Digital industry
- Creative industry
- High-value service

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Basic BOI Incentives

Activities Group	CIT exemption	Import duty exemption on machinery	Exemption of import duties on materials for R&D purposes	Exemption of import duty on materials for use in production for export	Non-Tax Incentives
A1+	10-13 years (no cap)	✓	✓	✓	✓
A1	8 years (no cap)	✓	✓	✓	✓
A2	8 years	✓	✓	✓	✓
A3	5 years	✓	✓	✓	✓
A4	3 years	✓	✓	✓	✓
B	-	✓	✓	✓	✓

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Incentives for Competitiveness Enhancement

Investment/Expenditure can be combined in 3 aspects as follows:

1. Technology and Innovative

- R&D
- Fee on the usage right of technology which developed in domestic
- Designation of product and package
- Organisation support on S&T, i.e., education institutions, specialised training centres, Research Institute, etc.

2. Human Resources Development

- Training in High-Technology
- Providing training or internship for technology and innovation skills development to a student who studies S&T

3. Development of Eentrepreneur potential

- Development of domestic local suppliers

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Additional BOI Incentives for Competitiveness Enhancement

- Additional CIT exemption limit for 200% of investment/expense

Investment/expenses to total sales in the first 3 years	Additional CIT exemption period
≥ 1 % / ≥ 200 MB	1 Year
≥ 2 % / ≥ 400 MB	2 Years
≥ 3 % / ≥ 600 MB	3 Years
≥ 4 % / ≥ 800 MB	4 Years
≥ 5 % / ≥ 1,000 MB	5 Years

Note: Total CIT exemption period for A1+, A1 and A2 shall not exceed 13 years.

Total CIT exemption period for A3, A4, B shall not exceed 8 years.

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Additional BOI Incentives for target area

- *Industrial Estates/Zones:*
  - One additional year of CIT exemption can be granted for projects located in industrial estates or promoted industrial zones.

Activities Group	CIT exemption
A1+	10-13 years (no cap)
A1	8 years (no cap)
A2	8 years
A3	5 years
A4	3 years
B	-

+

Additional CIT exemption
1 Year
-
-
1-5 Years
1-5 Years
-

=

Total
11-13 Years (no cap)
8 Years (no cap)
8 Years
6 Years
1-5 Years
-

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Additional BOI Incentives for target area

- *20 provinces with low per capita income :*
  - Project located in 20 provinces with lowest per capita income (see in Appendix B) shall receives additional incentives as follows;

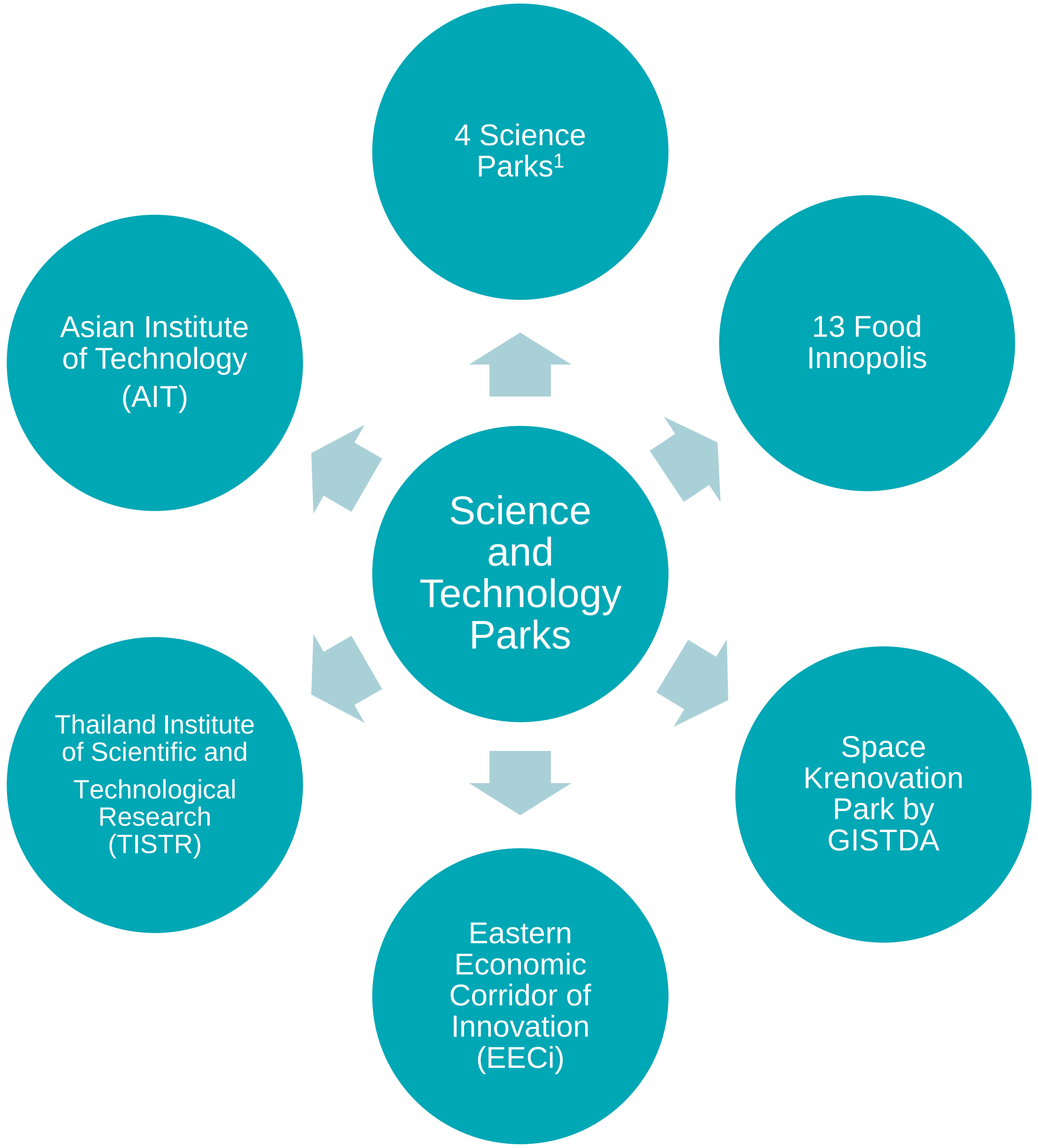
Activities Group	CIT exemption	+	Additional CIT exemption	50% CIT exemption for 5 years	=	Total	Deduction of expenses*
A1+	10-13 years (no cap)		3 Years	-		13 Years (no cap)	✓
A1	8 years (no cap)		-	✓		8 Years (no cap) *50% CIT exemption for 5 years	✓
A2	8 years		-	✓		8 Years *50% CIT exemption for 5 years	✓
A3	5 years		3 Years	-		8 Years	✓
A4	3 years		3 Years	-		6 Years	✓
B	-		3 Years	-		3 Years	✓

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Additional BOI Incentives for target area

➢ *Science and Technology Parks consist of 21 places as follows:*



[1] Pathum Thani, Chiang Mai, Khon Kaen and Songkhla

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Additional BOI Incentives for target area

➢ *Science and Technology Parks (continued)*

Target Activities Categories	Incentives
Development of Target Technology Activities • Biotechnology Development • Nanotechnology Development • Advanced Materials Technology Development	**Additional CIT Exemption 2 years** (No cap)
General Target Activities • Electronic Design • Research and Development • Biotechnology • Engineering Design • Scientific Laboratories • Calibration Services • Vocational Training Center	**Additional 50% CIT Exemption for 5 years**

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement

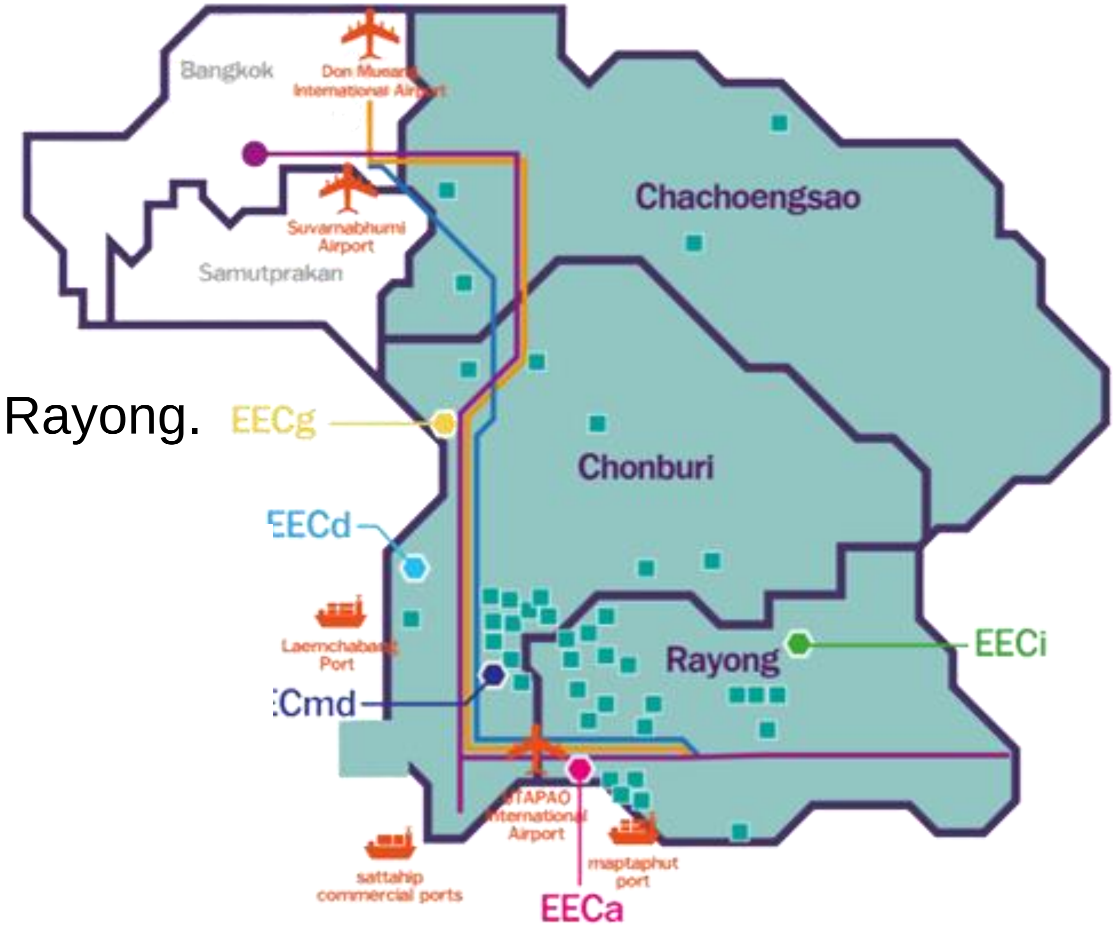
- *Special Economic Zones (SEZ) – Incentives*
  - Projects must be located in 10 provinces (see in Appendix C)

Target Activities (13 industries activities)[1]	**Activities under the BOI announcement no 2/2557 (2014)**
• 8-year CIT exemption • Additional 50% reduction of CIT for five years after the CIT exemption period expires	• Additional 3-year CIT exemption (not exceeding eight years in total)
	• If the project is already granted an eight-year exemption (A1 and A2), it is eligible for a 50% reduction of CIT for five years
• Exemption of import duty on machinery • Exemption of import duty on raw and essential materials used in production for export for five years • Double deduction on the costs of transportation, electricity and water for ten years • 25% deduction on the costs of installation or construction of facilities • Non-tax incentives	

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement *(continued)*



➢ *Eastern Economic Corridor (EEC)*

- ❖ Projects must be located in 3 provinces; (1) Chachoengsao, (2) Chonburi and (3) Rayong.
- ❖ Project must be categorised in A1+, A1, A2, A3 and A4.
- ❖ The following activities can eligible for BOI promotion under this measurement as
  - Category 1.1.4 Deep Sea Fishery
  - Category 8.2.3 International high-speed marine communication circuits
  - Category 10.8.1 Ferry services or tour boat services or tour boat renting services
  - Category 10.10.2 Air transportation services
  - Category 10.10.3 Maritime transportation services
  - Category 10.10.4 Rail transport

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement

- *Eastern Economic Corridor (EEC) - Incentives*

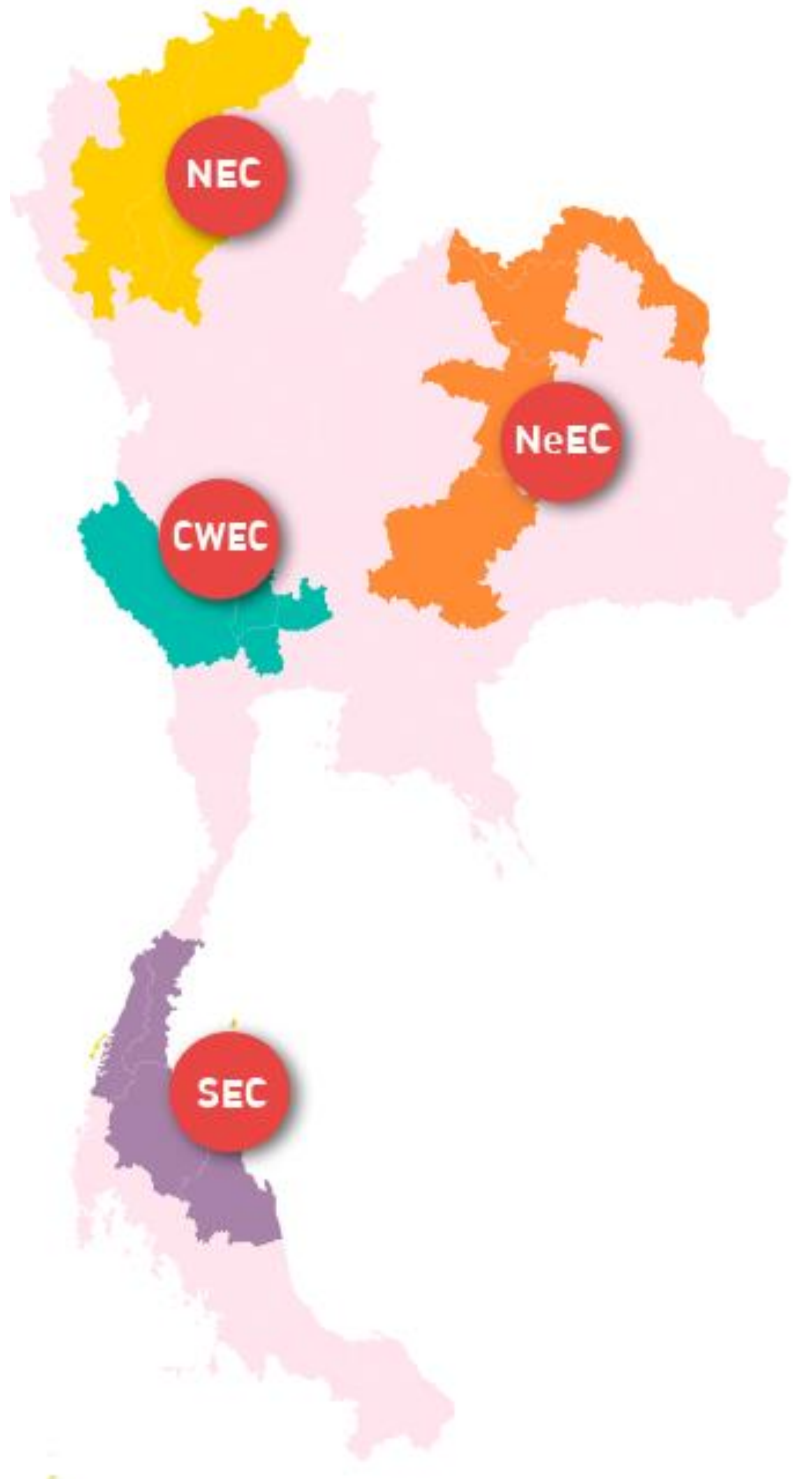
<table>
<tr><th rowspan="3">Activities</th><th rowspan="3">Basic Incentives</th><th colspan="4">Additional Incentives</th></tr>
<tr><th rowspan="2">HR Development/ R&D</th><th colspan="3">Located in specified location</th></tr>
<tr><th>EECi EECd EECa EECmd EECg EECtp</th><th rowspan="3">OR</th><th>Industrial Estate /Industrial Area</th></tr>
<tr><td>A1+</td><td>CIT Exemption for 10-13 years</td><td>Additional CIT Exemption for 2 years</td><td>Additional CIT Exemption 1 year</td><td>Additional CIT Exemption 1 year</td></tr>
<tr><td>A1-A4</td><td>CIT Exemption for 3-8 years</td><td>50% CIT deduction for 3 years</td><td>50% CIT deduction for 2 years</td><td>Additional CIT Exemption 1 year</td></tr>
</table>

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement *(continued)*

- *Economic Corridor*
  - Projects must be located in the following Economic Corridor;
    - Northern Economic Corridor: NEC-Creative LANNA
    - Northeastern Economic Corridor: NeEC-Bioeconomy
    - Central-Western Economic Corridor: CWEC
    - Southern Economic Corridor: SEC



1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement *(continued)*

➢ *Economic Corridor*

❖ Must be the Activities in A1+,A1, A2,A3, and A4 in target industries cluster in Economic Corridor as follows:

NEC

NeEC

CWEC

SEC

Economic Corridor	Provinces	Target Industries
Northern	Chiang Mai, Chiang Rai, Lamphun, Lampang	• Agriculture and Food industries • Digital industries • Creative industries • Tourism and Wellness Tourism industries
Northeastern	Khon Kaen, Nakhon Ratchasima, Udon Thani, Nong Khai	• Agriculture and Food industries • Biological industries
Central-Western	Ayutthaya, Nakhon Pathom, Suphan Buri, Kanchanaburi	• Agriculture and Food industries • Appliances and Electronics industries
Southern	Ranong, Surat Thani, Chumphon, Nakhon Si Thammarat	• Agriculture and Food industries • Biological industries • Tourism and Wellness Tourism industries

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Special Measurement *(continued)*

➢ *Economic Corridor - Incentives*

Activities	Basic Incentives	Additional Incentives			
		HR Development/ R&D	Located in specified location		
			Science and Technology Parks	OR	Industrial Estate /Industrial Area
A1+	CIT Exemption for 10-13 years	Additional CIT Exemption for 2 years	Additional CIT Exemption 2 year		Additional CIT Exemption 1 year
A1-A4	CIT Exemption for 3-8 years	50% CIT deduction for 3 years	50% CIT deduction for 5 years		Additional CIT Exemption 1 year

1.2 INVESTMENT INCENTIVES

1.2.1 BOI

Application Procedure

Online application with all supporting documents → Contact by a BOI officer within 10 days to **schedule a presentation** → **Presentation of the project** by the investor → **Evaluation by the BOI** (40 to 90 working days depending on the value of investment)

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Result notification → 1 month to **accept or refuse the promotion** → 6 months to **submit the promotion certificate application online** → **Issuance of the promotion certificate** (within 10 working days)

1.2 INVESTMENT INCENTIVES

1.2.2 Industrial Estate Authority of Thailand (IEAT)

The IEAT is a government agency responsible for planning, developing, and managing industrial estates throughout the country. Investors may receive incentives from IEAT if the investment projects are in certain industrial estates.

Industrial estates are divided into the following zones:

- *General Industrial Zone (GIZ):* a designated area for industrial and service operations or other activities beneficial to or connected with these operations.

- *IEAT Free Zone:* a designated area for industrial and commercial operations or other activities beneficial to or connected with these operations to achieve economic, state stability, public welfare, environmental management or other necessary objectives specified by the IEAT Board.

The 62 existing industrial estates are either directly administered by IEAT, jointly with private developers or solely by private developers (BOI-promoted investors).

1.2 INVESTMENT INCENTIVES

1.2.2 IEAT

Privileges

Privileges	
General Industrial Zones	**IEAT Free Zones**

• Access to services such as transportation, warehouses, training centres and clinics;
• Permission to own land in an industrial estate;
• Permission to bring in foreign technicians, experts and their dependents;
• Permission to remit foreign currency abroad.
	• Permission to export products without any restrictions;
	• Tax and duty privileges for supplies taken into the zone;
	  ○ Tax burden relief for products taken out of a zone for domestic use or consumption;
	  ○ Tax and duty exemptions for content or raw material components produced domestically.
	• Exemption from import/export tax and duty, VAT and excise tax on machinery, equipment, components, raw materials, and supplies used to produce goods and other merchandise;

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1.2 INVESTMENT INCENTIVES

1.2.2 IEAT (*continued*)

Privileges

Privileges	
General Industrial Zones	**IEAT Free Zones**
	• Permission to import into Thailand or to bring into a zone goods and raw materials for production, trade, or provision of services, without restriction that the import of such materials is limited to commercial operators; • For export goods producers, permission to bring goods or raw materials into a zone for any operations without requiring any import permits or seals or symbols and without respecting standard and quality control requirements (except those mentioned in customs law); • Permission to own land, bring in foreign technicians and their dependents and remit foreign currency abroad.

1.2 INVESTMENT INCENTIVES

1.2.2 IEAT

Application procedure

Apply for and obtain mandatory permits
- E.g., land use and business operations, building construction, certification for construction…

Machinery trial run

Application for Business Operation Commencement (*)

Factory inspection

IEAT approval

Payment of service fee
- THB 200 if information were directly submitted by the applicant or THB 300 if he submitted hard copies to the IEAT staff.

Notification on Business Operation Commencement

Noted: (*) The applicant must:

- *Submit the form online (or in person) with all documents.*
- *Comply with all regulations related to (i) the location, environment, & characteristics of factory buildings, (ii) the machinery, equipment, & items to be used, (iii) factory workers, (iv) control of pollution or other materials with environmental impact and (v) safety.*

The processing time is 3 days.

1.2 INVESTMENT INCENTIVES

1.2.3 International Business Centres

To align with OECD standards and promote investment, the Thai Cabinet decided to abolish the existing preferential tax regimes (ROH, IHQ and ITC) and establish a new one: the International Business Centre (“IBC”) regime. This regime has been effective since 2019.

Criteria of eligibility

To qualify as an IBC and obtain the associated incentives, a company must meet the following criteria:

- Be established under Thai law
- Have a registered capital of at least THB 10 million
- Provide certain services to its affiliates (see the list below)
- Have at least 10 skilled full-time employees (5 for treasury centres)
- Have at least THB 60 million of annual operating expenses in Thailand.

1.2 INVESTMENT INCENTIVES

1.2.3 International Business Centres (*continued*)

To be considered an IBC, a company must engage in at least one of the following activities:

Management, technical and support services

- General management, business planning, and business coordination
- Procurement of raw materials and parts
- R&D of products
- Technical support
- Marketing and sales promotion
- HR management and training
- Financial advisory
- Economic and investment analysis and research
- Credit management and control

Financial management services

- Financial management by treasury centres approved under the Exchange Control Act.
- Borrowing and lending in THB by the treasury centres approved under this Act.

International trading business

- Procuring and selling goods internationally with or without provision of services related to the procurement or sales of the goods. Services related to international trading include:
  - Procurement of goods;
  - Warehousing services prior to delivery;
  - Packaging services;
  - Transportation of goods;
  - Insurance of goods;
  - Advisory, technical and training services on goods.

1.2 INVESTMENT INCENTIVES

1.2.3 International Business Centres (*continued*)

Tax Incentives

The following tax incentives may be granted for 15 accounting years:

Reduced CIT rates:

- 3% if the IBC incurs local expenses of at least THB 600 million per year
- 5% if the local expenses are at least THB 300 million
- 8% if the local expenses are at least THB 60 million (or THB 15 million for an existing ROH or IHQ converted to an IBC)

WHT exemption on:

- Dividends paid by the IBC to non-resident shareholders
- Interest paid by a treasury centre on borrowed funds that are re-lent to affiliates

Exemption from SBT

- On income received by a treasury centre

Tax exemption on dividends

- Received by the IBC from its affiliates

PIT rate

- Flat PIT rate of 15% for full-time expatriate employees of the IBC

1.3 EXCHANGE CONTROL ACT

Rules concerning the control of foreign exchanges in Thailand are set out mainly in the Exchange Control Act B.E. 2485 (1942). The Bank of Thailand ("BOT") is the authority entrusted by the Ministry of Finance to administer foreign exchanges.
As a result, all foreign transactions must be conducted through companies (i.e., money changers, money transfer agents etc.) that have been authorised to operate by obtaining licenses from the Minister of Finance. The BOT must approve any transactions not authorised by the regulations on a case-by-case basis.

Regulations on cross border transfer

Inward remittances of foreign currency

- There is no restriction on the foreign currency you can transfer or be brought into Thailand. However, any person receiving foreign currencies from abroad, equivalent to USD 1 million or more, must sell to or deposit them with an authorised bank within 360 days of receipt.

1.3 EXCHANGE CONTROL ACT

Outward remittances of foreign currency

These can be made for various purposes, as follows:

Payments for goods and services (e.g. service fees, interest, dividends, profits, royalties, education-related payments) are permitted up to the amount of the obligations.

Direct investment and lending abroad: Thai companies and individuals are allowed to invest in an offshore business entity (they must own at least 10% of the shares of that entity) and to invest in or lend to overseas affiliates without limit by transferring the funds in foreign currency. However, transfers to a business entity in Vietnam or countries bordering Thailand for trade or investment in Thailand or these countries may be made in THB.

1.3 EXCHANGE CONTROL ACT

Outward remittances of foreign currency *(continued)*

Portfolio investment abroad: Institutional investors (e,g., Government Pension Fund, Social Security Fund, provident funds, specialised financial institutions, and public companies listed in the SET…) and retail investors (i.e., Thai individuals or juristic entities who are not institutional investors) are allowed to invest in overseas securities or foreign currency securities issued or distributed in Thailand without limit. Transfers to non-residents are permitted up to USD 5 million per person per calendar year if the investment is not made through onshore investment agents. If it is made through such agents (e.g., securities companies, authorised banks, private funds…), it is not limited but must respect the guidelines provided by the Securities Exchange Commission ("SEC").

1.3 EXCHANGE CONTROL ACT

Outward remittances of foreign currency *(continued)*

Other purposes:

- Transfers in the form of gifts or subsidies to any person abroad are permitted up to USD 50,000 per person per calendar year.
- Remittances belonging to Thai emigrants, transfers to their family members or relatives who are permanent residents abroad or donations for public benefits are allowed without limit.
- Transfers for paying other obligations to non-residents are permitted, except for certain purposes that require prior BOT approval (e.g., purchase or sale of foreign currency for THB, exchange rate derivatives involving THB, digital assets transactions).

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1.3 EXCHANGE CONTROL ACT

Foreign Investments

Remittances by non-residents for direct or portfolio investments in Thailand can be made freely. Similarly, repatriation of such investments by non-residents or repayment of loans obtained from abroad by residents is freely permitted.
If the loans obtained from abroad have not been transferred to Thailand, they can be used to pay authorised obligations abroad that do not require prior approval of the BOT.

Payments in foreign currency between residents

Residents are only permitted to make payments to other residents in foreign currency if such payments are in the ordinary course of business or are to be made in foreign currency and are related to foreign transactions, such as payments for goods in a supply chain where the finished goods will be exported.

Certain foreign currency payments between residents for certain purposes must be approved in advance by the BOT; these are payments related to the purchase, sale, exchange or loan of foreign currency and payments associated with digital assets. Furthermore, foreign currency payments between residents in cash are not permitted.

1.3 EXCHANGE CONTROL ACT

Bank Accounts

Foreign currency accounts of residents

Thai residents can hold foreign currency deposit accounts (FCD) with authorized banks in Thailand and make deposits and withdrawals under the following conditions:

- ***Deposits***: foreign currencies received from abroad (revenues, service fees, investment) **or** purchased, exchanged, or borrowed from authorised banks **or** received from other residents can be deposited without limit. Deposit of notes and coins is allowed up to USD 15,000 per day per person.
- ***Withdrawals***: there is no limit for:
    - Payments of obligations to persons abroad, to other residents (as stated in “Payments in foreign currency between residents”) or to authorized banks or non-bank FX licensees;
    - Deposit into other FCDs of the same account holder or other residents; and
    - Conversion into THB.

1.3 EXCHANGE CONTROL ACT

Bank Accounts *(continued)*

Foreign currency accounts of non-residents

Non-residents may hold foreign currency accounts with authorised banks in Thailand and deposit and withdraw funds without limit. Nevertheless, the deposit of foreign currency notes and coins is allowed up to USD 15,000 per day per person.

Non-resident baht accounts

Non-residents may open THB accounts with authorized banks in Thailand as follows:

- ***Non-resident Baht Accounts for Securities (NRBS):*** funds can be deposited or withdrawn to invest in securities and other financial instruments in Thailand (e.g., stocks, debt securities, mutual funds, and derivatives traded on the Thailand Futures Exchange…).
- ***Non-resident Baht Accounts (NRBA):*** funds can be deposited or withdrawn for general purposes (i.e., other than investment in securities) such as trade, services, FDI, investment in immovable assets, and loans.

Total daily balances for each type of account must not exceed THB 200 million. Transfers between different types of accounts are not allowed.

1.3 EXCHANGE CONTROL ACT

Foreign exchange hedging

Residents are permitted to hedge with licensed banks to cover foreign exchange risk arising from future income or expenses, foreign investments, or financial statements. Currency hedging transactions based on forecasted income or expenses, or on behalf of affiliated business entities in Thailand are also permitted. Rollover or unwinding of these transactions is freely permitted.

Banknotes rules

Foreign currency and THB banknotes may be brought into Thailand without limit of amount. But to take these banknotes out of Thailand certain rules apply:

- Foreign currency banknotes can be taken out up to the amount purchased from licensed banks or money changers.
- THB banknotes can be taken out to countries bordering Thailand, Vietnam, and China (Yunnan province only) up to THB 2 million, and to other countries up to THB 50,000.

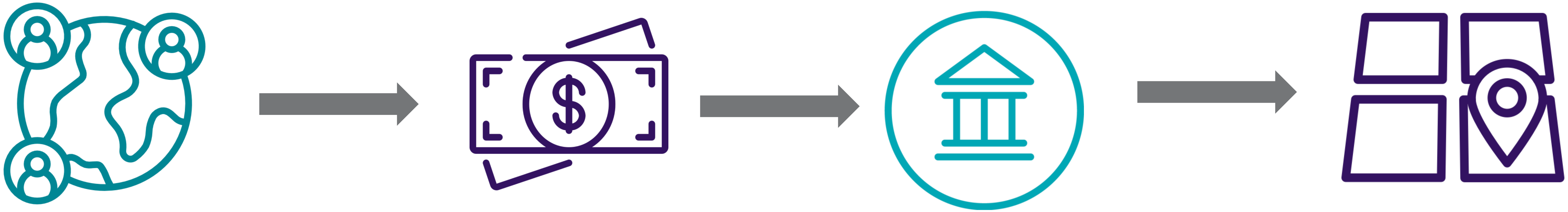
To bring in or take out of Thailand banknotes worth more than THB 450,000 or USD 15,000 (or its equivalent in a foreign currency), a customs declaration is required.

1.4 ACCESS TO PROPERTY FOR FOREIGNERS

Land Act

Individual foreigners

Foreigners can acquire land in Thailand through investment. Indeed, foreigners who bring THB 40 million or more into Thailand for investment purposes can apply to the Minister of Interior for permission to own land. If permission is granted, foreigners can only acquire land for residential purposes, and the ground can be a maximum of 1 rai (1,600 square meters) per family.



Foreigners → **Invest in Thailand by bring in at least 40 MB** → **Requesting for permission to own land** → **If approved, can own land for residential purpose only**

1.4 ACCESS TO PROPERTY FOR FOREIGNERS

Land Act

Individual foreigners *(continued)*

The investment is also subject to several conditions:

- The investment must be maintained for at least five years;
- The land must be located in Bangkok Metropolitan, Pattaya City/Municipality or in areas designated as residential areas under the Town Planning Act;
- The investment must be in one of the following forms:
  - Bonds of the Thai government or national bank or state enterprise and bonds for which the Ministry of Finance guarantees the principal or interest;
  - Property mutual fund or mutual fund for solving problems of financial institutions established under the Securities and Exchange Act;
  - Share capital of a legal entity that is promoted by the BOI; or
  - Activity that is eligible for a BOI promotion.

1.4 ACCESS TO PROPERTY FOR FOREIGNERS

Land Act

Foreign companies

A limited or public company incorporated under Thai law may only own land if Thai nationals or legal entities hold 51% of its share capital or more than half its shareholders are Thai. There are some exceptions:

Under the BOI

- A foreign company that obtains a promotion may be allowed to own land to carry out the promoted activities. After the promotion is terminated or withdrawn, the company must resell and vacate the land within one year.

Under the IEAT

- A foreign company can own land in an industrial estate. After ceasing operations for any reason, the company must resell and vacate the land within three years.

Under the Petroleum Act

- To operate a petroleum business, a foreign company may be granted land ownership by the Petroleum Committee.

1.4 ACCESS TO PROPERTY FOR FOREIGNERS

Condominium Act

No ownership restrictions are based on nationality or specific visa categories, and every foreigner who enters Thailand legally can buy and own an apartment. The following foreigners are eligible for ownership:

1. Foreigners permitted to reside in Thailand under immigration law.

2. Foreigners are permitted to enter into Thailand under the Investment Promotion Act.

3. Legal entities registered under Thai law where more than 49% of the shares are owned by foreigners and more than half of the shareholders are foreigners.

4. Legal entities qualified as foreign by the FBA and obtained an FBL.

5. Natural or legal persons considered by law as foreigners who brought foreign currency into Thailand or withdrew money from a THB account of a person residing outside Thailand or withdrew money from a foreign currency account.

Foreign ownership cannot exceed 49% of the entire condominium. The area considered for the calculation is the one declared when the building was registered.

1.5 PERSONAL DATA PROTECTION ACT

The Personal Data Protection Act ("PDPA") was published in 2019, but its implementation was delayed twice due to Covid-19, so it is only effective as of June 1, 2022. This law regulates the collection, use, disclosure, and/or transfer of personal data by businesses for commercial purposes. It appoints a Personal Data Protection Committee (PDPC) to enforce the law and ensure compliance.

Persons

- A data subject is any natural person whose personal data is collected, retained, or processed.
- A data controller is a natural or juristic person authorised to collect, use, or disclose personal data.
- A data processor is the person who proceeds with the collection, usage, or disclosure of such data on behalf of or according to the data controller’s instructions.
- The PDPA applies to entities in Thailand and abroad that process, collect, use, disclose, or transfer personal data to provide products or services in Thailand.

1.5 PERSONAL DATA PROTECTION ACT

Data

The PDPA defines personal data as "any information relating to a person that enables that person to be identified, whether directly or indirectly". It does not extend to information related to deceased persons.

Examples: name, email address, signature physical address, credit card number, license number, medical records, financial records, location data…

Sensitives Data

- Racial
- Ethnic origin
- Political opinions
- Cult
- Religious or philosophical beliefs
- Sexual behaviour
- Criminal record
- Health data
- Disability,
- Trade union information
- Genetic data
- Biometric data
- Any data which may affect the data subject in the same manner

The law prohibits the transfer of personal data outside of Thailand unless the recipient business has equivalent data protection standards to the PDPA. If not, consent must be obtained.

1.5 PERSONAL DATA PROTECTION ACT

Duties of data controllers

- Obtain consent from data subjects unless for the purpose of a legal or contractual obligation, vital interest, scientific or historical research or legitimate interest of themselves (i.e. the exception to consent). For sensitive personal data, subjects must give explicit consent.
- Inform data subjects before or when collecting personal data (why, how long, user rights, contact details).
- Collect personal data only to the extent necessary for the lawful purpose and collect directly from data subjects (unless prior information of the subject or unless it falls under the exception to consent).
- Ensure appropriate security standards while managing the data.
- Prevent unlawful disclosure or use of data.
- Delete data after the retention period and manage data subject's requests.
- Prepare records of their activities containing various information.
- Notify the Committee within 72 hours in case of a data breach and the data subjects if there is a high risk to their rights and freedoms.

Duties of data processors

Data processors must provide appropriate security, strictly follow the orders of the data controller and report any problems and finally prepare the record of processing activities ("RoPA").

1.5 PERSONAL DATA PROTECTION ACT

Penalties

The penalties are subject to the extent and types of violations, and there are three types of liabilities:

Civil liability

Data controllers or data processors are liable for any damages caused to data subjects.

Criminal liability

Fines of up to THB 1 million

and/or

Imprisonment for up to 1 year.

Administrative liability

Fines of up to THB 5 million.

Compliance

Businesses concerned by the PDPA should update their privacy policy to include all the necessary details. They must ensure they respect all the rights granted to data subjects. Also, a data protection officer (“DPO”) must be appointed by data controllers and processors for government bodies and firms with large-scale data processing.

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1.5 PERSONAL DATA PROTECTION ACT

Right of data subjects

1. Right to access

They can ask for a copy of the data held by the controller and respond within 30 days of receiving the request.

2. Right to receive/port

They can obtain and also request the data controller to send or transfer their data to other data controllers.

3. Right to object

They could opt out of collecting, using or disclosing their data if they were collected under the exception to consent unless it is necessary for tasks related to the public interest.

4. Right to erase

They can destroy the data or make it anonymous. You can only exercise this right in certain cases.

5. Right to restrict

They can request the data controller to restrict the use of data. This right applies in certain cases.

6. Right to correct

The data controller must ensure that the data remains accurate, up-to-date, complete and relevant.

7. Right to withdraw consent

They can exercise this right anytime; rescinding consent should be as easy as giving it.

8. Right to complain

The PDPC will establish an expert committee (or several) to handle complaints from data subjects.

1.6 DIGITAL ASSET DECREE

Currently in use is the Emergency Decree on Digital Asset Businesses, which took effect in 2018. The authorities enforcing this law are mainly the Ministry of Finance and the SEC.

The decree regulates the public offering of digital tokens (ICO) and any business relating to digital assets. The term “digital assets” includes:

Cryptocurrency

- An electronic data unit created on an electronic system or network to be used as a medium of exchange for acquiring goods, services or other rights, including the exchange between digital assets and any other electronic data unit specified by the SEC.

Digital token

- An electronic data unit created on an electronic system or network to specify the right of a person to participate in an investment in any project or business or to acquire specific goods, services or other rights under an agreement between the issuer and the holder, including other electronic data unit specified by the SEC.

1.6 DIGITAL ASSET DECREE

Digital assets businesses (i.e., exchange, broker, dealer, fund manager, advisor and digital token system provider/ICO portal) must obtain relevant licenses from the Ministry of Finance. These businesses are also subject to regulatory requirements and must comply with regulations such as the AML Act and the CFT Act.

The companies qualified as ICO portals must be incorporated in Thailand.

2. Types of Business Structures

2.1 LIMITED COMPANIES

Private Limited Company

Par value of the share must not be less than THB 5 and must be at least 25% paid-up.

At least 1 director

Managed by the Board of Directors following the Memorandum and Articles of Association and subject to the control of shareholders.

Minimum of 2 shareholders

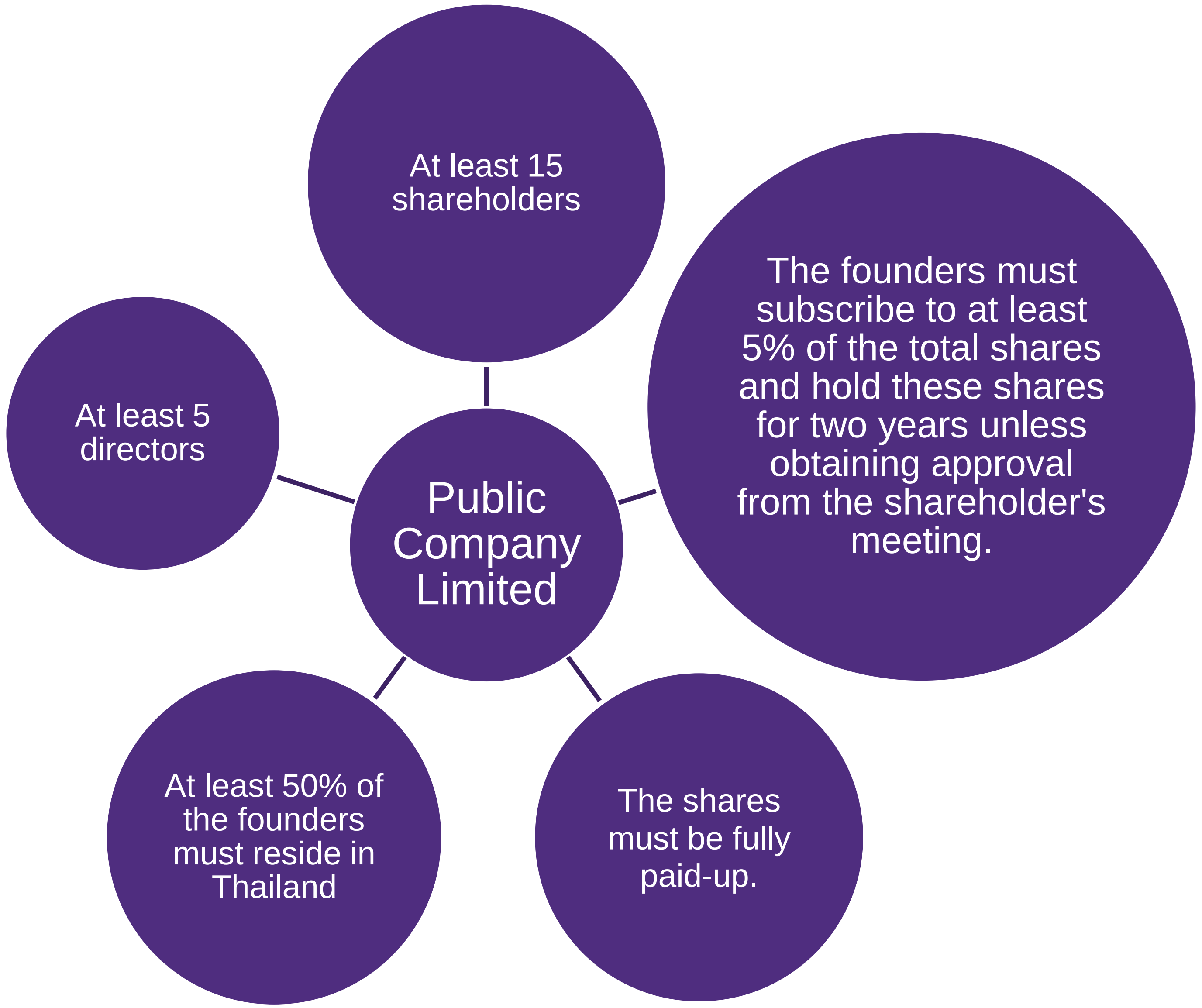
Private Company Limited

Subject to restrictions under the Securities Exchange Act, bearer shares may be issued if fully paid up and are freely transferable.

2.1 LIMITED COMPANIES

Public Limited Company

A public limited company may offer shares, debentures and warrants to the public and may apply to have its securities listed on the Stock Exchange of Thailand. To carry out its activities, the company may have to comply with the prospectus, obtain SEC approval or fulfil other requirements. These companies are governed by the Public Limited Company Act, which was amended in 2022.



2.1 LIMITED COMPANIES

Registration procedure of limited companies

1. Corporate Name Reservation
2. Registration of the Memorandum of Association
3. Convene a statutory meeting
4. Registration of the company
5. Opening a bank account

2.1 LIMITED COMPANIES

Important aspects of limited company internal association are as follows:

- You must hold an annual shareholders meeting within six months of incorporation and subsequent shareholders meetings at least every 12 months.
- You must prepare financial statements monthly, and an auditor must audit them annually. You must also prepare a balance sheet and profit and loss account annually.
- An ordinary shareholders meeting must be held within four months after the end of the company's fiscal year to approve the financial statements. Directors must submit the financial statements to the DBD within one month of approval.
- The resolution of a general meeting of shareholders may pay final dividends. The directors may declare an interim dividend. You may only pay final and interim dividends out of profits.
- The directors shall prepare a list of all actual and former shareholders at the time of the annual shareholders meeting and submit the lists to the DBD within 14 days after the meeting.

2.2 PARTNERSHIPS

Ordinary Partnership

All partners are jointly and severally liable, without limit, for all the debts and obligations of the partnership.

Partners may contribute to the partnership as follows:

Labour

Money

Property

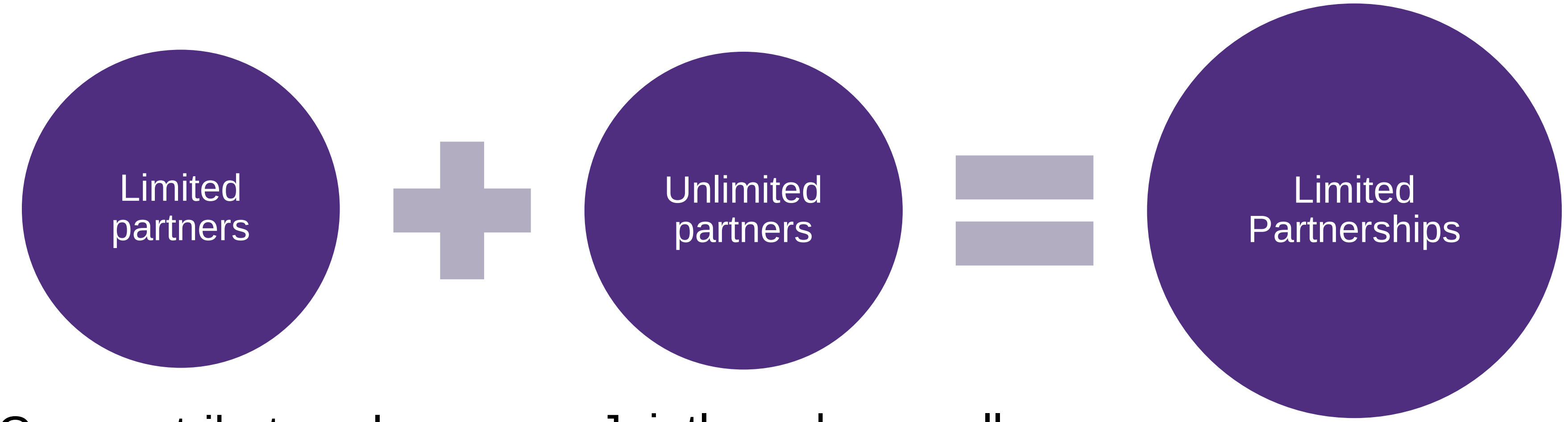
Ordinary partnerships can be registered or not. If unregistered, the partnership is not a legal entity, so it is treated as an individual for tax purposes. Also, the partners in unregistered partnerships will always be liable, even if they leave the partnership.

If registered, the partnership can own property in its own right and has a legal status separate from its partners. Partners can claim on behalf of the partnership against third parties. Their liability ceases two years after they leave the partnership. Also, creditors must pay themselves out of the company's assets before claiming their debt from the individual partners, which is not the case in an unregistered partnership.

2.2 PARTNERSHIPS

Limited Partnership

A limited partnership is a separate legal entity that comprises two or more partners.



- Can contribute only money or property
- Cannot participate in management of partnership. If they do so, they will become unlimited partners.

- Jointly and severally liable, without limit, for all the obligations of the partnership.

Registered ordinary or limited partnerships with at least two partners can convert into private limited companies.

2.3 JOINT VENTURES

A joint venture is a contractual relationship between 2 or more parties, often companies, to conduct a specific project or several projects together. A joint venture is not recognized as a legal entity under Thai law, except for tax purposes, as it is subject to corporate income tax as a single entity. However, each party must separately obtain any registrations or licenses that they may need to conduct the project. These may include commercial registration, VAT registration, factory licenses, etc.

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2.4 BRANCH OFFICES

Foreign companies may carry out certain business in Thailand through a branch office. Branch offices are required to maintain accounts only relating to the branch in Thailand. Having a branch office in Thailand, the foreign entity could be exposed to civil, criminal and tax liability if the branch office violates any law in Thailand.

There is no special requirement for foreign companies to register their branches to do business in Thailand. However, most business activities fall within the scope of one or more laws or regulations that require special registration (e.g., VAT registration, taxpayer identification card, Commercial Registration Certificate, Foreign Business License etc.), either before or after the commencement of activities.

A branch office of a foreign entity cannot carry out a reserved business without a Foreign Business License ('FBL'). It must apply for and obtain an FBL before operating in a restricted industry. Conditions, such as minimum capital, transfer of technology and reporting requirements, may be attached to an FBL. Also, the minimum investment capital must be 25% of 3 years' estimated operating expenses or at least THB 3 million, whichever is higher.

2.4 BRANCH OFFICES

The minimum capital must be remitted to Thailand as follows:

1. At least 25% within 3 months of approval
2. At least 50% within 1 year
3. Thereafter, at least 25% per year

At least one person must be employed (and reside in Thailand) in the branch office to look after the management and day-to-day operations of the business. Every fiscal year, the branch must submit a report on the business development, financial reports and taxes to the DBD and RD. The branch is allowed to operate in Thailand for 5 years (unless otherwise stated). This period can be extended provided that the required minimum capital is met.

2.5 REPRESENTATIVE OFFICES

You can set up a representative office in Thailand to render support services to its head office (or an affiliated company or a group company) abroad without generating income. Its scope of activity is limited to the following services:

Scope of service
• Sourcing of goods and services in Thailand for the head office. • Checking and controlling the quality and quantity of goods purchased or hired to manufacture in Thailand by the head office. • Giving advice concerning goods of the head office sold to agents or consumers • Propagation of information concerning new goods or services of the head office • Report on business trends in Thailand to the head office

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2.5 REPRESENTATIVE OFFICES

To secure approval by the DBD, the representative office must have the following characteristics:

- Does not receive any income from providing services, except funds to cover expenses;
- Does not receive purchase orders, make sales or negotiate business with third parties;
- Is not subject to pay CIT, except for interest on any remaining funds that the head office must pay;
- The head office must pay all expenses.

The minimum investment capital is THB 2 million, which you must transfer to Thailand within the first three years of operation. The minimum capital must be remitted to Thailand as follows:

1. 25% within 3 months of registration → **2. 25% the 1st year** → **3. 25% the 2nd year** → **4. 25% within the 3rd year**

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3. Financial Reporting and Audit

3.1 ACCOUNTING & AUDITING STANDARDS

The Thailand Federation of Accounting Professions (“TFAC”) is the institute that controls and promotes accounting and auditing professions in Thailand.

Thai accounting standards (Thailand Financial Reporting Standards – TFRS) are promulgated by the TFAC. They are principally similar to International Financial Reporting Standards (“IFRS”). Companies must apply such standards when preparing and presenting their financial statements. Foreign companies are allowed to use the IFRS Standards.

Thai Standards on Auditing are also issued by the TFAC and are modelled on International Standards on Auditing.

3.2 ACCOUNTING COMPLIANCE

Financial year-end

Accounts must be closed every 12 months except for the first and the last accounting periods, which may be of any duration up to 12 months and if the company changed its accounting method. A change in the closing date of an accounting period requires the prior approval of the Director-General of the RD. The financial year-end by default is 31 December.

Bookkeeping requirements

- The company accounts must respect the form and content provided in the TFRS.
- The balance sheet and the profit and loss accounts must be prepared and filed at the end of each fiscal year.
- The book of accounts and other relevant documents must be kept at the registered office for at least five years (the RD can extend it to a maximum of seven years) from their closing. This requirement does not apply to sole proprietors and ordinary unregistered partnerships.

3.2 ACCOUNTING COMPLIANCE

Bookkeeping requirements *(continued)*

Documents that companies must keep include:

- Accounting journal
- Statement of accounts
- Records of payment and receipts
- Profit and loss statements
- Balance sheets
- Records of electronic funds transfer
- Credit card transactions
- Bank statements, including records of cheques
- Internal or external audit reports

Annual audited financial statements

All financial statements, accounts and documents must be in Thai language or be translated into Thai. Companies can decide to prepare their books monthly or once a year at the end of the fiscal year.

Financial statements report on the business activities and financial performance of a company. They are often audited to ensure accuracy and for tax, financing or investment purposes

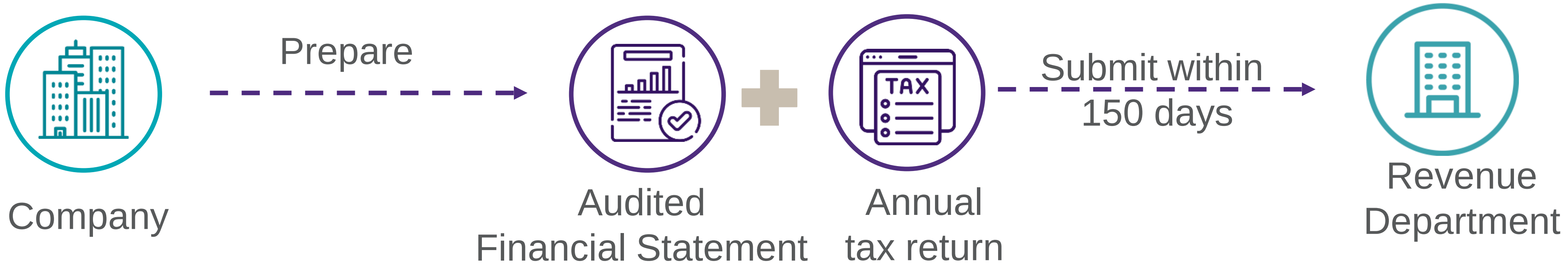
3.2 ACCOUNTING COMPLIANCE

Annual audited financial statements *(continued)*

Under the TFRS, the financial statements should include the following:

- Statement of financial position;
- Profit and loss statement;
- Statement of changes in equity;
- Cash flow statement (optional for a private company); and
- Notes to the financial statements

Every company must prepare annual financial statements, which must be audited and certified by a Thai-certified public accountant at the end of each fiscal year. Audited financial statements must be filed with annual tax returns with the Revenue Department within 150 days after each fiscal accounting period.



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3.3 ACCOUNTING & TAX DIFFERENCES

Where different policies are used for tax and accounting purposes, deferred tax accounting may be used, although outside listed companies, it is not widely adopted. Different accounting and tax methods generally result in future tax benefits and are normally related to differences in depreciation rates and the treatment of accounting provisions.

3.4 CONSOLIDATION

There is no legal requirement to prepare consolidated financial statements except for companies listed on the SET. However, under the TFRS, public companies must prepare consolidated financial statements.

The financial statements of the parent company and its subsidiaries used to prepare the consolidated financial statements are generally prepared as of the same date. The consolidated financial statements should be prepared using uniform accounting policies for similar transactions and other events in similar circumstances. When it is not practicable to use uniform accounting policies in preparing the consolidated financial statements, that fact shall be disclosed, together with a note of the monetary effect of the items in the consolidated financial statements to which the different accounting policies have been applied.

3. Taxation

4.1 CORPORATE TAXATION

Companies and other entities operating in Thailand may be subject to corporate income tax ("CIT"). They may also be subject to specific taxation rules due to the industry in which they operate, their related party transactions (transfer pricing) or, among others, due to their structural reorganization.

CIT is a direct tax levied on companies established under Thai law and on entities shown abroad that carry out business activities in Thailand or derive some income from Thailand. Certain rules apply to determine the company's revenue subject to CIT in Thailand.

Scope of CIT

A company incorporated under the laws of Thailand is a resident company and therefore is subject to Thai CIT on its worldwide income.

A foreign company is subject to tax on its profits arising from or in consequence of its business carried on in Thailand. A foreign company that does not carry on business in Thailand is subject to WHT on certain income paid from or in Thailand.

The term “carry on business in Thailand” is broad, and its meaning depends on each tax treaty. It can be the presence of an employee, agent or intermediary who enables the foreign company to derive income or gains in Thailand.

4.1 CORPORATE TAXATION

Income

A company incorporated in Thailand is subject to corporate tax on its worldwide income, gains and profits. A foreign company with a branch in Thailand is subject only to income, gains and profits arising from or as a consequence of its business carried out in Thailand.

Corporate income tax is levied on the net profits as the Revenue Code adjusts.

An accounting period must be twelve months with the following exceptions:

- The first accounting period may end on any date within twelve months of incorporation
- You can change the closing date of an accounting period with the permission of the Director General of the Revenue Department.

4.1 CORPORATE TAXATION

Exempt income

The following income is exempt from corporate tax:

- Dividends received by a company listed on the Stock Exchange of Thailand.
- Dividends received by a company incorporated in Thailand holding at least 25% of the voting shares in another Thai company, provided that the distributing company does not own a direct or indirect capital interest in the recipient company and the shares have been held for a period of at least three months before and three months after the receipt of the dividends.
- A company incorporated in Thailand is entitled to include in its taxable income only 50% of a dividend received from another company incorporated in Thailand.

4.1 CORPORATE TAXATION

Deductions

Depreciation, amortisation, and depletion:

- Depreciation may be deducted for all tangible assets except for inventory and land.
- Depreciation rates used by a company can be lower than the maximum percentage of cost permitted but cannot be higher. Depreciation methods and rates must be consistently applied from year to year. Any variation can only be made after approval has been obtained from the RD.
- In general, all assets are depreciated over a minimum life of 5 years (max. 20% per year). However, there are some exceptions:
  - Durable buildings: minimum life of 20 years (max. 5% per year).
  - Depletable natural resources: minimum life of 20 years (max. 5% per year).
  - Depreciation of a car or a bus (max. 10 passengers) acquired after 01/01/1989 is permitted up to a cost limit of THB 1 million.
  - IP rights (e.g., process, formula, goodwill, trademark, business license, patent, copyright): minimum life of 10 years (max. 10% per year) or the period of use if it is limited.

4.1 CORPORATE TAXATION

Deductions

Depreciation, amortisation, and depletion:

- Lease rights: if there is no written agreement or if the agreement permits continual renewals, the minimum life is ten years (max. 10% per year). If the agreement does not contain a renewal clause or if renewal is limited, a deduction is made over the original and renewable lease periods.

Special depreciation:

- For certain assets:
  - Machinery and equipment for R&D may initially be depreciated at 40% of cost and the remaining balance at the maximum rate of 20% per year.
  - Computer hardware and software are depreciated over 3 years.
- For small companies: companies with fixed assets (excl. land) of no more than THB 200 million and no more than 200 employees:
  - Machinery and equipment may initially be depreciated at 40% of cost and the remaining balance at the maximum rate of 20% per year.

(Continued next page)

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4.1 CORPORATE TAXATION

Deductions

Special depreciation:

- Computer hardware and software may initially be depreciated at 40% of the cost, and the remaining balance be depreciated over three years.
- Factory buildings may initially be depreciated at 25% of the cost, and the remaining balance be depreciated at the maximum rate of 5% per year.

Interest expenses:

- Interest on money borrowed for business purposes or profit-making is deductible.
- Interest incurred to build or install fixed assets that require some time before being used is characterised as capital expenditure and deductible (depreciation).
- Interest incurred on funds borrowed to acquire land or other capital assets is deductible only after the land or asset has been leased or utilised in another way to generate income.

4.1 CORPORATE TAXATION

Deductions

***Non-deductible (or not fully deductible) expenses*:**

- A bad debt written off may be deductible if it follows the conditions prescribed by ministerial regulations (no. 186 amended in January 2021).
- Donations to a public charity or educational facility are deductible by up to 2% of net profit.
- Entertainment expenses up to 0.3% of gross receipt or paid-up capital, whichever is greater but not exceeding THB 10 million.
- Contributions to any provision, reserve, or fund (except registered provident funds).
- Private expenses and gifts.
- CIT and VAT (in certain cases), fines, penalties, and surcharges.
- Salary paid to a shareholder above a reasonable amount.
- Expenses where the recipient cannot be identified.

4.1 CORPORATE TAXATION

CIT rates

- The standard rate of CIT is 20%.
- Small enterprises (i.e., with paid-up capital on the last day of its accounting period not exceeding five million baht and revenue not exceeding 30 million baht) are exempt from income tax for the first net taxable profits of baht 300,000 from 2013 onwards. The next taxable profits are subject to the following tax rates:
  - ➢ Net taxable profits of baht 300,001 to three million baht – 15%;
  - ➢ Net taxable profits above three million baht – 20%;

CIT returns

A company is responsible for preparing and lodging its CIT return under a self-assessment system. A company must calculate its due taxes and file its tax returns by the due date. Companies conducting business in Thailand must file their tax returns and pay taxes as follow:

4.1 CORPORATE TAXATION

CIT returns

Companies conducting business in Thailand must file their tax returns and pay taxes as follow:

- Filing of return (PND 51) and payment of half-year CIT must be made within two months after the end of the first six months of the accounting period (eight months).
    - This return is not required for the first or last accounting period, which may be less than twelve months.
    - This is a prepayment of 50% of the total tax based on estimated net profits for the year, except for listed companies, banks and other entities defined by law that must calculate tax on the actual net profit for the first six months.
    - The prepaid tax is creditable against its annual tax liability.
    - If the final profit is at least 25% higher than the estimated profit, the company will have to pay a surtax of 20% of the unpaid tax.

4.1 CORPORATE TAXATION

CIT returns

- Filing of return (PND.50) and payment of annual CIT must be made within 150 days of the end of the company's accounting period.
  - An audited balance sheet and profit and loss account for the period must accompany the return.
  - This is a payment of the balance, which is based on actual net profit.

The tax year for a company is the same as its accounting period (i.e., from 1st January to 31st December).

Surcharge

Surcharges are a maximum amount equal to the taxes assessed. If there has been a failure to lodge an income tax return, the penalty may be a maximum of double the amount of tax assessed.

A time penalty in the form of a surcharge of 1.5% of tax payable per month up to a maximum of the tax assessed is also imposed.

The Revenue Department normally has the discretion to reduce penalties up to a maximum of 50% if there was no intention to evade taxes and full cooperation had been given to the investigating officer. The Director-General may reduce penalties further, but normally not regarding a surcharge.

4.1 CORPORATE TAXATION

Tax audits

Within two years of filing a return, the assessment officer may issue a summons for company officers and witnesses to produce accounts and other relevant information. The officer must give seven days' notice to produce the required documents.

Examination of the books and records is normally carried out at the company's premises, but documents may be transferred to the RD for examination. After completion, the officer can adjust the previously declared amounts based on evidence that has been found. Then, the officer can issue a new assessment, including penalties and surcharges or adjust the amount of losses available for carry forward.

You can extend tax audits up to 5 years after filing a return if there is evidence of an intention to evade tax and a company has made a claim for a tax refund.

4.1 CORPORATE TAXATION

Appeal procedures

Taxpayers may appeal against an assessment with the Board of Appeals in the province where the relevant tax office is located within 30 days of receiving the assessment notice. Taxes in dispute must still be paid, including penalties and surcharges, during the appeal process. The RD may grant a deferral, but security in the form of a bank guarantee is normally required.

A taxpayer may appeal to the Tax Court within 30 days of receiving the notice of ruling of the Board of Appeals. A further appeal may be made from the Tax Court to the Supreme Court within a month after the decision of the Tax Court.

4.1 CORPORATE TAXATION

Transfer Pricing

Thailand has adopted the primary transfer pricing law, the Revenue Code Amendment Act No. 47, which was effective from the accounting period starting from 1 January 2019 onwards.

Transfer pricing can be defined as the price or margin set between related parties for goods or services which may deviate from the market price. The term “related parties” per the Thai transfer pricing law is defined as follows:

Related parties

(a) Direct or indirect shareholding at least 50% or more; or

(b) Direct or indirect common shareholding at least 50% or more; or

(c) Dependent relationship in terms of capital, management, or control.

Thai companies and juristic partnerships with having annual income greater than THB 200 million and having related parties need to mandatorily prepare and file certain transfer pricing documentation to the Thai Revenue Department.

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4.1 CORPORATE TAXATION

Transfer Pricing

Under the Thai transfer pricing documentation requirement under Thai transfer pricing law, there are four types of documents as follows:

1) ***Transfer pricing disclosure form*:** this form is to disclose a list of related parties' details of related party transactions for online submission with annual income tax return on a yearly basis (i.e., 150 days after the end of the accounting year)
    - The form must be followed by an official form and submitted in Thai.
    - Failure to submit the disclosure form by the due date, or if the disclosed information is incorrect or incomplete, there will be a fine of up to THB 200,000.

4.1 CORPORATE TAXATION

Transfer Pricing

2) ***Transfer pricing local file***: this document is to disclose local taxpayer's detail, including business overview, shareholding structure, detail of related party transactions, a function performed, risk assumed, and asset used analysis, benchmarking analysis, etc.

- The local file must be followed by the Notification of Director-General of the Revenue Department Relating to Income Tax No. 407 (B.E. 2564) (DGN 407) and be submitted in Thai language for the accounting period starting on or after 1 January 2021.
- Benchmarking analysis exemption is applicable only if certain conditions are met.
- You must submit the local file within 60 days after receipt of formal written notice from the Thai Revenue Department (or 180 days for 1st-time notice). The request can be made within five years after the due date of the transfer pricing disclosure form. Therefore, the local file must be kept available in the taxpayer's business place for five years.
- Failure to submit the local file by the due date, or if the disclosed information is incorrect or incomplete, there will be a fine of up to THB 200,000.

4.1 CORPORATE TAXATION

Transfer Pricing

3) ***Transfer pricing master file:*** this document discloses inter-company arrangements of the Multinational Enterprise (MNE) group globally.

   - You must submit the master file within 60 days after receipt of formal written notice from the Thai Revenue Department (or 180 days for 1st-time notice). The request can be made within five years after the due date of the transfer pricing disclosure form. Therefore, the master file must be kept available in the taxpayer's business place for five years.
   - Up until January 2023, the master file can be prepared in English or Thai language.
   - Failure to submit the master file by the due date, or if the disclosed information is incorrect or incomplete, there will be a fine of up to THB 200,000.

4.1 CORPORATE TAXATION

Transfer Pricing

Based on an examination, the Thai Revenue Department officers can perform the transfer pricing adjustment on Thai taxpayers' revenue and/or expenses at arm's length result. To determine the arm's length result for a controlled transaction incurred between related parties, the Thai transfer pricing regulation provides five acceptable methods as follows:

1. Comparable uncontrolled price

2. Resale price

3. Cost plus

4. Transactional net margin

5. Transactional profit split

However, other transfer pricing methods can also be used if justifiable and appropriate, but the taxpayer must obtain approval from the Director-General of the Thai Revenue Department.

The Revenue department officers can also impose surcharges and penalties from the transfer pricing adjustment. Taxpayers considered to have overpaid taxes on related transactions due to transfer pricing rules may apply for a tax refund within three years from the due date for filing the annual CIT return or within 60 days from the receiving notification of the tax assessment, whichever is later.

If the taxpayer applies for an Advance Pricing Agreement (APA) to determine the appropriate future profits among related parties, only Bilateral Advance Pricing Agreement (BAPA) is currently acceptable in Thailand.

4.1 CORPORATE TAXATION

Transfer Pricing

4) ***Country-by-country reporting (CbCR)***: it is to disclose the allocation of revenue, profits, and taxes among jurisdictions that members of Multinational Enterprise (MNE) operate.

The CbCR is applicable for the accounting period starting on or after 1 January 2021.

- MNE with a consolidated group revenue exceeding THB 28,000 million (or equivalent in other foreign currency thresholds) for the prior accounting period must prepare and submit the CbCR.
- Submission of CbCR by the UPE or surrogate parent entity must be made within 12 months from the accounting year-end. The CbCR must follow OECD format and be submitted in English in an XML file.
- UPE may appoint a Thai entity to be a surrogate parent entity and file CbCR on behalf of the group with certain conditions applied.
- Failure to submit the CbCR by the due date will be liable for a fine of THB 2,000.
- CbCR notification is required in Thailand. Submission of the CbCR notification must be through a separate CbCR notification portal on the Thai Revenue Department website. The notification will be made as soon as possible and no later than 12 months from the accounting year's end. When the MNE group has more than one related company carrying on business in Thailand, the MNE group can appoint one of the Thai-related entities to do the notification on behalf of other related entities in Thailand.

4.1 CORPORATE TAXATION

Special industries

Petroleum industry

Oil companies can operate in Thailand under a concession, a production-sharing contract, or a service contract. The first two categories of companies are taxed under the Petroleum Income Tax Acts ("PITA"), and the third category is taxed under the Revenue Code.

Petroleum Income Tax Rate

- The petroleum income tax rate is 50%.

4.1 CORPORATE TAXATION

Special industries

Petroleum industry

Included as revenue

- Gross income from the sale of petroleum
- Value of petroleum disposed of
- Value of petroleum delivered as payment of royalty in kind
- Gross income arising from a transfer of any property or right related to petroleum business, if the total amount of such gross income is definitely determinable
- Any other income arising from conducting petroleum business

Deductible expenses

- Ordinary and necessary expenses
- Interest remitted and withholding tax paid
- Value of royalty paid to the Thai Government
- Value of special remuneration benefit tax paid to the Thai Government
- Capital expenditure allowance (like depreciation)
- Net losses carried forward over the last ten years
- Bad debts
- Donation not exceeding 1% of profit
- Contribution to provident fund/pension fund

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4.1 CORPORATE TAXATION

Special industries

Insurance companies

Life insurers may set aside a reserve of up to 65% of premiums received in the tax year after deducting reinsurance premiums. If the sum insured for any life insurance policy is paid out, the amount already reserved is not deductible. Any excess amount of the reserve must be returned as revenue.

General insurers may set aside a reserve of up to 40% of premiums received in a tax year after deducting reinsurance premiums. The reserve is included in revenue in the next tax year.

Branches of foreign companies

Foreign companies are taxed on their net profits attributable to business carried out in Thailand through a branch. Tax computation rules applying to Thai companies are applied. Branches are subject to CIT at the normal rate of 20%.

Branch profits remitted to the foreign head office are subject to a further WHT of 10% on the disposition of foreign earnings (meaning it is not limited to transfers of funds).

4.1 CORPORATE TAXATION

Thai taxation for other business entities

Joint ventures

A joint venture is only recognised for the purpose of income tax law. Joint ventures are taxed in the same manner as a company. However, there is no additional taxation of the share of joint profit received by a company in Thailand or by a branch office if a foreign company is not subject to additional income tax in the hands of the recipient. A share of profit paid to a foreign company not carrying on business in Thailand is treated as a dividend and subject to dividend withholding tax.

4.1 CORPORATE TAXATION

Thai taxation for other business entities

Resident agents

Resident agents in Thailand can be subject to domestic taxation on behalf of foreign companies. The agent is subject to Thai income tax on the net branch profit attributable to the agency.

The agent is not taxed if it can be demonstrated that:

- In the usual course of business, an agent acts for foreign companies in general and not for any specific foreign company or group of such companies;
- There is no agreement between the agent and the foreign company restricting the right of the agent to act for other foreign companies;
- The agent derives no benefits from the foreign company other than commission; and
- The purchaser pays or agrees to pay for the goods directly to the foreign company.

4.1 CORPORATE TAXATION

Thai taxation for other business entities

Representative office

If a representative office purchases or exports goods to or under the instructions of its head office, such transactions are considered a sale made in Thailand. Unless the representative office is a permanent establishment under the double taxation agreement between the two countries, it is subject to CIT. If the goods sold are subject to VAT, the representative office is required to pay such VAT.

In addition, if the representative office receives subsidies for rendering services to the head office in connection with an investigation of goods that the head office has purchased in Thailand, such subsidies are not considered revenue and are not subject to CIT. When the representative office renders services in connection with the investigation to other persons, regardless of the remuneration received for such services, it is considered to be engaged in a business activity in Thailand. It must include the revenue in the calculation of taxable net profits under the Revenue Code and pay business tax at 3% of the gross revenue.

4.1 CORPORATE TAXATION

Thai taxation for other business entities

Subsidiaries

- Dividends paid to a foreign company not doing business in Thailand are subject to a WHT of 10%.
- Interests and royalties paid to a foreign company not carrying on business in Thailand are subject to WHT of 15%, subject to any reduction specified in a double tax agreement.
- Capital gains on the sale of shares realised by a foreign company not carrying on business in Thailand are subject to WHT of 15%, subject to any reduction specified in a double tax agreement. The purchaser withholds the tax.
- Management and professional fees paid to a foreign company for services rendered outside of Thailand are subject to a WHT of 15%. Fees paid to companies outside Thailand that are residents of countries with a tax treaty with Thailand and have no permanent establishment in Thailand are generally exempt from WHT.

4.1 CORPORATE TAXATION

Reorganisations

Incorporation

- When a sole proprietor's business or an ordinary unregistered partnership is transferred to a limited liability company, the resulting gains are taxable to the transferor. The assets must be transferred at their fair market value.

Mergers and reorganization

- When companies merge, the assets of the merged companies are transferred at their market value at the date of the merger. The excess of the revaluation of assets is not subject to CIT until the assets are disposed of. The assets will be depreciated based on their original cost and tax rates. Unused tax losses are not available to the newly merged company.

Entire business transfer

- When a company transfers all its operations to another company, it is required to dissolve the company and begin the liquidation process. The transaction must be netted for CIT purposes, meaning there is no taxable gain or loss. The consideration paid may be at market value.

Liquidation

- When a company goes into liquidation, the assets of the company are valued at the market price on the date of liquidation. The company's final CIT return includes unrealised gains on which CIT has not been paid. The closing date of the last CIT return is the liquidation date.

4.2 PERSONAL TAXATION

Tax residency

A resident is any person residing in Thailand for a period (or periods) of 180 days or more in any tax/calendar year. Non-residents are all other persons who do not meet this criterion.

Taxable income

Residents and non-residents are taxed on their assessable income gained from employment or business conducted in Thailand, regardless of whether the income is paid in or outside Thailand.

Residents are also subject to Thai tax on their overseas income if it is transferred to Thailand during the tax year in which it is received.

Assessable income in Thailand is broad and includes *inter alia* salaries and wages, contracting revenue, income from licensing of IP (e.g., patents, trademarks, copyrights), interests, dividends, capital gains, rents, and professional fees. You can offset certain deductions and allowances against assessable income to calculate taxable income.

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4.2 PERSONAL TAXATION

Type of income	Deduction
1. Employment income	50%, max. THB 100,000
2. Income from independent personal services	50%, max. THB 100,000
3. Income from goodwill, copyright and other rights	50%, max. THB 100,000
4. Interest income, dividends and capital gains	No deduction
5. Income from real estate rentals • Building and wharves, vehicles • Agricultural land • All other types of land • All other types of property	 • Actual expenses or 30% • Actual expenses or 20% • Actual expenses or 15% • Actual expenses or 10%
6. Income from professional services	Actual expenses or 30% (60% for medical profession)
7. Income from the hire of work when taxpayer must provide essential materials besides tools	Actual expenses or 60%
8. Income from business, commerce, agriculture, industry, transport or any other activities not specified	Actual expenses or between 40% and 60% depending on types of income.

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4.2 PERSONAL TAXATION

Special types of income

Capital gains - some capital gains are exempt from tax:

- On the sale of shares listed on the SET, provided that the sale is made on it;
- On the sale of investment units in a mutual fund;
- On the sale of non-interest-bearing debentures, bills, or debt instruments except in the case where the bonds or debt securities were first sold at a price below their redemption price to an individual;
- On the sale of securities listed on stock exchanges in ASEAN member countries and traded through the ASEAN Link, excluding securities in the form of treasury bills, bonds, bills, or debentures.

Capital gains may not offset capital losses.

4.2 PERSONAL TAXATION

Special types of income

Dividends and interests

Residents receiving dividends from companies incorporated in Thailand may choose to include the dividend in their PIT-assessable income or pay a WHT of 10% and exclude the dividend from their income. When choosing the first option, taxpayers must gross up the dividend to include the 10% WHT and the CIT paid on the dividend. However, a tax credit is granted for the WHT and the CIT that is deducted. The same rules apply for interests but with a WHT of 15%.

Gifts

PIT is levied on gifts (asset or amount) based on the value of the gift that exceeds a certain threshold which depends on the type of gift and donor (e.g. more than THB 20 million in a tax year for gifts from ascendants, descendants and spouse, and THB 10 million per year for gifts from other people). Gifts that do not exceed the threshold are exempt from tax, and gifts above it are subject to PIT charged at the rate of 5% and are not included with other income when computing the annual PIT liability.

4.2 PERSONAL TAXATION

Allowances

Type of allowance	Amount (THB)
1. Personal allowances • Single taxpayer • Taxpayer's spouse • Taxpayer's children • Taxpayer's parents (parental care)	• 60,000 • 60,000 • 30,000 per child and additional 30,000 for the 2nd child onwards born in or after 2018 • 30,000 per parent
A non-resident may deduct for spouse, children and parents only if they are residents.	
2. Personal deductions • Life insurance premiums • Qualified pension life insurance premiums • Retirement mutual fund contribution • Super savings fund investment	• Amount paid, max. 100,000 • Amount paid, max. 15% of total assessable income with a max. of 200,000 • Amount paid, max. 30% of total assessable income with a max. of 500,000 • Amount paid, max. 30% of total assessable income with a max. of 200,000
All contributions to funds cannot exceed 500,000 per year.	

4.2 PERSONAL TAXATION

Allowances *(continued)*

Type of allowance	Amount (THB)
3. Pregnancy expenses (antenatal care & birth)	Amount paid, max. 60,000
4. Mortgage interest expenses	Amount paid, max. 100,000
5. Social Security Fund contribution	Amount paid
6. Charitable contributions	Amount donated, max. 10% of net income after all deductions and allowances.
7. Business allowances • Undivided estate • Non-juristic partnership or body of persons	• 60,000 for taxpayer's spouse • 60,000 for each partner, max. 120,000

4.2 PERSONAL TAXATION

Credits

Taxpayers can offset credits against their annual payable tax for:

- Tax withheld at source from payments made to the taxpayer;
- Dividends and interests if taxpayers chose to include them in their PIT-assessable income;
- Foreign taxes paid if it is permitted under a tax treaty.

PIT rates

Net income (THB)	PIT rate (%)	Accumulated tax (THB)
0 - 150,000	Exempt	0
150,001 - 300,000	5%	7,500
300,001 - 500,000	10%	27,500
500,001 - 750,000	15%	65,000
750,001 - 1,000,000	20%	115,000
1,000,001 - 2,000,000	25%	365,000
2,000,001 - 5,000,000	30%	1,265,000
5,000,001 and over	35%	

- Seniors over 65 are granted an exemption on the first THB 190,000 instead of THB 150,000.

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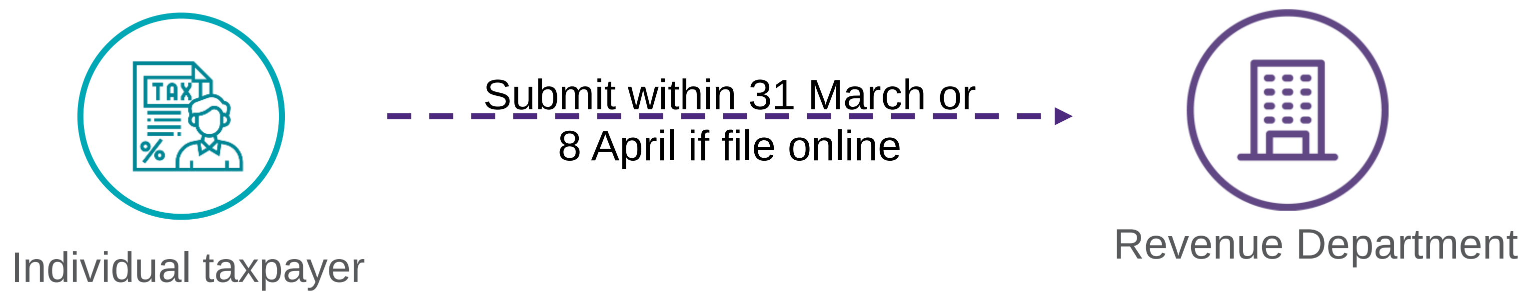
4.2 PERSONAL TAXATION

PIT returns and payment

The PIT year ends on the 31st of December. Tax returns (PND 90 or 91) for personal taxpayers must be filed no later than the 31st of March (hardcopy filing) or the 8th of April (online filing) of the following year. Tax must be paid at the same time.



Individual taxpayers who derive professional, business or investment income such as lease rentals must lodge two returns per year:

- A mid-year tax return for income derived to 30 June lodged by the next 30 September
- A full year tax return lodged by 31 March after year-end – tax paid in the mid-year tax return is creditable against the full year tax liability

Each spouse earning income can file their PIT return separately or jointly with the other spouse.

4.2 PERSONAL TAXATION

Penalties and surcharges

Taxpayers who submit inaccurate returns will be liable to a penalty rate of 100% of the tax payable and 200% in case of failing to file the return. If taxpayers submit a request and the assessment officer considers that they did not intend to avoid taxes and cooperated, the penalties may be reduced by 50%.

Taxpayers who fail to pay the tax within the specified time will be liable to pay a surcharge of 1.5% per month or a fraction of the payable tax. It cannot exceed the amount of tax imposed. If the RD extends the time limit and tax is paid within the extended time, the surcharge will be reduced to 0.75% per month or a fraction thereof.

Any person who intentionally reports false information, gives false statements, or submits false evidence to evade taxes may be imprisoned for three months to seven years and a fine of up to THB 200,000.

Reassessment

The assessment officer may normally reassess a PIT return for the previous two tax years. If there is a reason to believe the taxpayer has evaded tax or obtained an undue tax benefit, the officer may re-examine the previous five tax years.

4.2 PERSONAL TAXATION

Tax clearance certificate

The RD issues a tax clearance certificate to a foreigner who is departing Thailand to indicate that he/she has already paid taxes or that he/she has provided a guarantor or securities as a guarantee for tax liabilities and tax payable. Foreign persons in any of the following situations are required to apply for a tax clearance certificate:

A person who is liable to pay tax or has tax arrears before departing the country;

A person who has the duty to file a tax return and pay tax on behalf of a company or registered partnership incorporated under foreign laws and has been carrying on business in Thailand;

A person who received income from being a public performer while they were in Thailand.

Foreigners must apply for this certificate within 15 days before leaving Thailand. It must be presented to the Immigration Office on the departure date. Failure to comply with this rule will result in a 20% surcharge on the tax payable. It may also result in a fine of up to THB 1,000 and/or imprisonment for up to 1 month.

4.3 INTERNATIONAL TAXATION

Withholding tax

Thailand has a comprehensive domestic system for the withholding of tax on payments of certain categories of income in addition to withholding on payments of income to non-residents. The Thai withholding tax (“WHT”) system is one of the most bewildering aspects of the Thai taxation system facing businesses coming to Thailand. Failure to deduct and remit domestic WHT is a common tax compliance issue in Thailand.

Payers are the companies, registered partnerships, and other juristic persons. When payments are made to companies or juristic persons, the forms PND 53 and 54 must be used.

For payments made to natural persons, forms PND 1, 2 or 3 must be used.

Payments to non-resident individuals & companies

Except for dividends for which a 10% WHT must be paid, a 15% WHT must be paid on most other payments to a non-resident resident in a country that does not have a tax treaty with Thailand. For example, interest, royalties, rents, management fees, consultancy fees, and capital gains.
However, Thailand has tax treaties with many countries, so WHT rates may be reduced or eliminated depending on each treaty (see below).

4.3 INTERNATIONAL TAXATION

Withholding tax

Payments to resident individuals & companies and branches of foreign companies

The payer must withhold tax at source on certain income, complete the return, and pay the WHT to the RD.

For payments to companies and branches, the payer must remit the WHT to the RD within the first seven days of the month after the payment was made. Government agencies are liable for a WHT of 1% on all income paid to Thai companies. When the tax return is filed, the WHT is deducted from the taxpayer's tax liability.

Here are some examples of income and associated WHT rates:

Types of income	WHT Rate (%)	
	Resident individuals	Resident companies and branches of foreign companies
Employment income/ independent personal services	0 to 35	/

4.3 INTERNATIONAL TAXATION

Types of income	WHT rates (%)	
	Resident individuals	Resident companies and branches of foreign companies
Capital gains	0 to 35	/
Interest	15	10% if paid to associations or foundations, 1% in other cases
Dividends	10	
Rent	5	10% if paid to associations or foundations, 5% in other cases
Prize	5	
Royalties	0 to 35	10% if paid to associations or foundations, 3% in other cases
Public entertainer remuneration	5	/
Service and liberal profession	3	
Hire of work	3	3% if paid to a Thai company or foreign company with a permanent branch in Thailand, 5% if no permanent branch
Advertising fee	2	

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4.3 INTERNATIONAL TAXATION

Foreign tax credit

Companies incorporated in Thailand are taxed on their worldwide income, meaning income derived from business activities performed outside and inside Thailand. The foreign income received is taxable on an accrual basis. To avoid Thai companies being taxed abroad and in Thailand for their income generated abroad (to eliminate double taxation), Thailand will offer a credit to the company. The credit is equal to the amount of foreign tax paid on income or dividends, limited to the amount of Thai tax on the same income. This credit can be deducted from the amount of CIT due in Thailand.

Double tax agreements

Tax treaties apply to persons who are residents in one or both of the contracting states. A natural person is considered a resident if they stay in Thailand for 180 days or more in a calendar year. A juristic person is a resident if they are incorporated under Thai laws or if they are considered to carry on business in Thailand.

4.3 INTERNATIONAL TAXATION

Double tax agreements

Each treaty provides guidelines for determining which country has the right to tax which income. Thailand has entered into 61 double tax agreements as follows:

Armenia	Cyprus	Japan	Pakistan	Taiwan
Australia	Czech Republic	South Korea	Philippines	Tajikistan
Austria	Estonia	Kuwait	Poland	Turkey
Bahrain	Finland	Laos	Romania	Ukraine
Bangladesh	France	Luxembourg	Russia	UAE
Belarus	Germany	Malaysia	Seychelles	UK
Belgium	Hong Kong	Mauritius	Singapore	USA
Bulgaria	Hungary	Myanmar	Slovenia	Uzbekistan
Cambodia	India	Nepal	South Africa	Vietnam
Canada	Indonesia	Netherlands	Spain	
Chile	Ireland	New Zealand	Sri Lanka	
China	Israel	Norway	Sweden	
Denmark	Italy	Oman	Switzerland	

Generally, the WHT rate for dividends under the treaties is 10%, the interest rate is 10% or 15%, and royalty rates range from 5% to 15%.

4.3 INTERNATIONAL TAXATION

MLI

MLI stands for “multilateral convention to implement tax treaty-related measures to prevent base erosion and profit shifting”. This convention is part of the Base Erosion and Profit Shifting (BEPS) project which is managed by the Organisation for Economic Cooperation and Development (“OECD”).

In early 2022, Thailand signed the MLI, which became effective on July 1, 2022. Thailand has designated 58 double tax treaties to be covered by the MLI. If both parties have ratified and designated the other party as a covered country, then each party can amend the treaty on a multilateral basis. As of January 1, 2023, the MLI will apply to 32 tax treaties entered into by Thailand.

It may have consequences for multinational companies that do business with foreign companies, especially if these transactions are based on tax treaties with Thailand. Indeed, the tax benefits received through these treaties must now comply with the rules of the MLI. Multinationals should analyse their foreign transactions and arrangements to see whether the conditions for access to tax resident status (which, in fine, allows access to treaty benefits) are met in practice, e.g., whether the organisation and economic substance are sufficient. In addition, the main purpose of a cross-border arrangement/transaction must not be tax avoidance; otherwise, the company risks being audited and denied access to treaty benefits.

4.4 VALUE ADDED TAX

Value-added tax ("VAT") is a broad-based consumption tax on goods and services operating at each stage of production and distribution. Thailand's system is similar to those in Europe, Canada, New Zealand and Australia.

Suppliers of goods and services collect output VAT, and purchasers pay input VAT. Input VAT is deducted from output VAT to determine VAT liability. Therefore, the ultimate consumer normally bears the actual incidence of VAT.

The company usually calculates the VAT payable based on the sales price or invoiced at this stage after charging the input VAT credit.

VAT rate

The standard rate of VAT is 10%, but the rate is currently reduced to 7% until 30 September 2023 (unless there is a further extension by the government).

A zero percent rate applies to the export of goods outside Thailand and services performed in the country but entirely used abroad.

4.4 VALUE ADDED TAX

Sale of goods *(continued)*

The sale of goods is defined as the disposal, distribution, or transfer of goods. It includes the delivery of goods on hire purchase or to an agent for sale.

VAT liability will arise upon delivery of goods unless one of the following events occurs before the delivery:

1. Transfer of ownership of the goods
2. Receipt of payment for the goods
3. Issuance of a tax invoice

Provision of services

A service is any act that results in a valuable benefit that is not the sale of goods. The supply of services to an offshore entity will be subject to VAT if such services are being consumed in Thailand. The supply of electronic services in Thailand is also subject to VAT. VAT liability will arise upon payment unless one of the following events occurs before the payment:

1. Issuance of a tax invoice; or
2. Use of the services by the service provider or other parties

4.4 VALUE ADDED TAX

Import

Import is defined as the bringing of goods into Thailand through customs clearance. Import also includes taking goods out of export processing zones for purposes other than for export.

Exempt activities

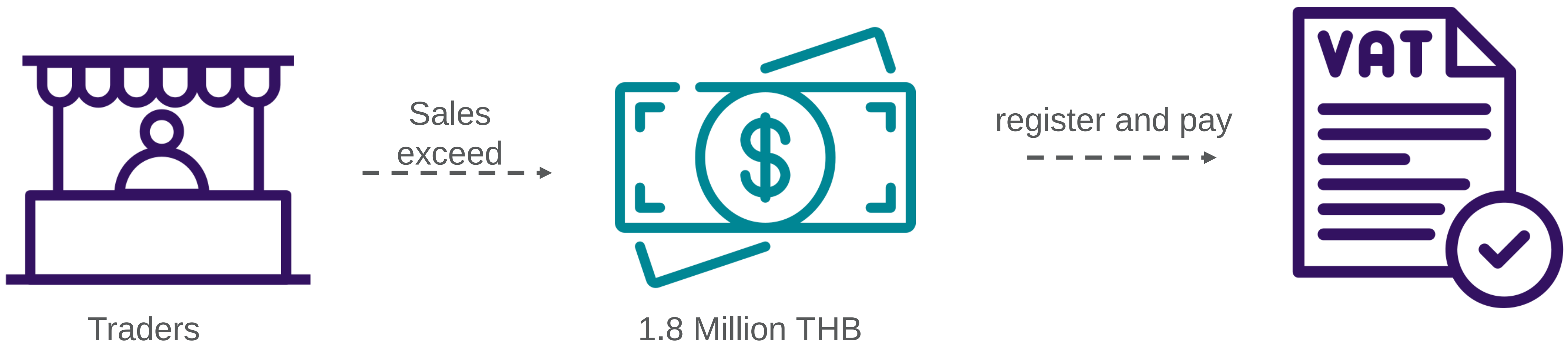
Exempted VAT	
• Small and medium enterprises with annual gross sales not exceeding THB 1.8 million are exempt from VAT. • Agricultural products • Alive or dead animals • Fertilizers • Animal feed • Sale and import of newspaper and magazines • Educational and cultural services	• Medical services • Healthcare • Services of library, museum, zoo; • Services under employment contract • Services by public entertainer • Rental of immovable property • Religious and charitable organizations • International transportation by land

4.4 VALUE ADDED TAX

Taxpayers

All traders that import and/or sell goods or services must register and pay VAT if sales exceed THB 1.8 million annually. Traders include companies, sole proprietors, partnerships, joint ventures, and individual and government enterprises.

An agent who sells goods or renders services on behalf of a non-resident trader is responsible for paying VAT. For other non-resident traders, persons responsible for the business operations in Thailand on the trader's behalf have joint liability with the trader for the VAT. Otherwise, the resident buyer of the goods and services offered by the non-resident trader must pay the VAT himself.



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4.4 VALUE ADDED TAX

Foreign suppliers

A foreign supplier without a permanent establishment or agent in Thailand is not subject to VAT on the sale of goods to Thailand. However, supplies of goods to a trader in Thailand are subject to VAT at the time of import, which is payable by the receiving trader or agent.

The VAT on services performed abroad but used in Thailand is payable by the service recipient within seven days from the end of the month in which payment for the service is made. A VAT-registered recipient is entitled to an input tax credit in the month the VAT is remitted.

Non-resident electronic service providers and electronic platform operators who receive more than THB 1.8 million per year from providing services to non-VAT registered customers in Thailand must register for VAT and pay it online. These taxpayers are not required to issue tax invoices or prepare input tax reports.

4.4 VALUE ADDED TAX

VAT registration and returns

An entity must register as a VAT registrant within 30 days of its revenues exceeding THB 1.8 million per year. An entity may also apply to the RD to register for VAT, in which case it must register within 30 days of its application.

A registered trader must submit a monthly VAT return with payments due to the RD within 15 days (additional eight days in case of e-filing) of the following month.

The VAT return considers the output VAT borne by the trader on sales and inputs VAT credits invoiced to the trader by other VAT-registered companies on its purchases. If the monthly input VAT exceeds the output VAT, the VAT registrant may claim a refund or carry the excess forward.

A trader might not be entitled to VAT input tax credits if the goods and services purchased were not used in the ordinary business. Also, for activities exempt from VAT if they incurred expenses on entertainment, gifts or in connection with passenger vehicles with less than ten seats or for transactions where the tax invoice contains incomplete information.

4.4 VALUE ADDED TAX

Penalties

- Failure to file a VAT return or VAT remittance form within the prescribed time is subject to a penalty of twice the amount of VAT payable.
- Filing an incorrect return is liable for a penalty of 100% of the VAT payable if under a tax audit.
- An additional surcharge of 1.5% per month of the VAT due is payable for late filing up to an amount equal to the tax payable.

Maintenance of records

Registered traders are required to keep an "output book" (sales book), "input book" (purchases book) and "inventory control book".If a trader has more than one place of business, each branch of the business must maintain its own set of books unless approval has been given for maintaining consolidated records.

4.5 OTHER TAXES

Specific business tax

Businesses subject to specific business tax (“SBT”) are banking, finance, credit foncière, life insurance, pawn brokerage, trading of real estate, businesses with transactions similar to commercial banks, sale of securities on the SET, securities repurchase, factoring and any other businesses that could be added by decree.

These businesses are not subject to VAT but to SBT, which is a gross revenue tax with rates varying from 0.011% to 3.3% (including municipal tax).

The entity operating any SBT businesses must register as an SBT registrant within 30 days of starting its operations. The registrant must submit monthly SBT returns (Por Thor 40) and pay the SBT to the RD by the 15th day of the following month.

Business subject to SBT

- Banking
- Finance
- Credit Foncier
- Life insurance
- Pawn brokerage
- Trading of real estate
- Business with transaction similar to Bank
- Sale of securities on SET
- Securities repurchase
- Factoring

4.5 OTHER TAXES

Stamp duty

Stamp duty is a tax levied on the execution of 28 different types of documents or instruments that companies file with government agencies and on official company documents (listed in the Stamp Duty Schedule of the Revenue Code). These include land transfers, leases, share transfers, debentures, mortgages, loans, hire of work contracts (service agreements), insurance policies, annuities, powers of attorney, promissory notes, letters of credit and cheques.

The person liable for stamp duty is specified in the Schedule of the Revenue Code and mostly is the person who receives the income (e.g., service provider, lessee, share transferor…). If the instrument liable to stamp duty is made outside Thailand, the first holder of the instrument in Thailand shall pay the stamp duty within 30 days from the date of receipt. The instrument is deemed to be made when the authorised person of both parties signs it.

The stamp duty rates depend on the type of documents and can be found in the Schedule of the Revenue Code. The rate is mostly 0.1% of the instrument's value for contracts. For example, if the service agreement value is THB 1.5 million, the stamp duty is 1,500,000*0.1% = THB 1,500.

4.5 OTHER TAXES

Stamp duty

You can pay stamp duty using one of three methods:

- Affix the adhesive stamp on the instrument;
- Have a stamp impressed on the instrument;
- File the form and pay stamp duty by cash at the RD office.
- Any instrument whose value exceeds THB 1 million is required to be paid in cash at the RD office.

Stamp duty

Since 2019, e-instruments subject to stamp duty must be filed and paid online before or within 15 days after the execution of the instrument. The stamp duty payment can be filed through the RD's website or Application Programming Interface. The taxpayer must transfer the money to the RD bank account using an electronic payment method.

Failure to pay the stamp duty and affix the stamps on time is subject to a surcharge from 200% to 600% of the payable duty. The office may reduce the surcharge at their discretion. The request for surcharge reduction form must be prepared and submitted along with the application for stamp duty payment.

Unstamped or not properly stamped documents and instruments are not admissible as evidence in a civil lawsuit.

4.5 OTHER TAXES

Excise tax

Excise tax is a consumption tax collected on the sale of certain goods, whether manufactured locally or imported from abroad and on certain domestic services.

Excise tax is imposed on the following goods and services:

- Petroleum and petroleum products
- Alcoholic and non-alcoholic beverages
- Electrical appliances
- Batteries
- Crystal glassware
- Motor vehicles
- Motorcycles
- Boats
- Perfumes and cosmetics
- Woollen carpets
- Marble and granite
- Ozone depleting substances/CFCs
- Tobacco
- Playing cards
- Entertainment services
- Racecourses and lotto
- Golf courses
- Telecommunications business

4.5 OTHER TAXES

Excise tax *(continued)*

The excise tax calculation is based on ad valorem rates (fraction of the suggested retail price) and/or specific rates (based on the quantity of the product), depending on the product type.

The manufacturer of the goods must file a declaration and remit the excise tax before taking the goods from the factory or bonded warehouse. If a VAT liability arises before the removal of the goods, the manufacturer must file a return and remit the tax within 15 days of the end of the month. For service providers, tax is imposed when a service fee is paid. Imported goods will be taxed upon importation with customs duty and VAT.

Customs duty

Customs duties are mainly governed by the Customs Act (B.E. 2560). Duties are levied on imported and some exported goods that are listed in the “Harmonized Commodity Description and Coding System” (i.e., HS Code). Customs duties are calculated by multiplying the Cost, Insurance and Freight value (CIF value) of the goods by the duty rate. The duty rate can be based on the value of the goods or a specific rate depending on the type of goods. Most goods that businesses import are subject to rates between 5% and 60%.

4.5 OTHER TAXES

Customs duty *(continued)*

Imports of machinery, equipment and materials may be exempt from duty in two cases:

1. Oil and gas concessionaires and their contractors; and
2. Certain businesses promoted by the BOI.

Exported goods are often not subject to duty but only a few items, such as leather, scrap iron or steel, rice, or wood.

As mentioned above, VAT is then levied on the total sum of the CIF value, customs duties, and excise tax, if any. Goods imported for re-export are generally exempt from import duties and VAT.

4.5 OTHER TAXES

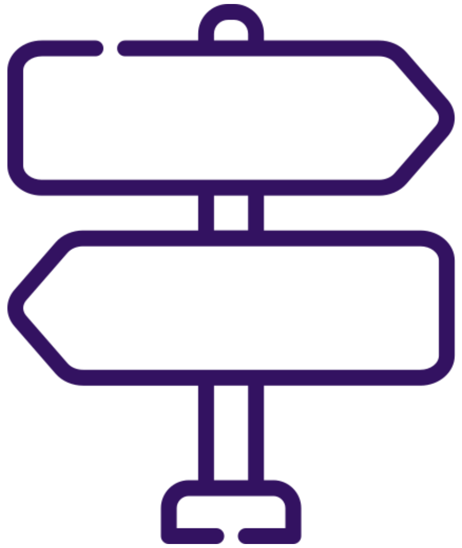
Local taxes

Signboard tax

Signboard tax is imposed annually on signs or billboards that display a name, trademark, or logo of a business for advertising or providing information about this business. The owner of the signboard must pay the tax.

The tax depends on the language (Thai or foreign) and advertisement size and ranges from THB 5 to THB 52 per 5 square metres. The minimum tax payable is THB 200.

Exemptions apply to signboards for public places or organisations owned by the government, signboards located within private schools, religious bodies or charitable organisations, displayed in cinemas which publicise plays and films, etc. Signboard tax returns are lodged in March of each year.



4.5 OTHER TAXES

Local taxes *(continued)*

Land and building tax

In 2020, the house and land tax and the local development tax were replaced by the land and building tax. The taxable persons include juristic persons and individuals possessing or owning land/buildings on 1st January each year. Individual owners will not be subject to the law for the first three years.

Local government authorities have the power to collect taxes on land and buildings located in their area. The tax is levied annually, and the local authority will send assessment letters to taxpayers before the end of February. The taxpayers must pay by the end of April.

The new rates are based on the property's appraisal value and the property's category (agricultural, residential, commercial, or vacant). The statutory maximum tax rates range from 0.15% to 3%. For 2022, the rates range from 0.1% to 0.7%.

Individuals also benefit from certain exemptions, for example, for agricultural land up to THB 50 million. Also, the first house can be exempted up to THB 50 million (if the taxpayer owns both the land and the house) or THB 10 million (owns only the house). In both cases, the household registration documents must mention the names.

4.5 OTHER TAXES

Local taxes *(continued)*

Inheritance tax

There has been an inheritance tax since 2016 in Thailand, governed by the Inheritance Tax Act (B.E. 2558). This tax is levied if the inheritance value is more than THB 100 million. The tax rate is 10% or 5% if the recipient is an ascendant or descendant of the deceased. Only the part exceeding THB 100 million will be taxed.

The following recipients are subject to this tax:

- Thai nationals
- Non-Thai nationals with domicile in Thailand under immigration law.
- Non-Thai nationals if the property is located in Thailand.
- Juristic persons established under Thai law or with Thai shareholders holding more than 50% of the paid-up capital or in which more than half of the management is Thai.

If the recipient is a Thai national, resident or entity, they will be taxed on all assets in Thailand and abroad. If the recipient is not in one of these situations, they will be taxed only on Thai assets.

4.5 OTHER TAXES

Local taxes *(continued)*

Inheritance tax *(continued)*

Only the following property is subject to inheritance tax:

- Immovable property
- Securities according to the Securities and Exchange Act
- Money that has been deposited
- Registered vehicles
- Financial assets (as prescribed by the royal decree).

Certain persons are exempt from inheritance tax:

- The legal spouse of the deceased
- Persons, government agencies or legal entities receiving the inheritance for religious, educational, or public interest purposes.
- Persons and international organisations under commitments between Thailand and the UN, under international law or treaties/agreements with other countries.

The tax return must be filed, and the tax paid within 150 days of receiving the inheritance. Any delay in the tax payment will result in a fine equal to twice the amount due and an additional monthly interest of 1.5%. Failure to file the return is punishable by a fine not exceeding THB 500,000. The managing director may also be fined if the offender is a legal entity.

5. Labour Laws

5.1 LABOUR PROTECTION ACT

General rules of employment

The minimum age for employment is 18 years, but you may employ persons under 18 under certain conditions. An employment contract may be written or verbal. Employers must not discriminate against people based on gender. Concerning working hours, employers must respect the following:

- Workdays: 6 days/week; one day is a weekly holiday.
- Work hours: 8 hours/day, 48 hours/week (except for hazardous work: 7 hours/day, 42 hours/week).
- Rest time: 1 hour/day after the employee has worked for not more than five consecutive hours.
- Work outside regular hours is possible with the employee’s consent. The law allows up to 36 hours per week for overtime. You must pay overtime at 1.5 times the average hourly wage (on regular workdays) and two times (normal hours) or three times (outside normal hours) on days off.

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5.1 LABOUR PROTECTION ACT

Wages

Wages may be set at a daily or monthly rate. Employees paid on a daily rate are not paid on the weekly holiday. Payment shall be no longer than a 30-day interval and can be made by cash or bank transfer. Any delay in payment by the employer will result in an interest cost of 15% per year on the amount due.

Minimum wage rates are set by the Wage Committee based on areas with different living costs and are often updated. In 2022, the daily minimum wage ranged from THB 313 to THB 336.

Leave and holidays

Employees are entitled to at least 13 public holidays, 30 workdays of sick leave, and three days of business or personal leave, with pay granted annually. For sick leave, the employer may require a doctor's certificate for the sickness of 3 consecutive workdays or more.
In addition, after one year of consecutive work, the employee must be granted a minimum of 6 days as annual vacation with pay.

Maternity leave is 98 days (including holidays), and 45 of those days are fully paid by the employer. It includes leave taken for doctor's visits before the birth. Other leave of absence, with or without pay, depends on the company's policy and negotiation.

5.1 LABOUR PROTECTION ACT

Employment transfer

If an employer transfers to a new location or place of business:

- Employees must have a clear announcement for at least 30 consecutive days. Names of employees concerned, place and date of relocation must be announced.
- Employees can refuse the transfer if they notify the employer within 30 days. Such refusal is a legal cause for dismissal.
- In case the employer has not made any announcement to notify the employees, the employer must pay compensation at a 30-day rate, and it shall be deemed that the employment contract is terminated on the date the employer relocates the place of business.
- Employees are entitled to special severance pay at least equal to what they would normally be entitled to.

5.1 LABOUR PROTECTION ACT

Termination of employment

The employment can be terminated with or without cause. Reasons for termination of employment with cause include:

- Performing duties dishonestly or intentionally committing a criminal offence against the employer
- Wilfully causing harm or negligently causing serious harm to the employer
- Violating the work rules and regulations or lawful working orders after having received a warning letter on the same ground within the previous year
- Leaving work without justification for three consecutive working days
- Being sentenced to imprisonment by a final court decision (not a minor offence or negligence unless it causes damage to the employer).

In these cases, the employer may terminate employment immediately without paying severance. The employer must give the employee a letter of termination stating the reason for the termination.

5.1 LABOUR PROTECTION ACT

Severance payment

To be entitled to such payment, employees must:

- Have worked for an uninterrupted period of at least 120 days; and
- Have been terminated without cause.

Employment Period	Severance Pay Rate
Less than 120 days	No severance pay
120 days but less than 1 year	30 days
1 year but less than 3 years	90 days
3 years but less than 6 years	180 days
6 years but less than 10 years	240 days
10 years but less than 20 years	300 days
20 years or more	400 days

5.2 OTHER RELATED LABOUR LAWS

The Workmen Compensation Act *requires all employers to contribute to the Fund for employees who may need compensation due to illness or disablement caused by work. The Act was revised in 2018 to increase compensation amounts. In the event of work-related illness or injury, employees may receive compensation equal to 70% of their monthly salary from the 1st day of incapacity. For disability caused by work, employees will receive a compensation payment of at least 15 years of their salary. The family is entitled to compensation for up to 10 years in the*

The Social Security Act requires all employers and employees to contribute 5% of the monthly wage to the Fund for injury, illness, disability, or death outside of work, childbirth and welfare, retirement, and unemployment. Contribution is capped at THB 750.

The Provident Fund Act states that employers and employees may mutually agree to join a Provident Fund by contributing a small percentage of their monthly salary as savings for living expenses when reaching retirement.

The Labour Relations Act provides a framework for the establishment of trade unions and employer associations. Terms of employment can be changed through collective bargaining procedures between trade unions and employers. There are two types of trade unions: industry-based (or industrial union) and company-based (or house union). Strikes and lockouts are allowed, except in necessary utilities such as power supply, refinery, railway, port, telecommunications, hospitals and waterworks. The Labour Relation Commission may decide prejudicial or discriminatory actions against trade union members as unfair labour practices, and employers may be ordered to reinstate workers and compensate them.

The Act for the Establishment of and Procedure for Labour Court established the Central Labour Court and Regional and Provincial Labour Courts to settle disputes related to breaches of contracts, discriminatory employment practices, and unfair dismissals. The Court might order reinstatement of the employee or financial compensation if the employee was unfairly dismissed. Over 20,000 cases are lodged each year at the Labour Courts.

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5.3 EMPLOYMENT OF FOREIGNERS

Companies wishing to hire foreign employees must be registered in Thailand and be registered for tax (and VAT) purposes. If Thais mainly own a company, it must have a paid-up capital of at least THB 2 million per foreign employee. If foreigners mainly own it, its paid-up capital must be at least THB 3 million per foreigner.

Foreigners must have a valid visa and work permit to work legally in Thailand. Lawfully employed foreigners must be registered with the social security office and entitled to the same benefits as local employees.

Depending on their nationality, foreigners are entitled to a minimum salary:

Country	Minimum salary (monthly, THB)
Canada, Japan, USA	60,000
Europe (including UK) and Australia	50,000
China, India, Indonesia, Middle East and the Philippines	35,000
Africa, Cambodia, Laos, Myanmar and Vietnam	25,000

6. Immigration Law

6.1 NON-IMMIGRANT B VISA

Foreigners intending to work in Thailand must obtain a Non-Immigrant Category “B” visa outside Thailand before entering the country. Non-working family members may obtain a Non-Immigrant Category “O” visa covering the same period. Obtaining a non-immigrant B visa will allow the foreigner to apply for a work permit subsequently.

A non-immigrant B visa allows a foreigner to stay temporarily in Thailand for up to 90 days, but you can extend it up to 1 year, and it is renewable annually. If staying in the country for at least 90 days, foreigners must report to the Immigration Department and continue to do so every 90 days if they do not leave Thailand before reaching that number of days. If they leave Thailand, the 90 days will be calculated from the date of their re-entry in Thailand.

Applicants can choose between a single-entry visa or a multiple-entry visa. If a single-entry visa holder leaves Thailand, the visa will be automatically cancelled unless applying for a re-entry permit before leaving Thailand. With this permit, single-entry visa holders can re-enter the country for their remaining visa period. Otherwise, foreigners may obtain a multiple-entry visa to enter and leave Thailand freely.

6.2 SPECIAL VISAS

Smart visa

This visa was designed to attract a highly skilled workforce, investors, executives, and start-up entrepreneurs wishing to work or invest in 13 targeted industries (e.g., agriculture, aviation, digital, automation, and environment). There are four categories of smart visa

4 categories of smart visa

1. Smart T (Talents)

They must have a monthly income of at least THB 100k (or THB 50k for start-up employees and retired experts), their contract must be for at least one year, and they must have expertise in science and technology.

2. Smart E (Executives)

Minimum salary of THB 200k per month, contract of at least one year, ten years of work experience and a bachelor's degree or above.

3. Smart I (Investors)

Direct investment or through venture capital of at least THB 20 million (in start-ups THB 5 million) in technology-based business, and they must maintain this investment throughout the visa's validity period.

4. Smart S (Start-up)

Depending on the requested visa (6 months, one year or two years), the criteria are not the same. For 1- and 2-year visas, they must have savings of at least THB 600k. For all lengths of visas, they must have health insurance covering the entire stay.

6.2 SPECIAL VISAS

Smart visa *(continued)*

Smart visa holders can stay in Thailand with their dependents for a maximum of 4 years (renewable). If the holders are working, the visa renewal cannot exceed the duration of the work contract. A person receiving this visa is not required to apply for a work permit, and the reporting period is extended from every 90 days to once a year. In addition, no re-entry permit is required. Holders can also use the FastTrack service at Thailand's international airports.

Long term resident (“LTR”) visa

This program (launched in 2022) aims to attract "high-potential" foreigners who want to stay long-term and contribute to economic growth in Thailand. It provides a range of tax and non-tax incentives to enhance Thailand's attractiveness in response to the Covid-19 pandemic. The government aims to attract 1 million people with this visa over the next five years.

6.2 SPECIAL VISAS

Long term resident ("LTR") visa *(continued)*

The holders of this visa can stay in Thailand with their dependents for a maximum of 10 years (renewable). This visa grants an exemption from the requirement to hire 4 Thai workers for each foreigner. Holders must obtain a digital work permit at the One Stop Service Centre through a simplified procedure. The reporting period is extended from every 90 days to once a year, and no re-entry permit is required. Holders can also use the FastTrack service at Thailand's international airports. Finally, highly skilled professionals can enjoy a 17% PIT rate.

Wealthy Global Citizens:

- Individuals holding at least USD 1 million in assets.
- Personal income of at least USD 80k per year for the past two years.
- Invest at least USD 500k in Thai government bonds, foreign direct investment (FDI) or Thai property.

Wealthy Pensioners:

- Retirees 50 years old and more.
- Pension income of at least USD 80k per year (if between USD 40k and 79k, must invest at least USD 250k in Thai government bonds, FDI or Thai property).

6.2 SPECIAL VISAS

Long term resident ("LTR") visa *(continued)*

Work-From-Thailand professionals (remote workers):

- Personal income of at least USD 80k per year for the past two years (USD 40k if they have a master's degree or higher, or own IP or receive Series A funding).
- Work for a company abroad which must be a listed company or a limited company in operation for at least three years with revenues of at least USD 150 million in the last three years.
- Have five years of work experience in the current employment field over the past ten years.

Highly skilled professionals:

- Personal income of at least USD 80k per year for the past two years (USD 40k if they have a master's degree or higher in science & technology or special expertise relevant to the job assignment in Thailand).
- Work for a company operating in a targeted industry: a higher education institution, a research institution, or a Thai government agency.
- Have five years of work experience in the targeted industries except if having a PhD in the relevant field.
- No minimum income & work experience for people working for Thai government agencies.

All categories must have a health insurance policy with at least USD 50,000 coverage, social security healthcare insuring against treatments in Thailand, or at least USD 100,000 deposit in a bank account.

6.3 WORK PERMIT

The Foreign Employment Act provides the rules regarding work permits. A work permit is required for every foreigner wishing to work or conduct business in Thailand, with only a few exceptions (e.g., diplomats and invitees of the government).

They are issued by the Department of Employment in the Ministry of Labour. Employers must apply for a work permit for every foreign worker they want to employ before foreigners start to work. They must inform the labour officer of the name, nationality, and work description of such foreigners within 15 days of the day of employment and of resignation.

A work permit is not transferable and is valid only for one person, occupation, and workplace stated therein. Any change will require a new work permit.

A work permit is normally valid for one year from the date of issuance but is subject to the expiration date of the non-immigrant B visa. If the visa expires before the work permit, the latter must be renewed. The foreign national may continue to work until notified that the application for an extension of the work permit has been denied.

6.3 WORK PERMIT

Special cases

A foreigner may enter Thailand temporarily to perform any “urgent and essential” work for up to 15 days without a work permit, provided that the foreigner and his employer notify the Ministry of Labour before the work begins.

A foreigner who wishes to work for a company operating under the Investment Promotion Act, the IEAT Act or the Petroleum Act may apply for a work permit within 30 days of entry into the country. If they have already been in the country, the 30-day period will start from the date they receive a work authorisation notice.

A foreigner who intends to work for a representative office may apply for a work permit at the Department of Commercial Registration of the MOC.

6.3 WORK PERMIT

Professions prohibited to foreigners

Forty occupations are forbidden for foreigners, 27 are strictly prohibited, and 13 are subject to conditions. The strictly forbidden activities are the following:

- Wood carving
- Motor vehicles driving (except for forklifts)
- Selling by means of auction
- Gemstone cutting or polishing
- Haircutting or beauty salon
- Hand-weaving of clothes
- Mat weaving or utensil making from reeds, rattan, straw, bamboo, chicken feathers, fibre, etc.
- Handmade mulberry paper
- Lacquerware making
- Thai musical instruments making
- Nielloware making
- Gold ornaments, silverware, or pink gold making
- Stone-polished metal bowl making
- Thai doll making
- Alms bowl making
- Hand making of silk products
- Buddha image making
- Paper or cloth umbrella making
- Brokerage or agency work (except in international businesses)
- Thai massage service
- Cigarette rolling
- Tour guide
- Street-vending
- Typesetting of Thai characters
- Silk reeling and twisting
- Clerical or secretarial work
- Legal service (except for arbitration if the applicable law is not Thai law)

6.3 WORK PERMIT

Professions prohibited to foreigners *(continued)*

Other activities that can be authorized include accounting, civil engineering, architecture, agriculture, construction, mattress making, knife making, pottery or ceramic ware making, labour work, and shop attendance professions.

If any violation of the law is found, the employer may be fined between THB 10,000 and 100,000 per illegal foreign worker.

Appendix

APPENDIX – A

Categories of businesses restricted to foreigners under the Foreign Business Act

Category I – The following businesses are strictly prohibited for foreign companies:

- Newspaper, radio, and television broadcasting
- Rice farming, plantation or crop growing
- Animal husbandry
- Forestry and timber processing from natural forests
- Fishery
- Extracting Thai herbs
- Trading and auction sale of Thai antiques or objects having historical value
- Making or casting of Buddha images and alms bowls
- Land trading

APPENDIX – A

Categories of businesses restricted to foreigners under the Foreign Business Act

Category II – The following businesses are forbidden to foreigners unless permitted:

Group 1 - Businesses related to safety and national security

- Production, distribution, or maintenance of:
    - Firearms, ammunition, gun powder, and explosives;
    - Components of firearms, ammunition, and explosives;
    - Armaments, ships, aircraft, or military vehicles;
    - Equipment or components of all types of military equipment.
- Domestic transportation by land, water, or air, including domestic aviation

Group 2 - Businesses with an impact on arts and culture, traditions, customs, and local handicrafts

- Trading of antiques, or object d'art that are fine arts, or Thai handicrafts
- Wood carvings
- Manufacture of Thai silk yarn, Thai silk weaving, or Thai silk printing
- Manufacture of Thai musical instruments
- Manufacture of goldware, silverware, nielloware, bronzeware or lacquerware
- Manufacture of crockery or pottery representing Thai arts and culture

APPENDIX – A

Categories of businesses restricted to foreigners under the Foreign Business Act

Group 3 - Businesses with an impact on natural resources or the environment

- Manufacture of sugar from sugarcane
- Salt farming, including underground salt
- Rock salt mining
- Mining, including dynamiting or quarrying of rocks
- Timber processing for the production of furniture and utensils

Category III – The following businesses are forbidden to foreigners unless permitted:

- Rice milling and production of flour from rice and plants
- Fishery, only aquatic breeding
- Forestry from planting
- Production of plywood, veneer board, chipboard, or hardboard
- Production of white lime
- Provision of accounting, legal, architectural, engineering services

APPENDIX – A

Categories of businesses restricted to foreigners under the Foreign Business Act

Category III – The following businesses are forbidden to foreigners unless permitted:

- Construction, except for:
    - Construction of structures for the provision of public infrastructures or transportation services requiring the use of specific tools, machines, technology, or expertise with a minimum foreign capital of THB 500 million;
    - Other constructions as prescribed by the ministerial regulations.
- Commission agent or brokerage, except:
    - Being a broker or agent in the purchase/sale of securities or in services related to future trading of agricultural commodities or financial instrument or securities;
    - Being a broker or agent for trading or procuring goods or services necessary for production or rendering services amongst affiliated enterprises;
    - Being a broker or an agent for trading, purchasing, procuring, or distributing of domestic and foreign markets for selling domestically manufactured or imported goods in the manner of international business operations with a minimum foreign capital of THB 100 million;
    - Other brokerage or agency as prescribed by the ministerial regulations.

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APPENDIX – A

Categories of businesses restricted to foreigners under the Foreign Business Act

Category III – The following businesses are forbidden to foreigners unless permitted:

- Auction, except:
  - International auctioning of items other than antiques, historical artefacts or art objects, which are Thai works of art, handicraft or antiques having a historical value to Thailand;
  - Other types of auctioning as prescribed by the ministerial regulations.
- Domestic trade related to native products that are not prohibited by law
- Retailing all types of goods if the total minimum capital is less than THB 100 million or if the minimum capital of each store is less than THB 20 million
- Wholesaling all types of goods if the minimum capital of each store is less than THB 100 million
- Advertising business
- Hotel business, except hotel management service
- Guided tours
- Selling food or beverages
- Plant cultivation and propagation business
- Other service businesses except those as prescribed by the ministerial regulations

APPENDIX – B

20 provinces with low per capita income:

1. Kalasin
2. Chaiyaphum
3. Nakhon Phanom
4. Nan
5. Bueng Kan
6. Buri Ram
7. Phrae
8. Maha Sarakham
9. Mukdahan
10. Mae Hong Son
11. Yasothon
12. Roi Et
13. Si Sa Ket
14. Sa Kaew
15. Sakhon Nakhon
16. Sukhothai
17. Surin
18. Nong Bua Lamphu
19. Ubon Ratchatani and
20. Amnatcharoen

APPENDIX – C

Special Economic Zones (SEZ)

- Projects must be located in 10 provinces:

1. Chiang Rai
2. Nakhon Phanom
3. Tak
4. Kanchanaburi
5. Nong Khai
6. Mukdahan
7. Sa Kaeo
8. Trat
9. Songkhla
10. Narathiwat

- Target Activities: 13 industries activities:

1. Agricultural, Fishing and Relevant Industries
2. Manufacture of Medical Products and Services
3. Manufacture of Vehicles, Machinery and Parts,
4. Manufacture of Electrical Appliances and Electronics
5. Manufacture of Ceramic Products, Metal and Material,
6. Manufacture of Plastic Products and Pulp
7. Public Utilities
8. Industrial Zones or Industrial Estates,
9. Manufacture of Textiles, Garments and Leather Products
10. Manufacture of Gems and Jewelry
11. Manufacture of Furniture
12. Tourism Promotion Services
13. Services

Contact Detail

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