



Doing Business

in Thailand 2025-2026

Grant Thornton in Thailand



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Ian Pascoe

CEO and Managing Partner
Grant Thornton Thailand

Foreword

Thailand continues to be a dynamic and attractive destination for businesses seeking growth opportunities in Southeast Asia. As one of the region's most strategically located economies, Thailand offers robust infrastructure, skilled workforce, and a supportive regulatory environment for both local and international enterprises. However, navigating the complexities of doing business in a foreign market requires deep local expertise and a clear understanding of the legal, financial, and operational landscape.

Grant Thornton in Thailand is committed to helping organisations succeed by providing expert guidance and innovative solutions tailored to the unique challenges and opportunities of the Thai market. Established in 1991, we have grown alongside our clients, continuously evolving to meet their needs. Today, as a member firm of Grant Thornton International Ltd, we bring a global perspective combined with local insights to support businesses at every stage of their journey. Our team of over 233 professionals offers a full spectrum of services, including advisory, audit & assurance, tax, legal, business process outsourcing, and technology & digital services.

As a firm that shares the ambition and dynamism of our clients, we understand the demands of an ever-changing business environment. We take pride in being a trusted partner for companies seeking to expand, transform, and thrive in Thailand. Whether you are looking to establish operations, scale your business, or navigate regulatory complexities, our dedicated team of experts is here to guide you every step of the way.

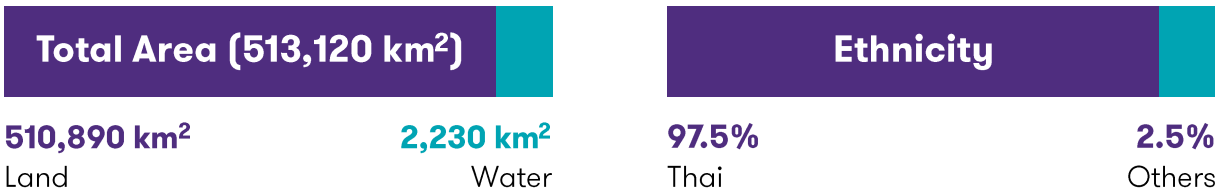
At Grant Thornton, we are driven by a commitment to excellence, integrity, and collaboration. We look forward to supporting your success in Thailand and beyond.

01

Country Profile

Key Statistics and Facts

Thailand’s prime location in Southeast Asia makes it a natural choice for investors seeking regional integration and growth. Thailand boasts a resilient macroeconomic environment, consistent Foreign Direct Investment (FDI) inflows, and a strong commitment to sustainable and innovation-driven growth.



Location

Southeastern Asia, bordering the Andaman Sea and the Gulf of Thailand, southeast of Myanmar



Climate

Tropical; rainy, warm, cloudy southwest monsoon; dry, cool northeast monsoon; southern isthmus always hot and humid



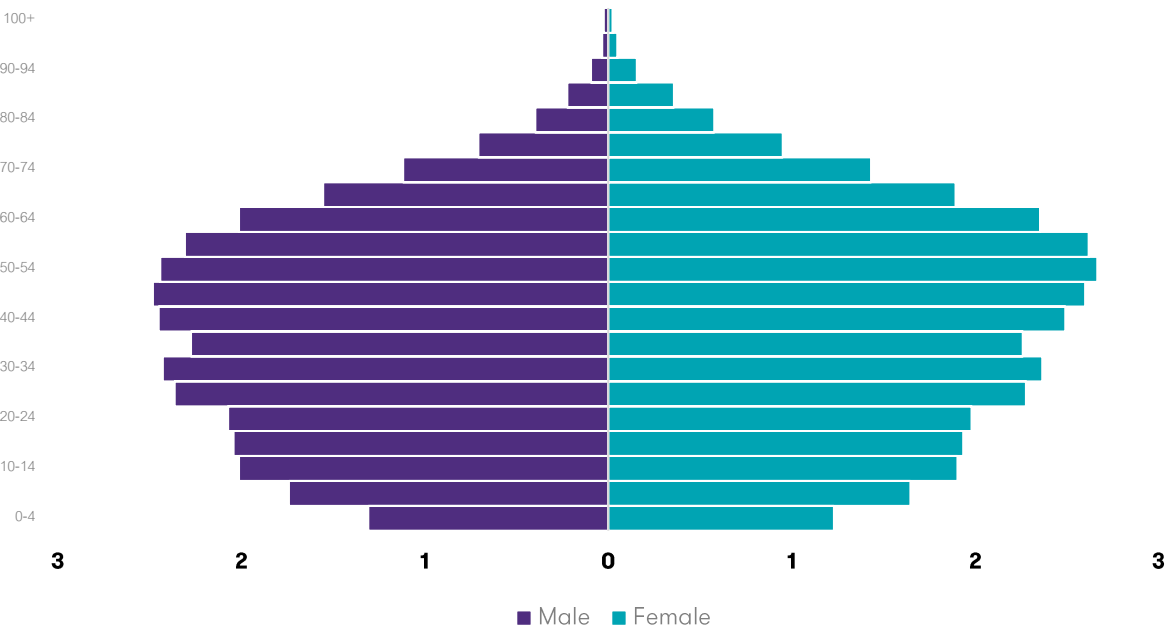
Time Zone

GMT+07



Estimated Population of Thailand (May 2025)

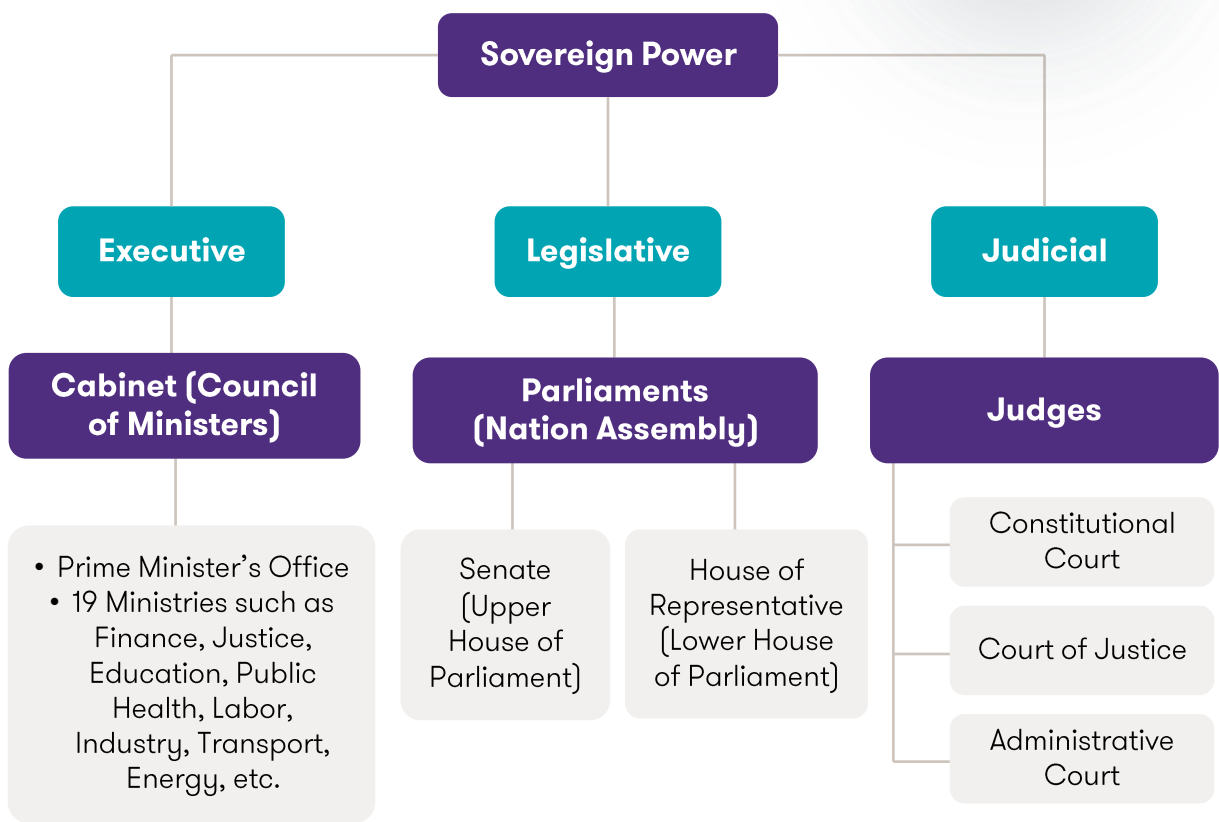
65.8 million



Source: Official statistics registration systems, The Bureau of Registration Administration (BORA)

Politics

Thailand is governed under a parliamentary democracy with a constitutional monarchy, in which the King serves as the Head of State. Sovereign power is divided among three distinct branches:



Legal System

Thailand follows a civil law system, but common law principles also influence its legal framework. The legal framework is primarily based on written laws, including the Constitution, statutes, acts, and codes, such as the Civil and Commercial Code, the Criminal Code, and the Labour Protection Act.

Source: Government Public Relations Department portal, the Prime Minister's office



Economy

Macroeconomic Overview



Income Status
Upper-Middle Income



GDP (2024)
2.5%



GDP Growth of Key Economic Sectors

- Private Consumption
+ 4.4 %
- Government Consumption
+ 2.5 %
- Public Investment
+ 4.8 %



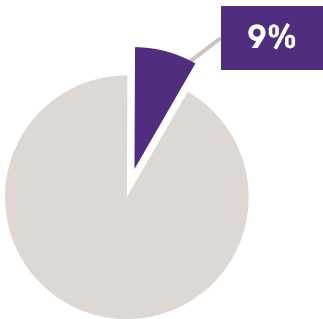
GDP per capita (2024)
USD 7,496



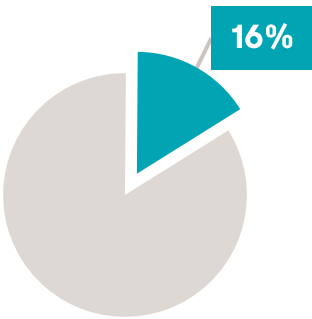
CPI (March 2024)
1.23%

Core Inflation: 0.6 %

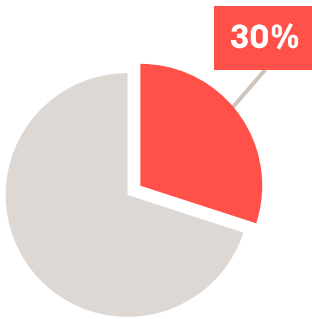
Economic Structure



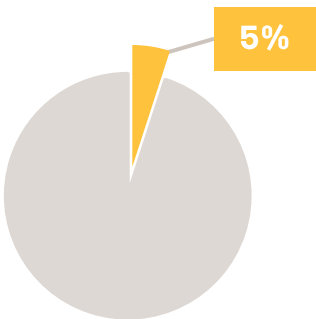
Agriculture



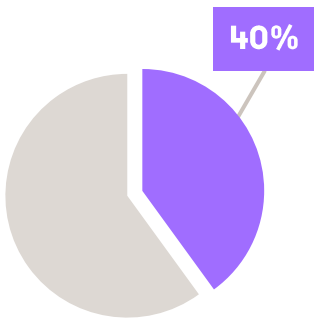
Commerce



Manufacturing



Real Estate



Services

Source: Office of the National Economic and Social Development Council (“NESDC”), Trade Policy and Strategy Office (“TPSO”), Bank of Thailand (“BOT”), Board of Investment (“BOI”)

Economy

Foreign Direct Investment (as of 31 May 2025)

141,462

Foreign-invested
Entities in Thailand

THB 10,219,752 million

Total Registered Capital

137,260

Active Entities

Top Invested Countries



Japan



Singapore



China

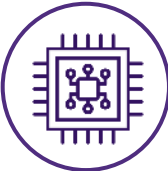


America



Hong Kong

Top Invested Industries 2024



Electrical Appliances and Electronics

THB 229,375 million



Metal and Material

THB 64,644 million



Digital

THB 220,324 million



Chemical and Petrochemicals

THB 52,185 million



Machine and Automotive

THB 220,324 million



High Value Service

THB 44,902 million

Source: Department of Business Development (“DBD”), NESDC, BOI

Economy

International Trade



Exports 2024

USD 300.52 billion
+5.4%



Imports 2024

USD 306.80 billion
+6.3%

Key Export Markets



US



China



Japan



ASEAN



EU

Key Import Markets



China



Japan



Taiwan



US

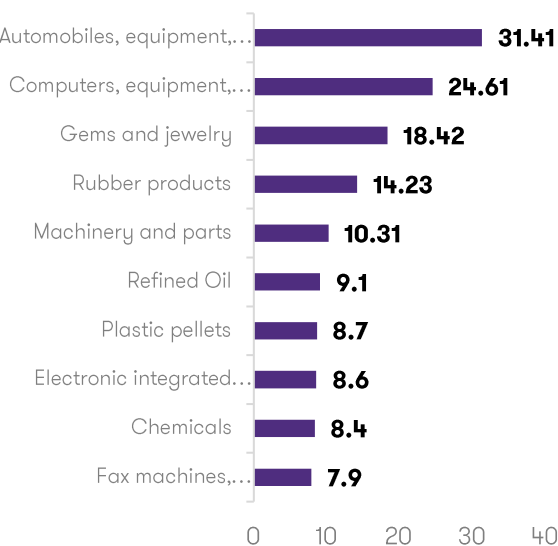


UAE

In 2024, Thailand's international trade demonstrated robust performance, with total exports reaching a record high of USD 300.52 billion, representing a 5.4% increase compared to the previous year. This growth was primarily driven by strong export activity in agricultural and food products, as well as continued expansion in the digital economy sector. On the import side, Thailand recorded USD 306.80 billion in total imports, reflecting a 6.3% year-on-year increase, attributed to heightened demand for raw materials, capital goods, consumer products, and a moderate rise in vehicle and transportation equipment imports.

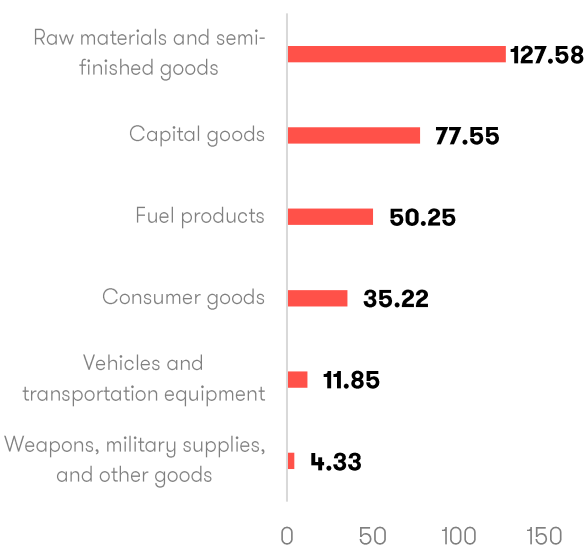
Top Export Products of Thailand 2024

Unit: USD billion



Top Import Products of Thailand 2024

Unit: USD billion



Source: TPSO, NESDC

02

Establishing an Entity in Thailand

Establishing an Entity in Thailand

According to Thai regulations, there are several legal forms of incorporation for business entities, such:

- Limited Company
- Partnership
- Joint Ventures
- Branch
- Representative Office

Thai law restricts or prohibits foreign participation in certain business activities deemed crucial to national security, the preservation of culture and heritage, or where Thai nationals are not yet ready to compete. In such cases, an overseas company may conduct business directly in Thailand, but must first obtain a Foreign Business License (FBL) or Foreign Business Certificate (FBC) before engaging in any restricted activities under the Foreign Business Act (FBA).

Capital Requirement

- There is no specific minimum registered capital requirement.
- For a limited company, the par value of each share must be at least THB 5, with a minimum of 25% of the registered capital required to be paid up.
- For a public limited company, 100% of the issued share capital must be paid up.
- If 50% or more of the shares in a limited company or public limited company are owned by foreigner(s), a minimum capital of at least THB 2 million (fully paid-up) is generally required for each business activity the company will undertake. For activities subject to restrictions under the FBA and requiring an FBL or FBC, the fully paid-up capital must be no less than THB 3 million per activity.
- For a branch office applying for an FBL, it is required to remit funds equal to 25% of the estimated average annual expenses for the first three years, or a minimum of THB 3 million per activity.

Filing Requirement

A company registered in Thailand is required to hold an Annual General Meeting (AGM) each year and submit the shareholders' list to the Ministry of Commerce (MOC) within 14 days of the AGM. Additionally, the company must submit its financial statements to both the MOC and the Thai Revenue Department (TRD) within 150 days from the end of an accounting period.

Forms of Business Organisation

Limited Company

In Thailand, a limited company can be classified either (1) a Private Limited Company or (2) a Public Limited Company.

Private Limited Company

- Minimum of 2 shareholders
- At least one director
- The par value of the share must not be less than THB 5 and must be at least 25% paid-up.
- Managed by the Board of Directors following the Memorandum and Articles of Association and subject to the control of shareholders.
- Subject to restrictions under the Securities Exchange Act, bearer shares may be issued if fully paid up and are freely transferable.



Public Limited Company

- At least 15 shareholders
- The founders must subscribe to at least 5% of the total shares and hold these shares for two years unless obtaining approval from the shareholder's meeting.
- The shares must be fully paid-up.
- At least 50% of the founders must reside in Thailand
- At least five directors



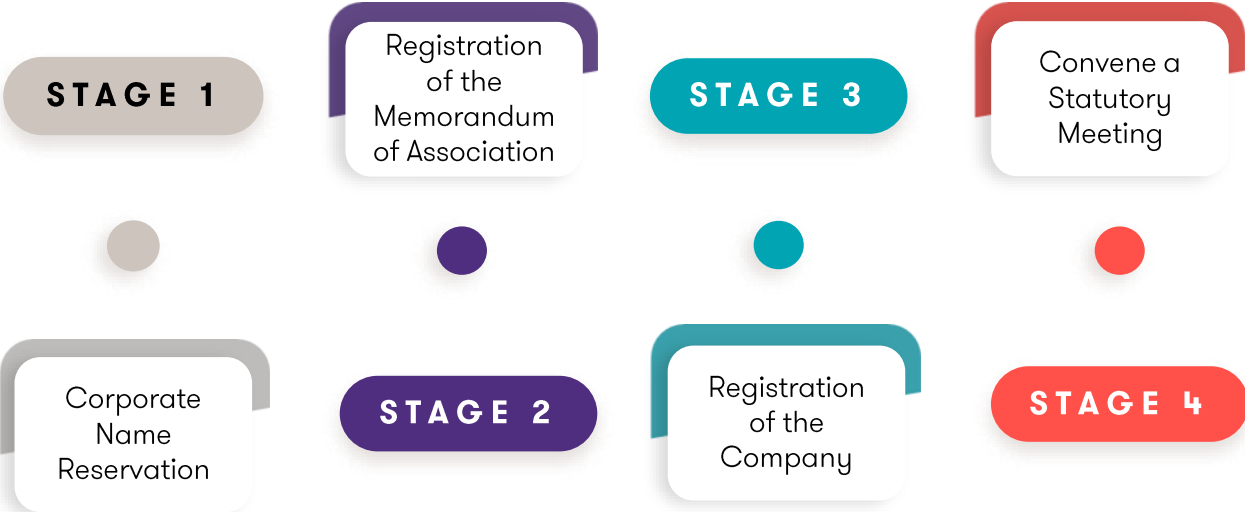
Forms of Business Organisation

Limited Company

Limited companies in Thailand are required to abide by the following important aspects of limited company internal governance:

- Hold an annual shareholders meeting within six months of incorporation and subsequent shareholders meetings at least every 12 months.
- 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 (Annual General Meeting). 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 shareholders at the time of the annual shareholders meeting and submit the lists to the DBD within 14 days after the meeting.

Registration Procedure



Forms of Business Organisation

Partnership

A partnership is a business formed by two or more persons, where in an ordinary partnership, all partners are jointly and unlimitedly liable for the obligations of the partnership, while in a limited partnership, at least one partner has unlimited liability and at least one limited partner is liable only up to the amount of their contribution. Partners may contribute to the partnership as follows:



Labour



Money



Property

Ordinary Partnership

- Ordinary partnerships can be registered or unregistered.
- 1) Unregistered**
- Not a legal entity and treated as an individual for tax purposes.
 - Partners are always liable, even if they leave the partnership.
- 2) Registered**
- 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.
 - Partner liability ends two years after leaving the partnership.
 - Creditors must claim debt from the partnership's assets first, not from individual partners, unlike in an unregistered partnership.

Limited Partnership

- A limited partnership is a separate legal entity that comprises two or more partners.
 - Partners may consist of :
- 1) Limited Partner**
- Can contribute only money or property
 - Liability is limited to such contribute amount
 - Cannot participate in management of partnership. If they do so, they will become unlimited partners.
- 2) Unlimited Partner**
- 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.

Forms of Business Organisation

Joint Venture

A joint venture typically involves two or more parties collaborating on a specific project, series of projects, or on a long-term, continuous basis.

Forms of joint ventures:

- Some joint ventures allow parties to retain their separate legal status.
- In other cases, a new legal entity is created that is separate and distinct from the individual joint venture parties.

Incorporated joint ventures:

- Often involve a Thai company and a foreign company.
- The Thai partner typically provides local knowledge and expertise, while the foreign company contributes equity, technology, know-how, and licenses for patents or trademarks.

Unincorporated joint venture (UJV):

- Operates based on the sharing of profits and losses.
- The Revenue Department treats a UJV as a single entity for tax purposes, requiring it to file a single tax return with one balance sheet and profit and loss statement.
- If the parties prefer to remain separate tax-paying entities, they must carefully structure their contracts and operations in advance to avoid this tax treatment.

Branch Offices

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.

The minimum capital must be remitted to Thailand as follows:

- At least 25% within 3 months of approval
- At least 50% within 1 year
- 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.

Forms of Business Organisation

Representative Offices

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:

- 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

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; and
- The head office must pay all expenses.

The minimum investment capita required is THB 2 million.

03

Foreign Investment and Investment Incentives

Foreign Investment

The Foreign Business Act B.E. 2542 (1999) (“FBA”) is the primary law governing foreign participation in or ownership of business operations in Thailand. Under the FBA, foreign participation is prohibited or restricted in certain types of business activities, which are organised under three lists appended to the FBA. Unless otherwise permitted by other applicable laws (e.g., the Investment Promotion Act, other exclusionary laws, or other bilateral treaties).

Definition of ‘Foreigner’ Under the FBA

01

A natural person who is not of Thai nationality.

02

A juristic person not registered in Thailand.

03

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.

04

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.

Foreign Investment

Restricted Businesses

 Prohibited	Category I	Business activities reserved for Thai only
 Permission Required	Category II	<p>Activities that may affect national security or safety, art, culture, customs, handicraft productions, natural resources or the environment</p> <ul style="list-style-type: none">• Group 1 - Businesses related to safety and national security• Group 2 - Businesses with an impact on arts and culture, traditions, customs, and local handicrafts• Group 3 - Businesses with an impact on natural resources or the environment
 Permission Required	Category III	Activities in which Thais are considered not adequately prepared to compete with foreigners
 Permission is not required	Business not under the list	<ul style="list-style-type: none">• Manufacturing activities• Export business

Foreign Investment

Example of Restricted Businesses

Category I

- 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

Category II

- Group 1 - Businesses related to safety and national security
 - Production, distribution, or maintenance of: Firearms, ammunition, gun powder, and explosives;
 - 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, Thai musical instruments, goldware, silverware, nielloware, bronzeware or lacquerware, crockery or pottery representing Thai arts and culture
- 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

Foreign Investment

Example of Restricted Businesses

Category III

- Activities in which Thais are considered not adequately prepared to compete with foreigners
 - 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
 - Construction,
 - Commission agent or brokerage
 - Auction
 - Domestic trade related to native products that are not prohibited by law
- Activities in which Thais are considered not adequately prepared to compete with foreigners
 - 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 regulation

Foreign Investment

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 the following penalties:



Imprisonment for up to 3 years; or



Both imprisonment and fine



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



A fine from THB 100,000 up to THB 1,000,000; or



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

Treaty of Amity

The Thailand Treaty of Amity is designed to offer substantial benefits to U.S. investors—both individuals and corporations—seeking to conduct business in Thailand. Specifically, the treaty grants two key trade advantages to American entities:

- i. **Ownership Rights:** U.S. companies are allowed to own the majority—or even 100%—of shares in a Thai-based company, branch office, or representative office.
- ii. **Equal Business Rights:** American businesses can operate under the same conditions as Thai companies, enjoying exemptions from most of the foreign investment restrictions stipulated in Foreign Business Act.

Although the Thailand Treaty of Amity grants significant advantages to U.S. investors, it also imposes certain restrictions. Under the treaty, American investors are prohibited from participating in the following reserved activities:

- Communications
- Transportation
- Fiduciary services
- Banking involving depository functions
- Land ownership or the exploitation of land and other natural resources
- Domestic trade in indigenous agricultural products

Qualifications to Be Considered Under the Treaty

- The applicant must be a U.S. citizen, or a company incorporated in the U.S. or Thailand.
- At least 51% of the company's shares must be held by U.S. nationals.
- At least 50% of the directors must be American or Thai.
- If only one director is authorised to sign, they must be Thai or American.
- If multiple directors are authorised, the majority must be Thai or American.
- Any non-American authorised director must co-sign with an American.

Capital Requirements:

- If the business is not restricted under the Foreign Business Act (FBA), the minimum capital is THB 2 million
- If restricted under the FBA and needing a Foreign Business License, THB 3 million per activity is required.

Investment Incentives

The Thai government offers various incentives to both Thai and foreign investors, overseen by the Board of Investment (BOI) and the Industrial Estate Authority of Thailand (IEAT). Additionally, the government has introduced the International Business Centre (IBC) regime to enhance investment opportunities.

Board of Investment (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

- 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

Non-Tax Incentives

- 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

Investment Incentives

Board of Investment (BOI)

Investment Promotion Criteria

- The value-added of the project must not be less than 20% of revenues, except for projects in agriculture and agricultural products, electronic products and parts, and coil centres, all of which must have value-added of at least 10% of revenues.
- Modern production processes or servicing procedures must be used in accordance with the Board's approval.
- New machinery must be used.
- Projects involving metal melting processes must be certified to ISO 14000 quality system standards or an equivalent standard before exercising corporate income tax exemption incentives. If the projects do not exercise or have not been granted the income tax exemption incentives, they must obtain the required certification before the full operation deadline.
- Adequate and efficient guidelines and measures to protect environmental quality and to reduce environmental impact must be installed. The Board will give special consideration to the location and pollution treatment of a project with potential environmental impact.
- The minimum capital investment requirement of each project is 1 million baht (excluding the cost of land and working capital) unless specified otherwise on the list of activities eligible for investment promotion that is announced by the Board.
- For newly established projects, the debt-to-equity ratio must not exceed 3 to 1. Expansion projects shall be considered on a case-by-case basis.
- For projects with investment value of over 2,000 million baht (excluding the cost of land and working capital), the project's feasibility study must be submitted with details as specified by the Board.

Foreign Shareholding Criteria

- For projects in activities under List One annexed to the Foreign Business Act, B.E. 2542, Thai nationals must hold shares totalling not less than 51% of the registered capital.
- For projects in activities under List Two and List Three annexed to the Foreign Business Act, B.E. 2542, there are no equity restrictions for foreign investors except as otherwise specified in other laws.
- The Board may set foreign shareholding limits for certain activities eligible for investment promotion as deemed appropriate.

Investment Incentives

Board of Investment (BOI)

Eligible Business Activities



BCG Industries

- Agriculture, Food, and Biotechnology
- Medical



Basic and Supporting Industries

- Metals and Materials
- Chemicals and Petrochemicals
- Public Utilities



Digital, Creative Industries, and High-Value Services

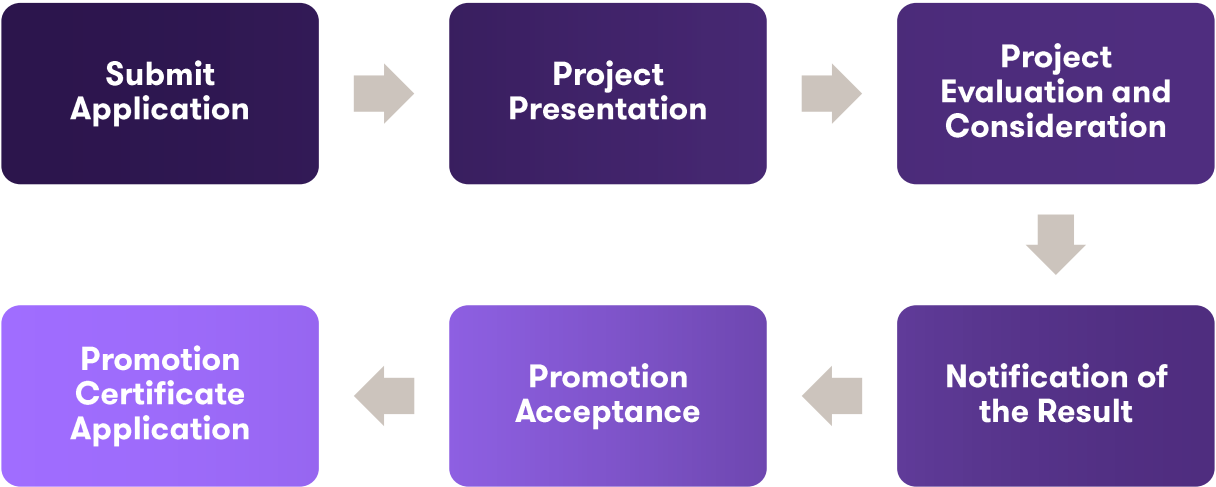
- Digital
- Creative Industries
- High-Value Services



Industries Utilising Advanced Technology

- Machinery and Vehicles
- Electrical and Electronics

Application Process



Investment Incentives

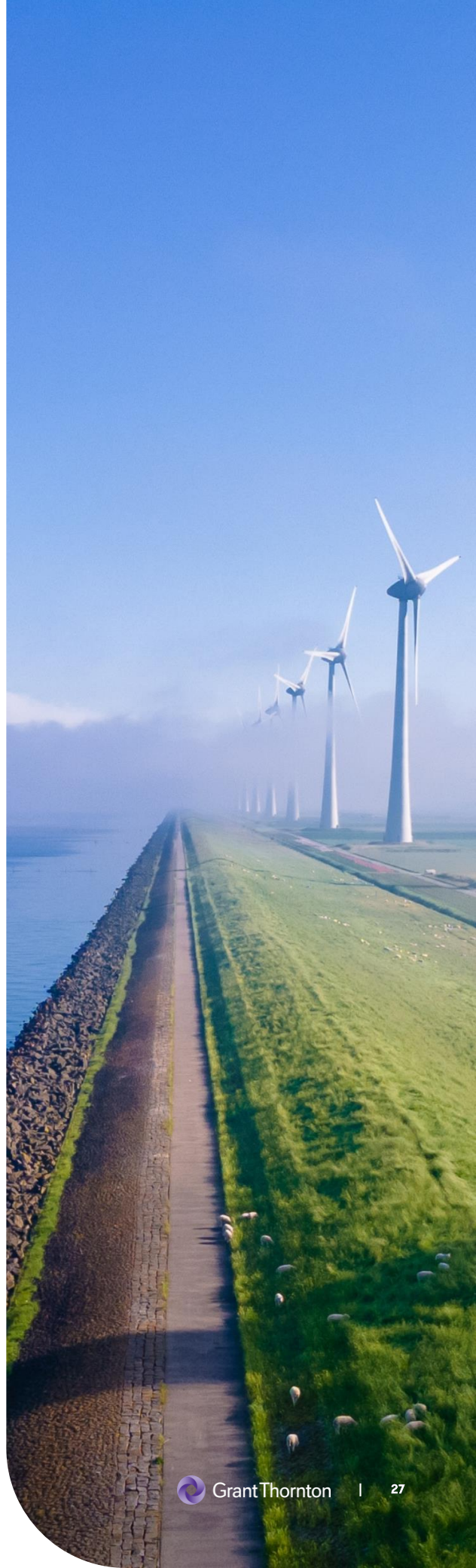
Industrial Estate Authority of Thailand (IEAT)

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.

There are a total of 69 existing industrial estates in Thailand. This includes 15 industrial estates directly administered by IEAT and 54 jointly with private developers.



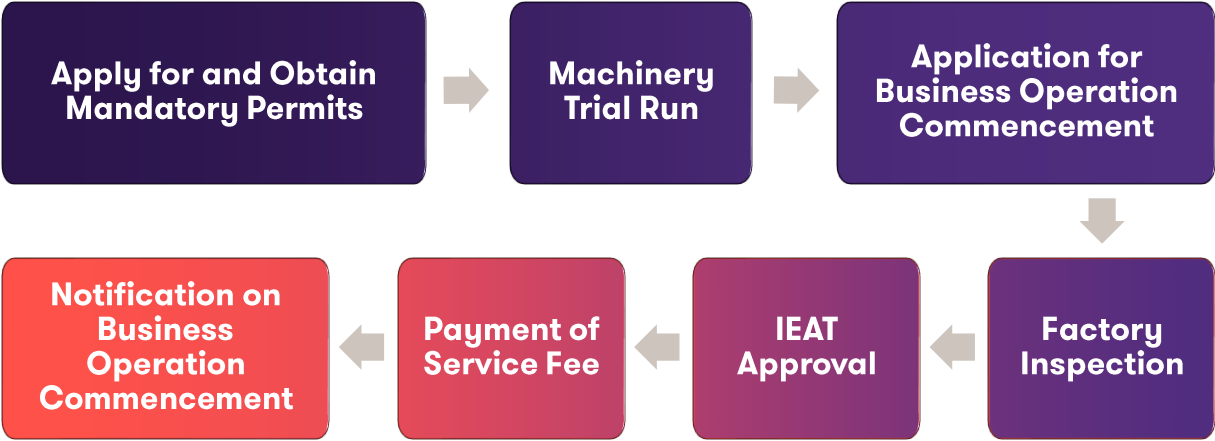
Investment Incentives

Privileges

General Industrial Zones	IEAT Free Zones
<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Permission to export products without any restrictions;• Tax and duty privileges for supplies taken into the zone;<ul style="list-style-type: none">• 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;• 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.

Investment Incentives

Application Process



Investment Incentives

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 in effect since 2019.

IBC Criteria

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

01

Be established under Thai law

02

Have a registered capital of at least THB 10 million

03

Provide certain services to its affiliates (see the list below)

04

Have at least 10 skilled full-time employees (5 for treasury centres)

05

Have at least THB 60 million of annual operating expenses in Thailand



Investment Incentives

International Business Centres

IBC Activities

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

Financial Management Services	<ul style="list-style-type: none">Financial management by treasury centres approved under the Exchange Control Act.Borrowing and lending in THB by the treasury centres approved under this Act.
Management, Technical and Support Services	<ul style="list-style-type: none">General management, business planning, and coordinationProcurement of raw materials and partsR&D of productsTechnical supportMarketing and sales promotionHR management and trainingFinancial advisoryEconomic and investment analysis and researchCredit management and control
International Trading Business	<ul style="list-style-type: none">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:<ul style="list-style-type: none">Procurement of goods;Warehousing services prior to delivery;Packaging services;Transportation of goods;Insurance of goods;Advisory, technical and training services on goods.

Investment Incentives

International Business Centres

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)



Exemption from SBT

- On income received by a treasury centre



Tax exemption on dividends

- Received by the IBC from its affiliates



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



PIT rate

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

Note: The eligible IBC income includes:

- Income derived from providing administrative services, technical services, supporting services, or financial management services to associated enterprises in Thailand or overseas
- Royalties received from associated enterprises in Thailand or overseas but only those arising from the results of technological R&D carried out in Thailand

04

Labour Law

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:

Working hours	Normal work <ul style="list-style-type: none">• 8 hours per day• 48 hours per week
	Hazardous work <ul style="list-style-type: none">• 7 hours per day• 42 hours per week
Workdays	6 days per week One day is a weekly holiday
Rest time	1 hour per day after working not more than five consecutive hours
Overtime (Must obtain employee's consent)	Up to 36 hours per week
	On a regular workday <ul style="list-style-type: none">• 1.5 times payment to the average hourly wage
	On a regular workday <ul style="list-style-type: none">• 2 times payment for the normal hours• 3 times payment for the work outside normal hours

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 2025, the daily minimum wage ranged from THB 337 to THB 400.

Labour Protection Act

Leave and Holidays

Public Holiday	≥ 13 days	Full Pay
Sick Leave	30 workdays (May require a doctor's certificate for the sickness of 3 consecutive workdays or more)	Full Pay
Business Leave	3 days	Full Pay
Annual Vacation	≥ 6 days after one year of consecutive work	Full Pay
Maternity Leave	Totaling 98 days (including holidays) <ul style="list-style-type: none">• 45 days	Full Pay

Employment Transfer

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

- 1 Employers must have a clear announcement for at least 30 consecutive days before the date of transfer. Names of employees concerned, place, and date of relocation must be announced.
- 2 Employees can refuse the transfer if they notify the employer within 30 days. Such refusal is a legal cause for dismissal.
- 3 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.
- 4 Employees are entitled to special severance pay at least equal to what they would normally be entitled to.

Labour Protection Act

Termination of Employment

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

Reason for Termination of Employment

Performing duties dishonestly or intentionally committing a criminal offense against 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

Wilfully causing harm or negligently causing serious harm to the employer

Leaving work without justification for three consecutive working days

Being sentenced to imprisonment by a final court decision (not a minor offense 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.



Labour Protection Act

Severance Payment

To be entitled to such payment, employees must:

01

Period of Work

- Have worked for an uninterrupted period of at least 120 days

02

Termination

- Have been terminated without cause

Employment Period

Less than 120 days
120 days but less than 1 year
1 year but less than 3 years
3 years but less than 6 years
6 years but less than 10 years
10 years but less than 20 years
20 years or more

Severance Pay Rate

No severance pay
30 days
90 days
180 days
240 days
300 days
400 days



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.



Other Labour Laws

Workmen's Compensation Act

The Workmen's Compensation Act requires all employers to contribute to the Workmen's Compensation 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 event of death or disappearance.

Social Security Act

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

Provident Fund Act

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.

Act for the Establishment of and Procedure for Labour Court

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.

Labour Relations Act

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.

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 as follows:



Country	Minimum Salary per Month
Europe (exclude Russia) and Australia, Canada, Japan, USA	THB 50,000
South Korea, Singapore, Taiwan and Hong Kong	THB 45,000
Asia (exclude Japan, South Korea, Singapore, Taiwan, Hong Kong, Myanmar, Laos and Vietnam), South America, Eastern Europe, Central America, Mexico, Russia and South Africa	THB 35,000
Africa (exclude South Africa), Cambodia, Myanmar, Laos and Vietnam	THB 25,000



05

Immigration and **Work Permit**

Immigration

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.

Special Visas

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).

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.

Immigration

There are four categories of SMART Visas as follows:



Talents

The applicant must have a monthly income of at least THB 100,000 (or THB 50,000 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.



Executives

The applicant must draw a minimum salary of THB 200,000 per month, contract of at least one year, ten years of work experience and a bachelor's degree or above.



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.



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.

Immigration

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.

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.

All LTR Visa types requires the following insurance:

- Health insurance coverage in Thailand of at least USD 50,000 for not less than 10 months;
- Social Security in Thailand; or
- Saving Deposit: USD 100,000/person



Immigration

Long Term Resident (“LTR”) Visa

Wealthy Global Citizens

- 1 Investment in Thailand:**
Minimum USD 500,000.
- 2 Worldwide Assets:**
Combined value, including Thai investments, of at least USD 1 million.

Wealthy Global Citizens

- 1 Age:** must be over 50 years old.
- 2 Passive Income:**
 - **Option 1:** USD 80,000/year
 - **Option 2:** USD 40,000/year

Investment in Thailand of at least USD 250,000.

Work-From-Thailand Professionals

- 1 Employer Requirement:**
Must work for either:
 - A public company listed on a stock exchange; or
 - A private company with at least 3 years of operation and combined revenue of USD 50 million in the last 3 years (a wholly owned subsidiary may use its parent company's financials)

Personal Income

- 2**
 - **Option 1:** USD 80,000/year over the past 2 years.
 - **Option 2:** USD 40,000/year over the past 2 years.

Master's degree, Intellectual Property ownership, or Series a funding of at least USD 1 million.

High-Skilled Professionals

- 1 Targeted Industries and expertise areas:**
 - Must work for a company in targeted industries; or
 - Hold a position in targeted expertise areas
- 2 Personal Income**
 - **Option 1:** USD 80,000/year over the past 2 years.
 - **Option 2:** USD 40,000/year over the past 2 years.

Master's degree in science or technology.

Immigration

Destination Thailand Visa (“DTV”)

In 2024, the Thai government launched the Destination Thailand Visa (DTV) to attract more tourists and stimulate the economy — a promising development for foreigners seeking a simpler long-term immigration option. This visa provides an accessible and cost-effective way to stay in Thailand, with fewer eligibility restrictions and lower fees.



Eligible Foreigners



Digital Nomad or a Remote Worker Employed at an International Company



Spouse and Dependent Child of DTV Holders

Participants in following activities for not less than 6 months:



Muay Thai Lessons



Thai Cooking Classes



Sport Training Sessions



Educational Seminars



Music Festivals



Treatment at Thai Medical Centres and Hospitals



Visa Validity

- 5 years (multiple entry)



Period of Stay

- 180 days per entry



Financial Requirement

- Holding at least 500,000 baht in your bank account



Immigration

Thailand Digital Arrival Card (“TDAC”)

What is TDAC?

The Thailand Digital Arrival Card (“TDAC”) is an online platform developed to replace the traditional paper arrival card and simplify the entry process for travelers entering Thailand by land, air, or sea. This digital system enhances security, streamlines immigration procedures, and supports public health monitoring, providing a more efficient and seamless experience for international arrivals.

Who must submit?

All non-Thai nationals entering the Kingdom of Thailand are required to complete the Thailand Digital Arrival Card (TDAC) online before their arrival.

When to submit?

Foreign nationals must complete and submit their TDAC information 3 days in advance of their arrival date in Thailand.

What information is required?

To submit, you will need the following information:

- Passport Information
- Personal Information
- Travel Information
- Accommodation Information in Thailand
- Health Declaration Information

Work Permit

The Foreigners' Working Management Emergency Decree B.E. 2560 (2017) and its amended, 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.

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.

Work Permit

Strictly prohibited occupations for Foreigners

<ul style="list-style-type: none">• 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• Bronze ware making	<ul style="list-style-type: none">• 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 by hand• 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)
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Prohibited Occupations with exceptions

Prohibited occupations for foreigners with the condition that foreigners are allowed to work under international agreements or obligations to which Thailand is bound under the provisions of laws are:

- Controlling, auditing, accounting services, except
 - [1] Occasional Internal Audit;
 - [2] Work under International Agreements which Professional Association provides a certificate of qualifications.
- Civil engineering work
- Professional architectural work

Work Permit

Exceptions for skilled or semi-skilled workers

Prohibited occupations for foreigners, with the exception that foreign workers are allowed to do skilled or semi-skilled work when working for an employer, include:

- Agriculture, animal husbandry, forestry or fishery
- Bricklaying, carpentry or construction works
- Mattress or quilt blanket-making
- Knifemaking
- Shoemaking
- Hat making
- Dressmaking
- Pottery or ceramic ware making

Exceptions under treaties

Prohibited occupations which foreign workers are permitted to perform under the condition of having employers and permitted to enter Thailand by Immigration Law under MoUs or agreements between the Thai government and the foreign government are:

- Labour (manual work and simple work which requires physical strength)
- Shop front sellers (selling goods at a wholesale or retail establishment as well as selling goods at stalls or shops located in markets or roadsides)

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

06

Foreign Exchange Control

Foreign Exchange Control

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.

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. Any unauthorised transactions must be approved by BOT on a case-by-case basis.

Regulation on Cross Border Transfer

Inflows

- Foreign currencies or baht can be transferred or brought into Thailand without limit.
- 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.

Outflow

- **Goods & Services**
 - Allowed up to the amount of the obligations.
 - E.g. service fees, interest, dividends, profits, royalties, or payments related to education.

- **Direct Investment and Lending Abroad**

- Thai companies and individuals are allowed to invest in an overseas business entity (owned at least 10%), invest in or lend to an overseas business without limit in foreign currencies, except for the case of investment or lending to a business entity in countries bordering Thailand or Vietnam for the purposes of trade or investment in Thailand or those countries which can be in baht.

- **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”).

Foreign Exchange Control

Regulation on Cross Border Transfer

Outflows

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).

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.

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.

Foreign Exchange Control

Bank Accounts

Type of Bank Deposits	Deposit conditions	Withdrawal conditions
Foreign Currency Accounts of Residents	<p>Without limit</p> <ul style="list-style-type: none"> received from abroad purchased, exchanged, or borrowed from authorised banks received from other residents <p>With limit (currency notes and coins)</p> <ul style="list-style-type: none"> Up to the amount brought into Thailand or obtained from authorised banks or non-bank FX licensees up to USD 15,000 per day per person 	<p>Payments in foreign currency between residents</p> <ul style="list-style-type: none"> Payments of obligations to authorised banks or non-bank FX licensees Deposit into other FCDs of the same account holder or other residents. Conversion into baht. Exchange with commercial banks to proceed with the above operations
Foreign Currency Accounts of Non-Residents	<p>With limit (currency notes and coins)</p> <ul style="list-style-type: none"> Up to the amount brought into Thailand or obtained from authorised banks or non-bank FX licensees up to USD 15,000 per day per person 	Without limits

Type of Bank Deposits	Purposes of Opening
Non-Resident Baht Accounts (NRBA)	General (i.e. trade, services, foreign direct investment, investment in immovable assets, and loans.)
For Securities (NRSB)	Investment in securities and other financial instruments in Thailand

Foreign Exchange Control

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. 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), customs declaration is required.



07

Financial Reporting and Audit

Financial Reporting and Audit

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.

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.

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 changes its accounting period. A change in the closing date of an accounting period requires the prior approval of the Director-General of the Revenue Department. The financial year-end by default is 31 December.

Accounting Compliance

Bookkeeping

1

Must respect the form and content provided in the TFRS.

2

The balance sheet and the profit and loss accounts must be prepared and filed at the end of each fiscal year.

3*

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.

* Does not apply to sole proprietors and ordinary unregistered partnerships.

4

Documents that companies must keep include:

Accounting journal

Balance sheets

Records of electronic funds transfer

Bank statements and records of cheques

Statement of accounts

Credit card transactions

Records of payment and receipts

Internal or external audit reports

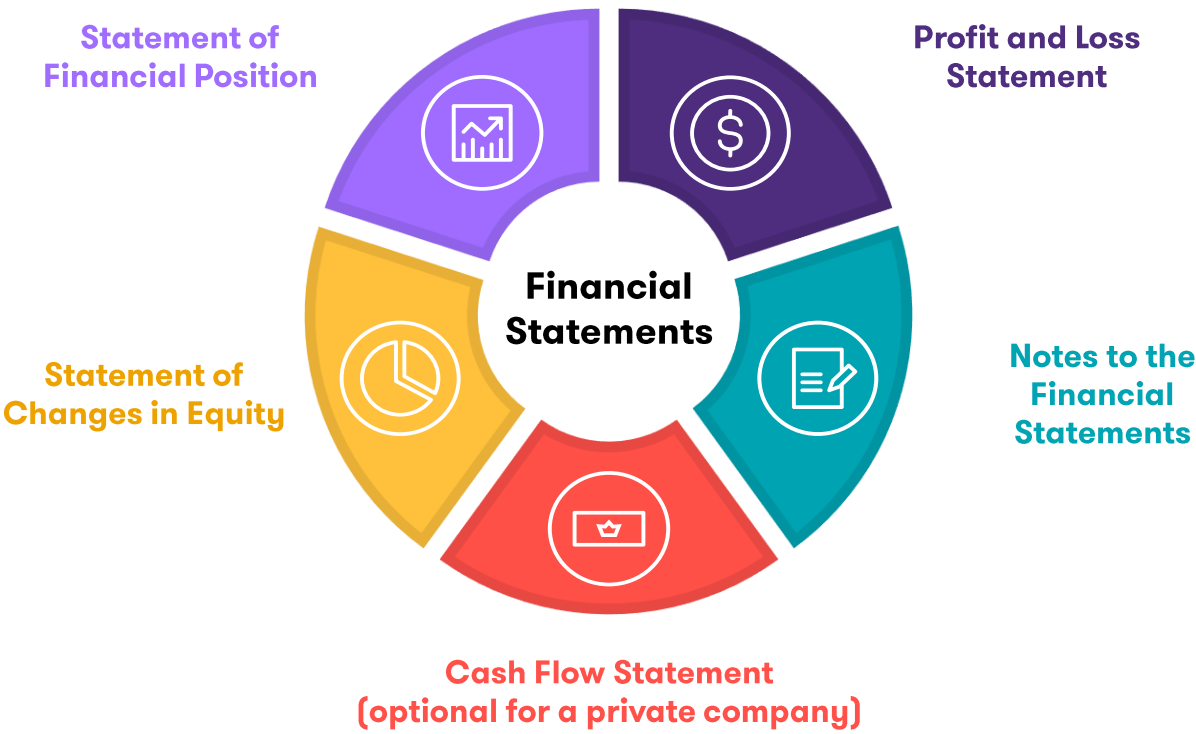
Profit and loss

Accounting Compliance

Annual Audited Financial Statements

All financial statements, accounts, and documents must be in Thai language or 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. Under the TFRS, the financial statements should include the following:



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.



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.



08

Taxation

Corporate Taxation

Scope of CIT

Corporate Income Tax (“CIT”) is a direct tax levied on the net profit of the companies established under Thai law and on foreign entities that carry on business activities in Thailand or derive some income from 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.

There are various types of business entities that are subject to CIT, such as:

- A juristic partnership or a limited company incorporated under Thai laws
- Joint venture
- Branches of a foreign company
- Resident agent of a foreign company

A foreign company that does not carry on business in Thailand is subject to the withholding tax (“WHT”) on certain income paid from or in Thailand.

Taxable Income

A company incorporated in Thailand is subject to corporate tax on its net profit calculated from the income, gains and profits derived on a worldwide basis.

Income and expense must be recognised on an accrual basis, and the condition to calculate net profit must comply with the tax laws.

A foreign company with a branch or having a resident agent in Thailand is subject only to income, gains and profits arising from or as a consequence of its business carried out in Thailand.

Exempt Income

The following income is exempt from CIT:

- 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.
- Only 50% of the dividend received from another company incorporated in Thailand will be exempted if the above conditions are not met.

Corporate Taxation

Deductions

Generally, any expense associated paid for seeking the profit or associated with the business of the company. However, Thai tax laws specify some types of expenses that are regarded as non-deductible expenses

Non-deductible expenses:

- A bad debt written off may be deductible if it follows the conditions prescribed by ministerial regulations.
- 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.
- Capital expense (for obtaining the assets that can be used more than one accounting period)
- 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.



Corporate Taxation

Deductions

Depreciation and Amortisation:

- The costs for acquiring the assets that can be used for more than one accounting period cannot be taken as the period expense. It is required to be amortised and deducted as a company's taxable expense per the depreciation rates as prescribed by laws.
- However, the depreciation rates 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 (except land and inventories) are depreciated over a minimum life of 5 years (max. 20% per year). However, there are some exceptions:

Types of Assets	Years of Useful Life
Durable buildings	Minimum life of 20 years (max. 5% per year)
Depletable natural resources	Minimum life of 20 years (max. 5% per year)
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.
Lease rights	<p>No written agreement or if the agreement permits continual renewals, the minimum life is ten years (max. 10% per year)</p> <p>The agreement does not contain a renewal clause or if renewal is limited, a deduction is made over the original and renewable lease periods</p>
Computer hardware and software	Minimum life of 3 years (max. 33.33% per year)
Depreciation of a car or a bus (max. 10 passengers)	Minimum life of 5 years (max 20% per year), the cost is capped at THB 1 million.



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 THB 5 million and revenue not exceeding THB 30 million) are exempt from income tax for the first net taxable profits of THB 300,000. The next taxable profits are subject to the following tax rates:

- Net taxable profits of THB 300,001 to THB 3 million – 15%;
- Net taxable profits above THB 3 million – 20%;

CIT Returns

The companies conducting business in Thailand are responsible for preparing and submitting its CIT returns under a self-assessment system. The Companies must calculate their payables and file the tax returns by their due date.

For the calculation of the CIT payable, the tax year of the company is the same as the accounting period of the company, which must be a twelve-month period, except for the first accounting period, which may end on any date within twelve months of incorporation.

Companies can change the closing date of an accounting period with the permission of the Director General of the Revenue Department.

CIT Returns

Companies must submit the following income tax returns:

- Half-year tax return (PND 51) must be submitted 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 (less than a 12-month period)
 - 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 20% surcharge of the tax shortfall.
- Year-end tax return (PND50) must be submitted within 150 days after the end of the company's accounting period.

Corporate Taxation

Tax Audit

- 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.
- The Revenue Department 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.



Penalties and Surcharges

- Tax penalties are equal to the amount of tax shortfall from the non-compliance of the submitted tax return. In case of no tax returns submission, the penalty will go up to the double amount of tax shortfall.
- Additionally, Companies are subject to 1.5% of tax payable per month capped at the amount of tax shortfall.
- 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 is given to the investigating officer. The Director-General may reduce penalties further, but normally not regarding a surcharge.

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.

Corporate Taxation

Transfer Pricing

- Since 1 January 2019, Thailand has adopted the primary transfer pricing law in the Revenue Code Amendment Act no. 47.
- 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” is defined as follows:



Direct or indirect shareholding at least 50% or more; or



Direct or indirect common shareholding at least 50% or more; or

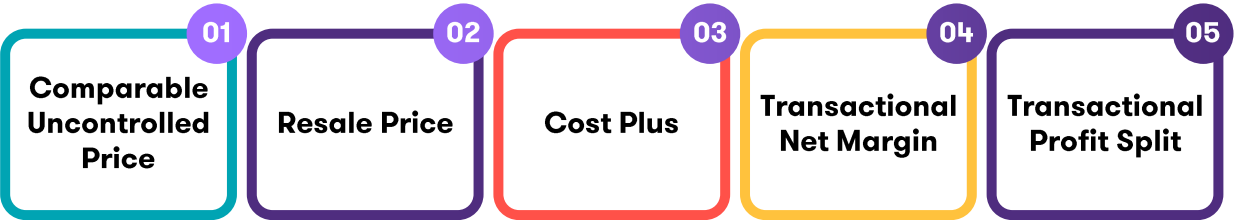


Dependent relationship in terms of capital, management, or control

- 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.

Transfer Pricing Methods

- 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:



- Other transfer pricing methods, with the approval from Director-General of the Thai Revenue Department, can also be used if it is justifiable and appropriate.
- Tax penalties and surcharges can be imposed 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 a Bilateral Advance Pricing Agreement (BAPA) is currently acceptable in Thailand.

Corporate Taxation

Transfer Pricing

Reporting Documents

There are four types of transfer pricing documents that the targeted companies and juristic partnerships are required to prepare:

- 1) Transfer pricing disclosure form:** This form is to disclose details of related parties and the transactions. The form shall be submitted 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, will result in a fine of up to THB 200,000.
- 2) Transfer pricing local file:** This document is to disclose local taxpayer's detail, including business overview, shareholding structure, detail of related party transactions, 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.
 - Taxpayer 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, will result in a fine of up to THB 200,000.



Corporate Taxation

Transfer Pricing

Reporting Documents

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

- The master file must be submitted 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, will result in a fine of up to THB 200,000.

4) Country-by-country reporting (CbCR): This document discloses the allocation of revenue, profits, and taxes among jurisdictions where members of a 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 Ultimate Parent Entity (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 result in 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.

Corporate Taxation

Withholding Tax

Below are the details of withholding tax returns used to remit the tax to the RD:

Returns	Type of Income	Income Recipient
PND 1	Income from employment	Resident individual
PND 2	Income from IP property, gain, dividend	Resident individual
PND 3	Rent fee, service fee, liberal professional fee, advertising fee, prize, transportation fee	Resident individual
PND 53	Rent fee, service fee, liberal professional fee, advertising fee, prize, transportation fee	Resident company, branches of foreign companies, association, foundation
PND 54	Income from service, IP properties, gain, dividend, rent, professional services	Non-Thai tax residents (individual or company)

All the mentioned tax returns above have the same submission timeline of within seven days after the end of the month which the payment is made, if the return is submitted in paper. In case of online submission, the due date can be extended by eight days (i.e., the due date will be on 15th of the following month).

For the details of the withholding tax on the payment paid to non-Thai tax residents, please refer to [Cross-border Taxation](#)

Taxation on Specific 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.

Corporate Taxation

Taxation on Specific Industries

Petroleum Industry

Under PITA, the types of incomes and deductible expenses are defined to calculate the net profit, which is then subject to a specific tax rate at 50%.

Taxable Income	Deductible Expense
<ul style="list-style-type: none">Gross income from the sale of petroleum	<ul style="list-style-type: none">Ordinary and necessary expenses
<ul style="list-style-type: none">Value of petroleum disposed of	<ul style="list-style-type: none">Value of royalty paid to the Thai Government
<ul style="list-style-type: none">Value of petroleum delivered as payment of royalty in kind	<ul style="list-style-type: none">Value of special remuneration benefit tax paid to the Thai Government
<ul style="list-style-type: none">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	<ul style="list-style-type: none">Capital expenditure allowance (i.e., depreciation)
<ul style="list-style-type: none">Any other income arising from conducting petroleum business	<ul style="list-style-type: none">Net losses carried forward over the last ten years
	<ul style="list-style-type: none">Bad debts
	<ul style="list-style-type: none">Donation not exceeding 1% of profit
	<ul style="list-style-type: none">Contribution to provident fund/pension fund

International Transportation Business

Foreign companies who carry out the international transportation business in Thailand are subject to 3% CIT on the gross receipt depending on the type of carriage:

For the carriage of passengers, 3% CIT will be imposed on the fares, fees, and other benefits chargeable in Thailand before deducting the expenses.

For the carriage of goods, 3% CIT will be imposed on the freight charges, fees, and other benefits, whether chargeable in Thailand or not, before deducting any expenses.

Corporate Taxation

Taxation on Specific Industries

Insurance Industry

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.

Non-life 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.



Corporate Taxation

Taxation on Other Types of Business Presence

Joint Ventures

Joint ventures are recognised as a taxable entity and 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 of a foreign company in Thailand. A share of profit paid to a foreign company not carrying on business in Thailand is treated as a dividend and subject to withholding tax.

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 profit attributable to the agency.

However, the following characteristics of agents are not considered acts carried out on behalf of a foreign entity:

- 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.

Representative Offices

- Representative offices where they are registered to carry on the permitted activities on behalf of its overseas head office, are not considered a permanent establishment of its overseas head office and not subject to Thai taxes. The permitted activities that are carried out on behalf of the head office could be sourcing of goods or service, quality controlling, giving advice of goods, etc.
- However, the Representative offices are still required to submit the CIT return to the RD and to withhold the tax on the salary made to their employees.
- Carrying out of other activities not provided in the permitted scope could trigger the CIT and VAT liability in the same manner as a company.

Corporate Taxation

Reorganisation

Incorporation	<p>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.</p>
Mergers and Reorganisation	<p>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.</p>
Entire Business Transfer	<p>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.</p>
Liquidation	<p>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.</p>

Individual Taxation

Tax Residency

- A resident is any person residing in Thailand for a period (or aggregation of periods) of 180 days or more in any 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. Since 2024, the RD issued the Departmental Instruction No. Paw.161/2566 to change the interpretation of taxation on the income derived offshore. As a result, the income earned abroad will be subject to Thai tax when it is brought into Thailand regardless of the year that the income is earned. However, this only applies to the income earned on 1 January 2024 and after.
- 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.

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 or disabled persons are granted an exemption on the first THB 190,000 instead of THB 150,000.

Individual Taxation

Income Exemption

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.

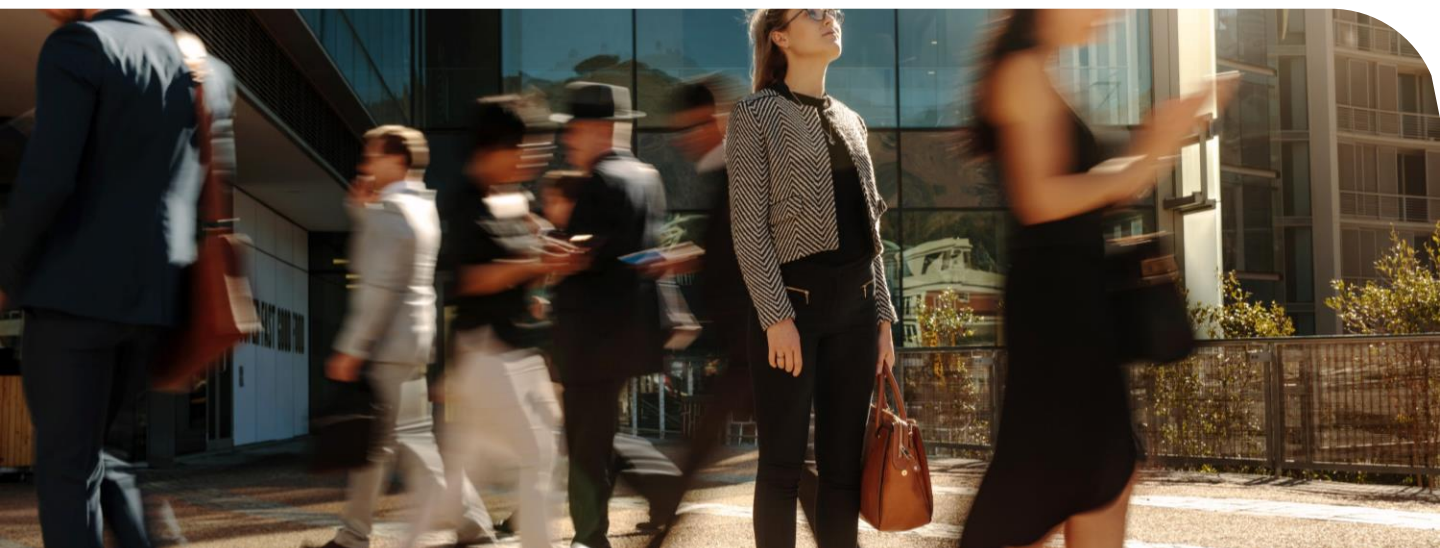
Capital losses may not offset capital gain.

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.



Individual Taxation

Deductions

Type of Allowance	Amount (THB)
1. Personal deduction	
• Single taxpayer	60,000
• Taxpayer's spouse	60,000
• Taxpayer's children	30,000 per child and additional 30,000 for the 2nd child onwards born in or after 2018
• Taxpayer's parents (parental care)	30,000 per parent
A non-resident may deduct for spouse, children and parents only if they are residents.	
2. Deductions per type of income	
• Employment income	50%, max. THB 100,000
• Income from independent personal services	50%, max. THB 100,000
• Income from goodwill, copyright and other rights	50%, max. THB 100,000
• Interest income, dividends and capital gains	No deduction
• Income from real estate rentals:	
• Building and wharves, vehicles	Actual expenses or 30%
• Agricultural land	Actual expenses or 20%
• All other types of land	Actual expenses or 15%
• All other types of property	Actual expenses or 10%
• Income from professional services	Actual expenses or 30% (60% for medical profession)
• Income from the hire of work when taxpayer must provide essential materials besides tools	Actual expenses or 60%
• Income other activities	Actual expenses or between 40% and 60% depending on types of income.

Individual Taxation

Deductions

Type of Allowance	Amount (THB)
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2. Deductions per type of income

• Life insurance premium	Amount paid, max. 100,000
• Qualified pension life insurance premiums	Amount paid, max. 15% of total assessable income with a max. of 200,000
• Retirement mutual fund contribution	Amount paid, max. 15% of total assessable income with a max. of 500,000

The total of above contributions should not exceed THB 500,000

• Thai ESG fund contribution	Amount paid, max. 30% of total assessable income with a max. of 300,000 (for tax year 2024 - 2026)
• Pregnancy expenses (antenatal care & birth)	Amount paid, max. 60,000
• Mortgage interest expenses	Amount paid, max. 100,000
• Social Security Fund contribution	Amount paid, max. 9,000
• Charitable contributions	Amount donated, max. 10% of net income after all deductions and allowances.
• Business allowances	60,000 for taxpayer's spouse
• Undivided estate	60,000
• Non-juristic partnership or body of persons	60,000 for each partner, max. 120,000



Individual Taxation

Tax Credits

Taxpayers can offset credits against their annual payable tax for:

- Tax withheld at source from payments made to the taxpayer;
- Foreign taxes paid if it is permitted under a tax treaty.

PIT Returns and Payment

Returns	Conditions	Due Date
PND 90	Used when the taxpayer derives the income from employment and other types of income.	Within 31 March of the following tax year.
PND 91	Used when the taxpayer derives only the income from employment.	Within 31 March of the following tax year.
PND 93	Used when the taxpayer has to submit for tax earlier than the normal due date.	Within 31 December of the current tax year.
PND 94	Used when the taxpayer has to submit the half-year tax from the income from rent, professional services, sale of goods or provision of services.	Within 30 September of the current tax year.
PND 95	Income from employment for the expatriates working with IBC.	Within 31 March of the following tax year.

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.



Individual Taxation

Penalties and Surcharges

- Taxpayers who submit inaccurate returns will be liable to a 100% tax penalty on the amount of tax shortfall. In case of no tax return submission, the tax penalty will go up to 200%
- The tax penalty may be reduced by 50% by submitting the request to the RD proving the intention not to avoid the tax liability.
- A 1.5% monthly surcharge also levies when there is a non-compliance arising from tax submission.
- 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.

Tax Clearance Certificate

- When a foreigner who is liable to pay tax for its own tax or on behalf of the foreign company departing Thailand, he/she needs to provide the tax clearance certificate proving the tax already paid to the RD.
- 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.

Cross-border Taxation

Withholding Tax Payments to Non-Resident Individuals & Companies

- Apart from having the business presence to carry on the business in Thailand through a subsidiary, branch, or agent, foreign companies or individuals could be subject to Thai tax if they derive the income from the service, royalties, interest, gain, and rents. The Thai payer of the income is liable to withhold the tax to the RD using PND 54 within 7 days after the end of the month in which the payment is made.
- The maximum withholding tax rate is at 15% except for dividends, for which the WHT rate is at 10%.
- Since this tax is levied on the income of foreign companies or persons, the double tax agreement must be taken into consideration in order to eliminate the double taxation collected by both sourced-income jurisdiction and resident jurisdiction on the same income.
- Thailand has tax treaties with many countries, so WHT rates may be reduced or eliminated depending on each treaty.

Foreign Tax Credit

- 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 Taxation Agreement

Double Taxation 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 considered a resident if they are incorporated under Thai law or if they are deemed to be carrying on business in Thailand.
- Each treaty provides guidelines for determining which country has the right to tax which income. Thailand has entered into 61 double taxation 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	

International Cooperation

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 1 July 2022. Thailand has designated 61 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 1 April 2023, the MLI will apply to 44 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.



Pillar Two - GMT

Pillar 2 & Top-Up Tax

- Pillar 2 is one of the approaches introduced by the OECD to ensure that MNEs pay a fair share of tax in every jurisdiction where they operate and generate profits. This initiative establishes a framework for a global minimum tax rate of 15%, applicable in each country where an MNE earns income.
- The Pillar 2 rules apply to members of MNE groups with annual consolidated revenue of at least EUR 750 million in at least two of the four fiscal years preceding the fiscal year under review.
- Effective from 1 January 2028, Emergency Decree on Top-Up Tax B.E. 2567 has come into force. Under this law, the same EUR 750 million threshold is used to determine whether a Thai subsidiary of an MNE or a Thai UPE is subject to this law or not.

Approaches

- This emergency decree also applies the three mechanisms that were introduced under Pillar 2, which are 1) Income Inclusion Rule (IIR), 2) Undertaxed Payment Rule (UTTR), and 3) Qualified Domestic Minimum Top-up (QDMTT).
- IIR and UTTR are the approaches to allocate and collect the tax on Thai subsidiary for collecting the tax on a Thai subsidiary when other entities of MNE in other jurisdictions collect the tax at a rate lower than 15%.
- QDMTT, on the other hand, is a local mechanism to ensure that the subsidiary in Thailand is taxed at a rate equal to 15%.

Obligation

- Thai entities who are subject to this law are responsible for filing the GloBE Information Return (GIR), unless the return is already filed in other jurisdictions.
- A top-up Tax return is required to be submitted if Thai entities have a liability to pay the Top-up tax.

Sanction

- Failure to file the GloBE Information Return and pay the Top-up Tax by the deadline in full may result in additional penalties (100% or 200% of the Top-up Tax shortfall, depending on the case), a 1.5% monthly surcharge (capped at the Top-up Tax shortfall amount), and criminal sanctions, including fines and imprisonment.

Transactional Taxation

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 collect output VAT from the customers on sale of goods and provision of services, 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.

VAT Rates

- Sale of goods, provision of services, and import of goods are the transactions that are subject to the standard VAT rate. The rate is currently reduced from 10% to 7% from 1 October 2024 to 30 September 2026. The VAT rate will revert to 10% unless the reduction is further extended.
- A zero percent rate applies to certain transactions such as the export of goods outside of Thailand, the provision of services performed in the country but entirely used abroad, international transportation by sea or air, sale of goods or provision of services to bonded warehouses or freezone operators.
- Some listed activities could be exempt from VAT liabilities.

VAT Activities

Sale of Goods

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

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

Transactional Taxation

Value Added Tax

VAT Activities

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:



Import of Goods

- Import VAT is levied upon the imported goods at the time of customs duty is paid in the customs clearance procedure.

Exempted Activities

List of Activities Exempted from VAT	
• Agricultural products	• Services of health institution
• Alive or dead animals	• Services of library, museum, zoo
• Fertilisers	• Services under employment contract
• Animal feed	• Domestic transportation
• Sale and import of newspaper, magazines and textbooks.	• Rental of immovable property
• Educational and cultural services	• Religious and charitable organisations

- Services of liberal professions (medicine law, accounting)

Transactional Taxation

Value Added Tax

Taxpayer

- All suppliers that sell goods, provide services, or import goods must register and pay VAT. In case the annual revenue from such activities is less than THB 1.8 million, VAT registration is exempted. Suppliers means companies, partnerships, joint ventures, and individuals.
- An agent who habitually sells goods or provides services on behalf of a non-resident supplier is responsible for paying VAT. Otherwise, the resident buyer of the goods and services offered by the non-resident trader must pay the VAT himself on reverse charge basis.

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.
- When services are performed abroad but utilized in Thailand, the Thai recipient is subject to VAT under the reverse charge mechanism. 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.

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.

VAT Registration and Filing Obligation

- An entity must register as a VAT registrant within 30 days of its revenues exceeding THB 1.8 million per year. The VAT registration can also be applied prior to the exceeding of the revenue threshold or for certain types of VAT exempt activities.
- A monthly VAT return (PP30) and VAT payable is due within 15 days (additional eight days in case of e-filing) of the following month. The VAT on reverse charge return (PND54) is due within 7 days of the following month (the online due date is also extended)
- If no VAT is payable, the input VAT exceeds the output VAT may be claimed as a refund or carried forward.
- A VAT input on goods and services not directly related to the business is non-claimable. The purchase of entertainment, gifts, passenger vehicles with less than ten seats or the case of tax invoices containing incomplete information, are disallowed to claim as input tax as well.

Transactional Taxation

Value Added Tax

Penalties and Surcharges

- Failure to file a VAT return within the prescribed time is subject to a penalty of 200% of the 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 payable is applied but capped at the amount equal to the VAT payable.



Transactional Taxation

Specific Business Tax

- Specific Business Tax (“SBT”) is imposed on the specific transaction such as financial services, real estate, etc. The transactions subject to SBT will not be subject to VAT.

Activities Subject to SBT

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

- Current SBT rates vary from 0.011% to 3.3% (including municipal tax) calculated from gross revenue.
- 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 (PT40) and pay the SBT to the RD by the 15th day of the following month.

Penalties and Surcharges

- Same as VAT, failure to file a SBT return within the prescribed time is subject to a penalty of 200% of the SBT payable.
- Filing an incorrect return is subject for a penalty of 100% of the SBT payable if under a tax audit.
- An additional surcharge of 1.5% per month of the SBT payable is applied but capped at the amount equal to the SBT payable.

Transactional Taxation

Stamp Duty

- Stamp duty (“SD”) is a tax levied on the execution of 28 different types of documents or instruments 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.
- Generally, the person liable for SD is also specified in the Schedule and is mostly the person who receives the income (e.g., service provider, lessee, share transferor, etc). If the instrument is made outside Thailand, the first holder of the instrument in Thailand shall pay the stamp duty.
- The SD rates are also varied depending on the type of document. For example, the hire of work contract (i.e., service contract) is subject to 0.1% of its contract value (i.e., the remuneration to be received).

Payment

- The taxpayer can pay SD using one of three methods:
 - Affix the adhesive stamp on the instrument;
 - File the form and pay stamp duty by cash at the RD office; or
 - File the form and pay stamp duty online through RD website.
- The SD must be paid within 15 days after the execution of the instrument. Since 2019, instruments liable to SD made into electronic forms are also subject to SD, and they must be filed and paid to SD online through RD website as well.
- Until 31 December 2025 (unless further extended), both paper instruments and e-instruments can pay-SD online.
- Instruments imported from overseas must pay SD within 30 days from the date of receipt in Thailand.
- Unstamped or not properly stamped documents and instruments are not admissible as evidence in a civil lawsuit.

Penalties

- 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.

Transactional Taxation

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

- 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 excise tax within 15 days of the following month.
- For service providers, tax is imposed when a service fee is paid. The return and tax must be remitted within 15 days of the following month.
- Imported goods subject to excise tax will be taxed upon importation with customs duty and VAT.

Transactional Taxation

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%.
- Imports of machinery, equipment and materials may be exempt from duty in two cases:
 - Oil and gas concessionaires and their contractors; and
 - Certain businesses promoted by the BOI.
- 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.

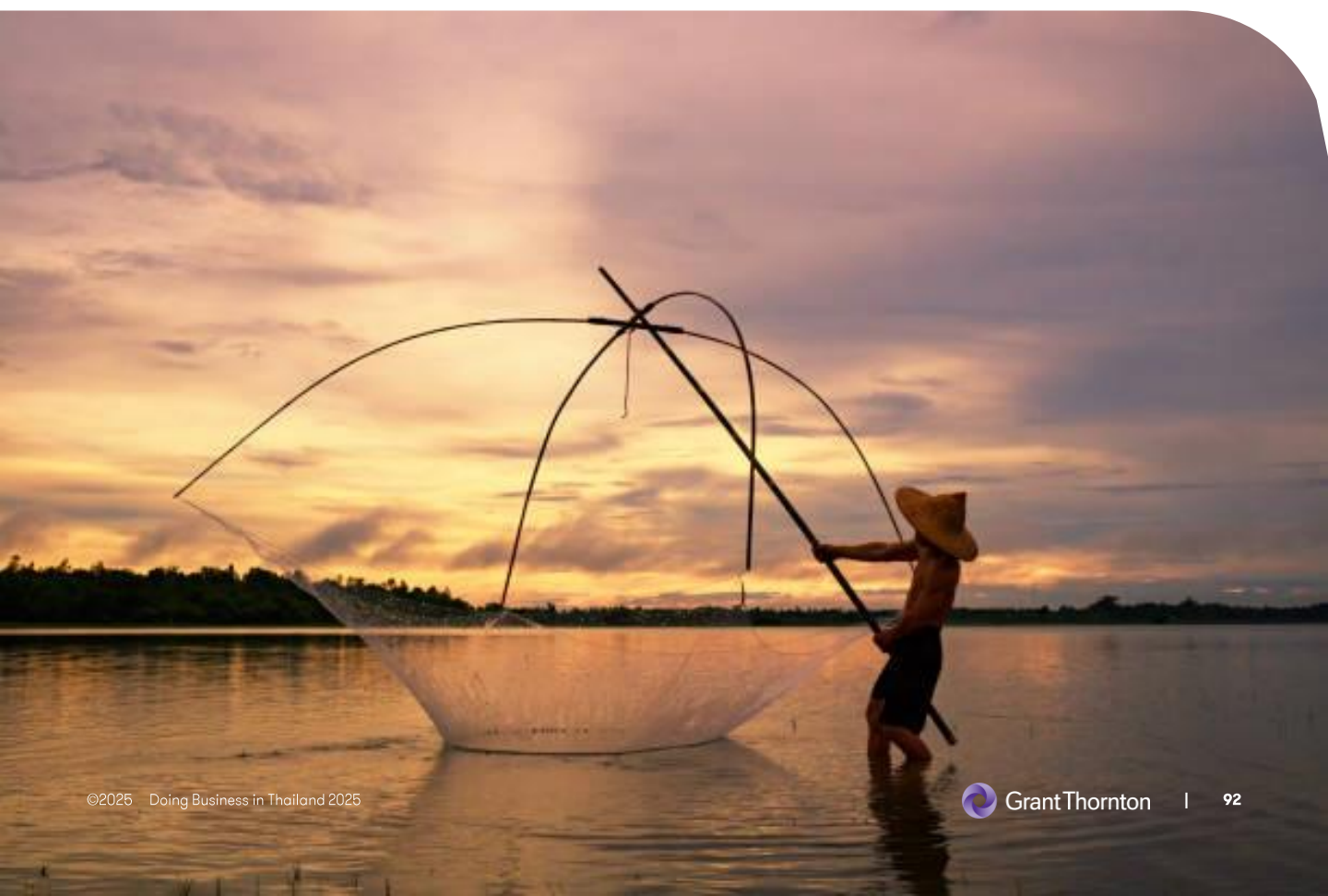
Signboard Tax

- 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.

Transactional Taxation

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.



Transactional Taxation

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 inherited properties are 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 resident or entity, they will be taxed on inherited assets in Thailand and abroad. If the recipient is not in one of these situations, they will be taxed only on inherited assets located in Thailand.

Properties Subject to Inheritance

<ul style="list-style-type: none">• Immovable property	<ul style="list-style-type: none">• Registered vehicles
<ul style="list-style-type: none">• Securities according to the Securities and Exchange Act	<ul style="list-style-type: none">• Financial assets (as prescribed by the royal decree).
<ul style="list-style-type: none">• Money that has been deposited	

Exemption From Inheritance Tax

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

Tax Submission

- 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.

09

Mergers and Acquisitions

Transactional Taxation

Thailand's M&A Market

The landscape of mergers and acquisitions in the kingdom is evolving into a more sophisticated and strategic arena, marked by a cautious yet persistent drive for growth amidst global economic uncertainties. As a key destination for strategic investment in Southeast Asia, Thailand's M&A market continues to present significant opportunities for discerning investors.

While deal-making has become more intricate, leading to longer transaction timelines, the fundamental drivers of M&A activity remain robust. The primary motivation for the majority of acquisitions is now expansion into new business lines or markets, a strategic shift from merely consolidating market share. This guide provides an overview of the essential elements of conducting M&A transactions in Thailand.

Types of M&A Structures

Navigating an M&A transaction in Thailand begins with selecting the appropriate legal structure. The most common forms include:

1

Share Acquisition: This is the most prevalent structure due to its relative simplicity. The buyer acquires shares in the target company, which continues to exist as a legal entity but under new ownership. This method transfers the entire business, including all its assets, liabilities, and employees.

2

Asset Acquisition (or Business Transfer): This structure allows a buyer to selectively purchase specific assets or an entire business unit from the seller. A key advantage is the ability to avoid inheriting the seller's unwanted liabilities. This is often preferred when the target company has a complex history or known risks.

3

Amalgamation: In a traditional amalgamation, two or more companies merge and are dissolved, forming an entirely new legal entity (e.g., Company A + Company B = Company C). The new company automatically inherits all assets, liabilities, rights, and obligations of the amalgamating companies. This process is generally more complex and time-consuming.

4

Merger: Following a recent amendment to the Civil and Commercial Code, a true "merger" is now recognised. In this structure, one company merges into another, with one of the original companies surviving (e.g., Company A merges into Company B, with Company B as the surviving entity). The dissolving company ceases to exist, and its assets and liabilities are absorbed by the surviving entity.

Common Deal Structures

The most prevalent M&A structure in Thailand remains the share acquisition, favored for its relative simplicity. However, asset or business transfers are also common, particularly when a buyer wishes to acquire specific assets without inheriting the target company's liabilities. A classic amalgamation, where two companies merge to form a new entity, is a less frequent but still viable option.

The choice of structure is often influenced by tax considerations, the nature of the assets being acquired, and the desire to mitigate risk. Thorough due diligence is non-negotiable and typically covers legal, financial, and commercial aspects of the target company.

Key Laws Governing M&A Activity

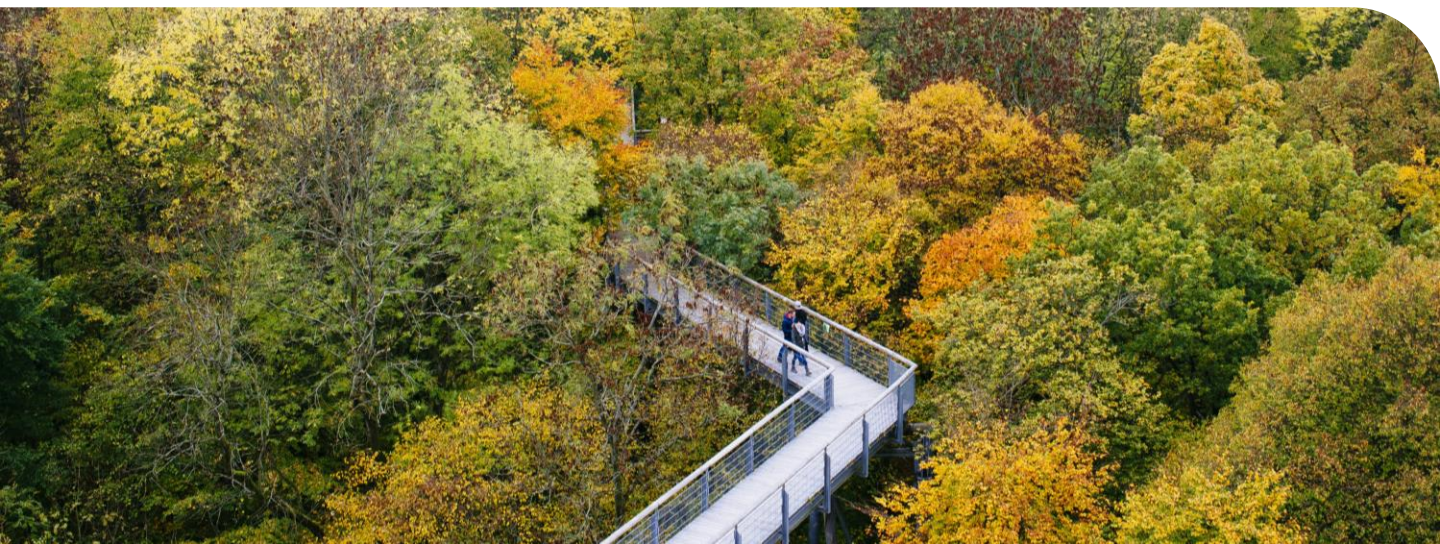
A sound understanding of Thailand's legal framework is paramount for any successful M&A transaction. The principal legislation includes:

Governing Law	Scope of Regulation
The Civil and Commercial Code (CCC)	Governs contracts and corporate matters for private limited companies, including the procedures for amalgamations and mergers.
The Public Limited Company Act (PLCA)	Outlines the corporate governance and approval requirements for M&A transactions involving public limited companies.
The Securities and Exchange Act (SC Act)	Regulates deals involving companies listed on the Stock Exchange of Thailand, including disclosure requirements and mandatory tender offer rules when certain ownership thresholds (e.g., 25%, 50%, 75%) are met.
The Foreign Business Act (FBA)	A critical piece of legislation for overseas investors, restricting foreign participation in many business sectors to a maximum of 49% ownership unless a Foreign Business License is obtained or an exemption applies (e.g., BOI promotion).
The Trade Competition Act	Designed to prevent monopolies and unfair market practices. M&A transactions that could substantially lessen competition in a particular market may require pre-merger approval from the relevant authority.

Regulatory Authorities

Several government bodies oversee M&A activities in Thailand, and their involvement depends on the nature of the transaction and the companies involved.

Regulatory Authority	Key Responsibilities in M&A
Ministry of Commerce (MOC)	Through its Department of Business Development (DBD), responsible for the registration of companies and corporate resolutions related to mergers and amalgamations involving private and public limited companies.
Securities and Exchange Commission (SEC)	The primary regulator for M&A transactions involving public limited companies, particularly those listed on the Stock Exchange of Thailand (SET). Oversees compliance with securities laws and disclosure requirements.
Stock Exchange of Thailand (SET)	Establishes and enforces rules and disclosure requirements for listed companies undertaking M&A activities, ensuring market transparency and investor protection.
Trade Competition Commission (TCC)	An independent body mandated to review and rule on M&A transactions that have the potential to substantially lessen competition within a specific market. Pre-merger notification may be required for certain transactions.
Sector-Specific Regulators	<p>Various government agencies oversee M&A activity within specific industries. Examples include:</p> <ul style="list-style-type: none">• Bank of Thailand (BOT): Regulates M&A involving financial institutions (e.g., banks, insurance companies).• National Broadcasting and Telecommunications Commission (NBTC): Oversees M&A activities within the telecommunications and media sectors.• Other sector-specific regulators may exist depending on the industry of the target company.



Key Steps in the Thai M&A Process

While each transaction is unique, a typical M&A process in Thailand follows a structured pathway:

- 01

Strategic Planning and Target Identification: The process begins with defining strategic objectives and identifying potential acquisition targets that align with those goals.
- 02

Preliminary Agreements: Parties often sign a Memorandum of Understanding (MOU) or Letter of Intent (LOI) to outline the basic terms of the deal and establish confidentiality.
- 03

Due Diligence: This is a critical phase where the buyer conducts a thorough investigation of the target company’s legal, financial, commercial, and operational health to identify potential risks and liabilities.
- 04

Valuation and Negotiation: Based on the due diligence findings, the parties negotiate the final price and other key terms of the transaction, which are then captured in a definitive agreement.
- 05

Definitive Agreements: The central legal document is typically a Sale and Purchase Agreement (SPA) for a share or asset deal, or a Merger/Amalgamation Agreement.
- 06

Regulatory and Shareholder Approvals: The transaction must secure necessary approvals from regulatory bodies and, in most cases, from the shareholders of one or both companies.
- 07

Closing: This is the final stage where ownership is formally transferred, the purchase price is paid, and all closing conditions have been met.
- 08

Post-Merger Integration: A crucial, and often overlooked, step is the integration of the acquired business, including its operations, culture, and systems, to realise the strategic value of the deal.

Mergers and Acquisitions (M&A) in Thailand

M&A activity has become increasingly prevalent in Thailand as businesses pursue expansion, diversification, and competitive advantage. With a growing economy and strategic geographical location, Thailand serves as a key hub for M&A transactions in Southeast Asia. Companies pursue M&A to enhance operational efficiency, gain market share, and leverage strategic synergies.

Thailand Overview

In Thailand, M&A transactions are governed by the Civil and Commercial Code (CCC) and, for public companies, the Public Limited Companies Act B.E. 2535. Additionally, regulations issued by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) apply. These laws outline specific structures and procedural requirements, which may differ from international standards.

Challenges and Considerations for Foreign Investors

Foreign investors face a unique set of challenges that require careful navigation:

- **Foreign Ownership Restrictions:** The Foreign Business Act (FBA) generally limits foreign ownership to 49% in many sectors. Overcoming this requires careful structuring, such as applying for a Foreign Business License or obtaining investment promotion from the Board of Investment (BOI), which can grant 100% ownership in certain promoted industries. The use of illegal nominee shareholders is strictly prohibited and prosecuted.
- **Regulatory Complexity:** The Thai regulatory environment can be difficult to navigate. Understanding the roles of various bodies—from the Ministry of Commerce for corporate registration to the SEC for public companies—is essential.
- **Cultural Nuances:** Thai business culture places a high value on personal relationships and indirect communication. Building trust and understanding subtle negotiation cues are critical for success. An aggressive, purely transactional approach can be counterproductive.
- **Thorough Due Diligence:** The importance of comprehensive due diligence cannot be overstated. It is not uncommon to uncover issues such as incomplete land title deeds, missing licenses, or unrecorded liabilities. A detailed review is essential to avoid unforeseen risks.



Mergers and Acquisitions (M&A) in Thailand

Thailand Overview

- A significant legal development is the amendment to the CCC, which formally introduced two distinct types of mergers under Thai law:
- Merger: A business combination in which one company absorbs another and continues as the surviving entity.
- Amalgamation: A consolidation in which two or more companies merge to form a new legal entity, with all original companies being dissolved.

Acquisitions, whether through share or asset purchases, are also common and subject to the same regulatory framework. The following section outlines the primary M&A structures recognised under Thai law.

Forms of M&A in Thailand

Merger According to the CCC, as amended in 2022, a merger involves two or more companies combining to form either an existing or new entity. This can be categorised into two main types:

Merger

In a merger, two or more companies merge into one existing entity, with at least one retaining its legal status, including all rights and obligations while the other entity or entities are dissolved.

A

+

B

=

A or B

Company

Company

Company

Amalgamation

In an amalgamation, two or more companies combine to form a new entity, with the original companies dissolved. The newly formed entity assumes all rights and obligations .

A

+

B

=

C

Company

Company

Company

While a merger may resemble an asset or business acquisition, the CCC stipulates that the transferring entity in a merger is dissolved by operation of law. In contrast, an asset or business acquisition requires formal registration of dissolution with the Department of Business Development (DBD). Further details are provided in the section on Entire Business Transfer (EBT).

Mergers and Acquisitions (M&A) in Thailand

Forms of M&A in Thailand

Acquisition

An acquisition occurs when one company purchases and integrates another into its operations. This can be categorised into two main types:

- **Share Acquisition:** The buyer acquires all or a portion of the target company's shares, thereby gaining control and decision-making authority.
- **Asset/Business Acquisition:** The buyer purchases specific assets or business units without acquiring ownership of the entire entity.

Further details on Share Acquisition and Asset/Business Acquisition will be provided in subsequent sections.

Partial Business Transfer (PBT) and Entire Business Transfer (EBT) are also recognised in Thailand as alternative asset acquisition structures. Each is subject to specific legal procedures and compliance requirements.

Key Drivers of M&A in Thailand

- ✓ **Market Expansion:** Companies pursue M&A to enter new markets and broaden their customer base.
- ✓ **Industry Consolidation:** M&A enables businesses to strengthen their market position and reduce competition.
- ✓ **Regulatory Reforms:** Government policies and incentives encourage foreign direct investment (FDI) and M&A transactions.
- ✓ **Technological Advancements:** Digital transformation drives acquisitions in technology-driven sectors.
- ✓ **Financial Optimisation:** M&A helps companies optimise capital structures and improve financial performance.

Merger and Acquisition (M&A) in Thailand

Types of M&A

- **Horizontal Integration**

Occurs when companies within the same industry merge to combine resources and product lines, enhancing market strength and reducing competition. Example: TRUE – DTAC and TMB – TTBB

- **Vertical Integration**

Involves the merger of companies at different stages of the supply chain. This improves operational efficiency, reduces production costs, and enhances supply chain control. Example: SPRC – CALTEX and BJC – Big C

- **Conglomerate Integration**

Takes place when companies from unrelated industries merge, allowing expansion into new and diversified markets. Example: GULF – INTOUCH

- **Congeneric Integration**

Occurs when companies in the same industry with different product lines merge to share technologies, production processes, and distribution channels, ultimately reducing costs. Example: SCG Logistics – JWD

Challenges in M&A Transactions

- **Regulatory Compliance**

Navigating complex legal and regulatory requirements.

- **Cultural Differences**

Managing integration between Thai and foreign business cultures.

- **Valuation Discrepancies**

Aligning expectations on company valuation and deal pricing.

- **Post-Merger Integration**

Effectively integrating personnel, systems, and corporate cultures.

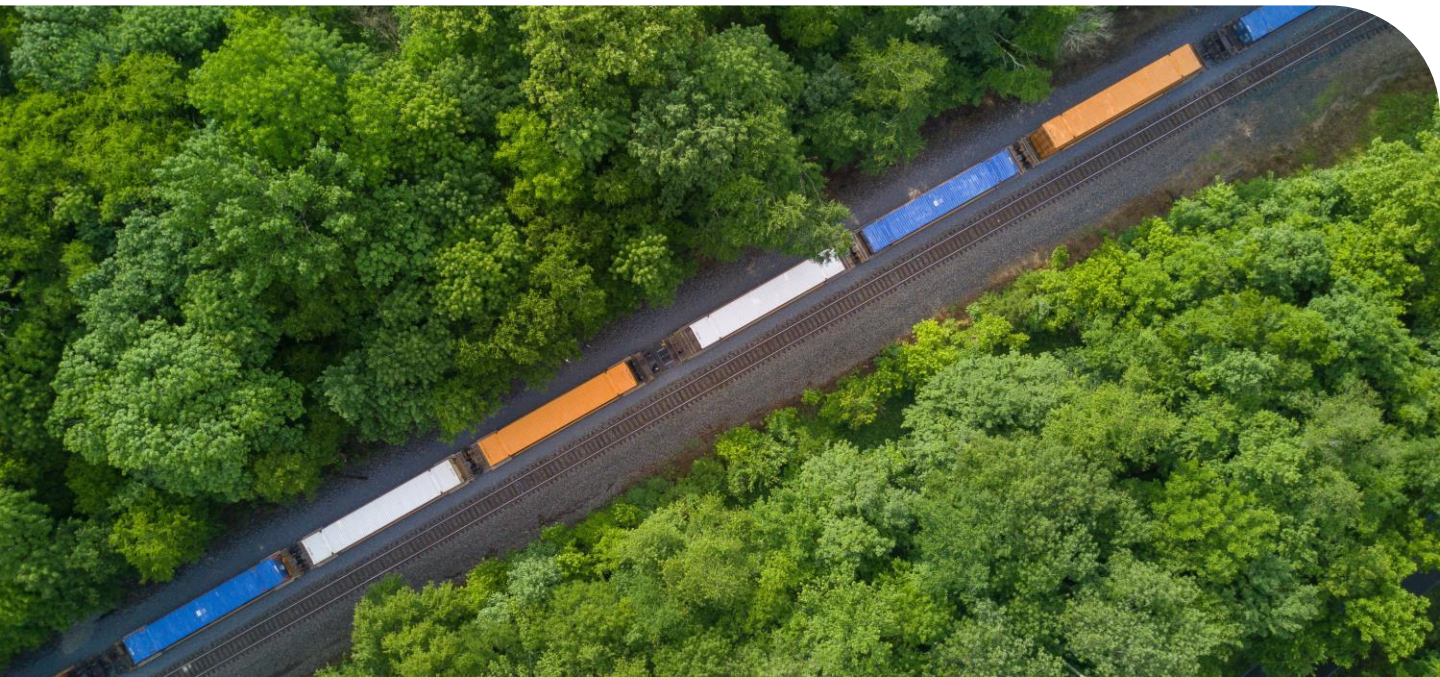
Share Acquisition

- Share acquisitions, or the purchase of shares, are a common method used in M&A transactions in Thailand. Payments for such acquisitions may be made in cash or through in-kind payments, such as share swaps.
- This type of acquisition is a popular methods for M&A transactions in Thailand due to its direct nature, making it relatively straightforward to implement. However, there are notable downsides, particularly in terms of significant tax exposure, which should be carefully considered.
- A key concern is the potential capital gains tax on the sale of shares. Additionally, when shares are held by a juristic person, the sale price must comply with market value requirements as prescribed under Section 65 bis (4) of the Thai Revenue Code.

Eligible parties for Shares Acquisitions

- Both Thai and foreign individuals or juristic persons are eligible to acquire shares in Thai or foreign companies. Tax implications vary depending on the specific nature of the transaction, particularly the residency and legal status of both the buyer and the seller.
- For a clearer picture, share acquisition transactions can generally be categorised as follows:
 1. Thai individuals or companies acquiring shares in Thai companies
 2. Foreign individuals or companies acquiring shares in Thai companies
 3. Thai individuals or companies acquiring shares in foreign companies
 4. Foreign individuals or companies acquiring shares in foreign companies

The corresponding tax implications for each category are outlined in the Table 1: Type of Share Acquisitions and the correspondence tax liabilities on the following page.



Share Acquisition

Table 1: Type of Share Acquisitions and the correspondence tax liabilities

Scenario	Buyer	Seller	Buyer Tax Implications	Seller Tax Implications
1. Thai Individuals or Companies Acquiring Shares in Thai Companies	Thai Individual / Thai Company	Thai Individual	WHT at a progressive rate of 5%–35%	PIT on capital gains
		Thai Company	No WHT	CIT on capital gains
		Foreign Individual	WHT 15%* subject to Double Taxation Agreement (DTA)	Taxable in Thailand, subject to DTA
		Foreign Company	WHT 15%* subject to DTA	Taxable in Thailand, subject to DTA
2. Foreign Individuals or Companies Acquiring Shares in Thai Companies	Foreign Individual / Foreign Company	Thai Individual	Subject to domestic tax laws and DTA with Thailand (if any)	PIT on capital gains
		Thai Company		
		Foreign Individual		CIT on capital gains
		Foreign Company		Taxable in Thailand, subject to DTA
3. Thai Individuals or Companies Acquiring Shares in Foreign Companies	Thai Individual / Thai Company	Thai Individual	WHT at a progressive rate of 5%–35%	PIT on income brought into Thailand
		Thai Company	No WHT	CIT on capital gains
		Foreign Individual	No WHT	Subject to seller’s domestic tax laws
		Foreign Company	WHT 15%* subject to DTA	Subject to seller’s domestic tax laws
4. Foreign Individuals or Companies Acquiring Shares in Foreign Companies	Foreign Individual / Foreign Company	Thai Individual	Subject to domestic tax laws and DTA with Thailand (if any)	PIT on income brought into Thailand
		Thai Company		CIT on capital gains
		Foreign Individual		Subject to seller’s domestic tax laws
		Foreign Company		Subject to seller’s domestic tax laws

Share Acquisition

Important Requirements

- In a share acquisition, the required documentation is generally less extensive than that for other types of M&A transactions. Key documents typically include the share transfer instrument, share purchase agreement, and any related materials necessary for submission to Thailand's Department of Business Development. If the transaction involves a public limited company, compliance with the Securities and Exchange Act is also required to ensure accurate reporting of any changes in the company's shareholding structure.

Tax Liabilities Under Shares Acquisitions

- Tax liabilities arising from share acquisitions may include Personal Income Tax (PIT), Corporate Income Tax (CIT), Withholding Tax (WHT), and Stamp Duty (SD). The applicable taxes depend on various factors, including the identities and residency status of both the buyer and seller, as detailed in Table 1 on the previous page.
- PIT and CIT are generally applicable when capital gains are realised from the transaction. WHT may also apply. SD must be affixed to share transfer instruments if they are executed in Thailand. If executed outside Thailand, SD must be affixed upon bringing the instrument into the country.
 - **Share Acquisitions from the Seller's Perspective:** When shares are sold, any capital gains realised by the seller are subject to tax. For individuals, gains must be reported in their annual PIT filings. For juristic persons, gains are subject to CIT. If the share transfer instruments are executed in Thailand, the seller is responsible for affixing SD.
 - **Share Acquisitions from the Buyer's Perspective:** The buyer is generally responsible for withholding tax when making payments to the seller. This is subject to the seller's tax residency status and any applicable exemptions under a Double Taxation Agreement between Thailand and the seller's country of residence.
 - A key consideration for the Buyer is its status of a successor to the tax liabilities of the acquired company.
- In a share acquisition, the legal entity remains unchanged. Consequently, any pre-existing tax liabilities of the target company, including those resulting from prior non-compliance, remain with the company and, effectively, transfer to the new owner or buyer. It is therefore essential for the buyer to conduct thorough tax due diligence to identify potential exposures and mitigate post-acquisition risks.
- Although share acquisitions involve certain risks, they can also provide significant tax benefits to the buyer. Since the legal entity continues to operate, any existing tax privileges generally remain in effect. These may include:
 1. Tax incentives granted by the Board of Investment (BOI)
 2. Unutilised VAT input credits
 3. Tax loss carryforwards

The new shareholder or acquirer may continue to enjoy these incentives, provided the company maintains compliance and the benefits are not revoked due to changes in control or other conditions.

Asset Acquisition

- In an M&A environment, asset acquisition is a common method in which the buyer acquires a business by purchasing assets, customer lists, contracts, goodwill, and employees from the seller.
- When structuring an asset acquisition, it is important to consider the tax liabilities associated with both the buyer and the seller. The table below summarises typical tax implications for each party under Thai law:

Tax Implications on Asset Acquisition in Thailand

Tax / Liability	Buyer	Seller
Corporate Income Tax (CIT)	May be subject to CIT on a bargain purchase	Imposed on capital gains from the sale of assets
Value-Added Tax (VAT)	Subject to VAT depending on the type of assets acquired	May be required to collect and remit VAT to the Revenue Department, depending on the nature of the transaction
Specific Business Tax (SBT)	No liability	Levied on the sale of immovable properties
Withholding Tax (WHT)	1% WHT on the transfer of immovable property	A WHT credit may be applied against the seller's CIT liability
Stamp Duty (SD)	No liability	May be subject to SD, depending on the nature of the transaction

- The seller may be exempt from certain taxes if the transaction qualifies under the Entire Business Transfer (EBT) or Partial Business Transfer (PBT) schemes, which will be discussed in the following section.
- Regardless of whether the asset acquisition qualifies under the EBT or PBT schemes, the buyer is acquiring the seller's business but not its legal entity. Therefore, the seller's tax liabilities are not transferred to the buyer. Similarly, any tax benefits held by the seller do not automatically transfer to the buyer.

Asset Acquisition

Tax Privileges Under BOI Incentives

- Tax incentives, such as those granted under a BOI certificate, are not automatically transferred to the buyer through an asset acquisition.
- A transferred BOI certificate becomes effective only three months after the acquisition date. If the buyer intends to continue utilising the associated tax privileges, a formal request must be submitted to the BOI office before the end of this period.
- The buyer is entitled only to the remaining rights and benefits under the original BOI promotion and must comply with all applicable BOI conditions and requirements.

VAT Credit

- The buyer is not permitted to apply the seller's outstanding VAT credit against its own output VAT liabilities.

Tax Loss Carried Forward

- Tax losses carried forward by the seller are not transferable to the buyer and cannot be utilised by the buyer.
- Apart from that, the buyer should assess the appropriate accounting and tax treatments for the acquired assets.

Transferred Assets

- Transferred assets must be recorded at fair value in accordance with Thai Financial Reporting Standards (TFRS). If the purchase price exceeds the fair value of the identifiable assets, the excess amount must be recognised as goodwill in the buyer's financial statements. Conversely, if the purchase price is lower than the fair value, the difference is treated as a bargain purchase and recognised as income for corporate income tax purposes.

Goodwill

- Goodwill should be treated in accordance with TFRS, which allows for either amortisation over time or periodic impairment testing. However, from a tax perspective, amortisation must not exceed the rate prescribed by the Thai Revenue Code. The buyer must consistently apply the initially selected amortisation method unless a change is approved in advance by the Director-General of the Thai Revenue Department.

Asset Acquisition

Types of Asset Acquisition eligible for tax benefits

- There are 2 types of asset acquisitions that may qualify for tax benefits under Thai tax law, as recognised by the Thai Revenue Department (TRD):
 1. Entire Business Transfer (EBT): In an EBT, the transferor company sells its entire business to the transferee company, regardless of any relationship or affiliation between the two entities. The transferor is then dissolved and must file for dissolution and liquidation with the Department of Business Development. The transferee retains its legal status, rights, and obligations, while the transferor ceases to exist.
 2. Partial Business Transfer (PBT): A PBT typically occurs for internal restructuring purposes within a corporate group. The transferor transfers substantial assets or business units and ceases operations in those areas but may continue operating in other segments of its business.
- If all legal and procedural requirements under Thai tax law are met, both EBT and PBT may qualify for specific tax exemptions.



Entire Business Transfer (EBT)

Eligible Parties Under the EBT Scheme

- Only public or private companies established under Thai law are eligible to participate in the EBT scheme.

Important Requirements

- To receive tax benefits under the EBT scheme, the transferee company (buyer) must file a tax exemption application with the Revenue Department using Forms Kor.Or. 1-4 within 30 days of the transferor company's registration for dissolution with the Department of Business Development.
- The dissolution of the transferor company must take place within the same fiscal year as the business transfer. Upon receiving the application, the Revenue Department will conduct a tax audit before granting the exemption.



Required Forms to Be Submitted to the TRD

- The following forms must be submitted to the Thai Revenue Department:
 1. **Form Kor. Or. 1:** Notification of the list of shareholders and the tax debtor of an EBT's companies
 2. **Form Kor. Or. 2:** Notification of the list of companies involved in the EBT
 3. **Form Kor. Or. 3:** Notification of shareholders of companies involved in the EBT
 4. **Form Kor. Or. 4:** Notification of the tax debtor status

Tax Benefits Under the EBT Scheme

Under the EBT scheme, when the transferee company acquires the entire business of the transferor company, the transaction is not treated as a sale and is therefore not considered taxable income. As a result, the transferor may receive the following tax exemptions:

- Exemption from Corporate Income Tax
- Exemption from Value-Added Tax
- Exemption from Specific Business Tax
- Exemption from Stamp Duty
- However, the land transfer fee of 2% is not exempt and must be paid if the transfer involves land and is processed through the Department of Lands.

Entire Business Transfer (EBT)

Tax Benefits Under the EBT Scheme

- EBT is a widely used M&A structure in Thailand due to its significant tax advantages, including exemptions from various tax liabilities. It is also frequently used as a tax planning tool.
- However, EBT transactions come with certain limitations. Tax exemptions are subject to the discretion of the TRD officer, and the approval process may be delayed by procedural requirements such as filing for dissolution and submitting the exemption application. Below are key considerations for both the seller and buyer in an EBT:
 - **EBT from the Seller's Perspective:** If the EBT is approved, the seller benefits from applicable tax exemptions. However, before dissolution, the transferring company must undergo a tax audit by the TRD. This audit ensures all outstanding tax obligations are settled prior to formal dissolution of the legal entity.
 - **EBT from the Buyer's Perspective:** Liabilities associated with the transferred business may still pose exposure to the buyer, as they assume control of ongoing operations.
 - Certain tax privileges, such as BOI incentives, may be transferred to the buyer, provided that all notifications are properly submitted and applicable BOI conditions are met. However, some tax attributes do not transfer under an EBT. Specifically, unutilised VAT input credits and tax loss carryforwards remain with the original entity and cannot be transferred to the buyer under the EBT structure.

Important Considerations

- EBT is governed by the Thai Revenue Code, specifically Section 74 (1)(c). However, it is not explicitly covered under the Thai Civil and Commercial Code (which only addresses amalgamations) or the Public Limited Company Act. As a result, EBTs are often executed through mutual agreements between the parties involved.
- In 2022, a significant amendment was made to the CCC, revising Thailand's M&A provisions. As a result, the current M&A framework under the amended CCC (Section 1238, as amended under Section 17 of the CCC Amendment Act No. 23, B.E. 2565 (2022)) recognises two methods:
 1. Company A + Company B = Company C

This represents the traditional M&A structure under the CCC. (Section 1238(1) of the CCC)
 2. Company A + Company B = Company B

This is a method similar to an EBT, where Company A merges into Company B, and Company A ceases to exist as a legal entity. (Section 1238(2) of the CCC)

Entire Business Transfer (EBT)

Important Considerations

- These revisions, particularly the second method, are comparable to an EBT and may be viewed as effectively incorporating EBT into the CCC framework. However, the tax implications of such transactions remained unclear until the TRD issued Tax Ruling No. Gor.Kor 0702/112 on February 21, 2024. This ruling confirms that tax exemptions for these transactions are aligned with those granted under the EBT scheme, as outlined in Section 74(1)(c) of the Thai Revenue Code.
- Therefore, whether selecting the revised CCC transaction or the traditional EBT scheme, all applicable tax exemptions may be available—provided all legal conditions are met. That said, when opting for the EBT route, it is important to weigh both its benefits and potential drawbacks. While the EBT scheme offers notable advantages, it also carries certain risks and complexities that must be carefully considered before making a final decision.



Partial Business Transfer (PBT)

Eligible Parties Under the PBT Scheme

- Public or private companies established under Thai law are eligible.
- The buyer (transferee) and seller (transferor) must be affiliated companies.

Definition of Affiliated Companies (under general provisions):

- Affiliated companies, as defined under Section 39 of the Thai Revenue Code, are those that meet any of the following criteria:
 1. More than half of the shareholders or partners in one company also hold more than half in another.
 2. Shareholders or partners owning over 50% of one company's capital also own over 50% in another.
 3. One company is a shareholder holding over 50% of another company's capital.
 4. Directors or partners controlling management in one company also control another.
- Companies may also qualify if the business is transferred through a chain of shareholding, where one company holds shares in another that, in turn, holds shares in the company receiving the transferred business. In such cases, each company in the chain must hold at least 50 percent of the total voting shares in the company below it.
- The affiliated relationship must be maintained for a minimum of six months following the end of the accounting period in which the PBT occurred.

Important Requirements

- The transferee must have a net asset value on the date of transfer that is equal to or greater than the net asset value of the assets being transferred.
- A formal notification of the PBT must be submitted to the Director-General of the Thai Revenue Department. This submission must include:
 - A business restructuring plan aimed at enhancing operational efficiency, and
 - A list of the transferred assets.
- Only assets directly related to the transferred business unit will qualify for tax benefits. Assets transferred as part of ordinary sales are not eligible.
- After the asset transfer is completed, the transferee must continue using the transferred assets in its business operations.
- Assets must not be transferred at a price below market value without reasonable justification. If no valid reason is provided, the TRD has the authority to adjust the transfer price to reflect fair market value.
- Both the transferor and the transferee must not have any outstanding tax liabilities with the TRD as of the PBT date, unless a tax guarantee has been submitted.

Partial Business Transfer (PBT)

Relevant Forms to be Submitted to the TRD

- Form A.B.1: Notification of Partial Business Transfer
- Form A.B.2: Notification of Transferred Assets
- Form A.B.3: Notification of the tax debtor status
- Form A.B.4: Certificate of Affiliation as a Group Company

Tax Benefits Under the PBT Scheme

From the Seller's Perspective: Asset transfers conducted under a PBT may qualify for exemptions from VAT, SBT, and SD, provided that all applicable guidelines, methods, and conditions prescribed by the Director-General of the TRD are met.

To summarise the tax treatment for different asset types under the PBT scheme:

Immovable Property

SBT and SD:

- The transfer of immovable assets declared under Form A.B.2 is exempt from both SBT and SD.
- The TRD will notify the Department of Lands of this exemption using Form A.B.6.

WHT and Transfer Fee:

- No exemption or reduced rate is available. The transferor is subject to WHT at the general rate of 1%, calculated based on the higher of either the sales price or the appraised value of the property.
- The transfer fee is 2% of the appraised value of the property, as determined by the Department of Lands.

Movable Property

VAT: The transfer of movable assets, such as machinery and inventory, is exempt from VAT for items declared under Form A.B.2.

Gain from Transfer of Assets

CIT: No exemption or reduced CIT rate is available. The transferor remains liable for corporate income tax on any gains arising from the PBT. Gains are calculated as the difference between the market value and the book value of the transferred assets.

From the Buyer's Perspective: The tax benefits available to the buyer under the PBT scheme are generally consistent with those provided under the EBT framework.

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Restructuring and Insolvency

Restructuring and Insolvency

As Thailand's commercial environment continues to evolve, the legal frameworks for handling financial distress and business exits have become increasingly important for both local and international investors. The country provides established legal avenues for managing distressed businesses, including court-supervised restructurings, insolvency-driven liquidations, and voluntary wind-downs of solvent entities. These mechanisms aim to safeguard value, ensure fair distribution of losses, and deliver legal certainty. A solid grasp of these processes is crucial for managing risks, structuring deals effectively, and planning strategic exits.

What are the options for businesses looking to restructure, recover, or exit?

01

Informal Workout/Bilateral Negotiations

A non-court process where the company negotiates directly with creditors to reschedule debt or revise terms. This is often the first step and offers speed, flexibility, and confidentiality. Most effective when financial stress is temporary, and creditors are cooperative.

02

Business Reorganisation

A court-supervised process under the Thai Bankruptcy Act allows the debtor to restructure and continue operations. Creditors vote on a plan, and legal actions are suspended. This option is used for turnarounds of distressed but viable businesses.

03

Bankruptcy

The Central Bankruptcy Court oversees a formal liquidation process. The debtor's assets are sold, and proceeds are distributed to creditors according to priority. Typically used when there's no realistic chance of recovery.

04

Voluntary Dissolution

A statutory process for solvent companies to close operations. Involves shareholder resolutions, tax clearance, and deregistration with authorities. Offers a clean exit if the business is no longer required.

Bilateral Negotiations

Before initiating court-supervised proceedings, many businesses attempt to resolve financial difficulties through bilateral negotiations with their creditors. These informal workouts are private, flexible, and can be implemented quickly without the delays or publicity of formal legal processes.

In the circumstance that the company remains fundamentally viable and creditor relationships are cooperative, bilateral negotiations can lead to effective restructuring outcomes—such as revised repayment terms, covenant waivers, temporary standstill agreements, or even partial debt-for-equity swaps—without the need for court intervention.

The success of this approach depends on mutual trust, transparency of financial information, and careful management of stakeholder dynamics. In many cases, experienced advisors can play a valuable role in structuring proposals, coordinating discussions, and preserving commercial relationships—ensuring the process remains focused and constructive.

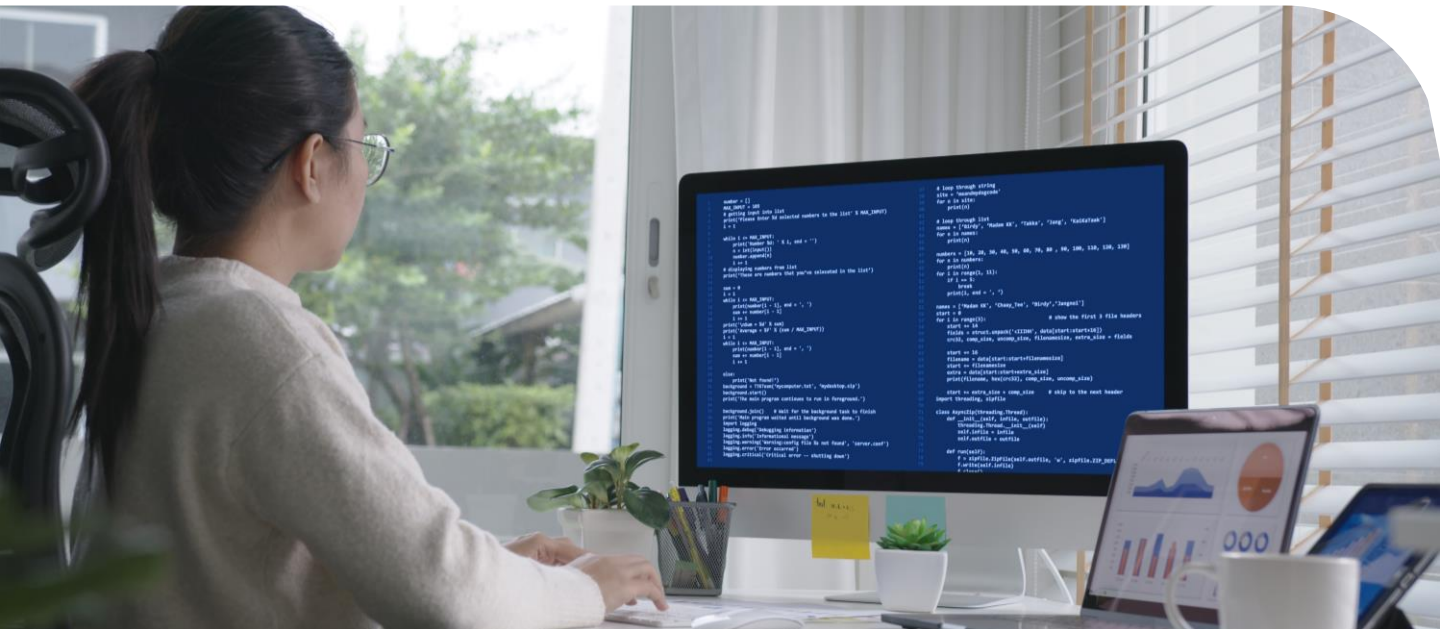
When informal efforts are no longer feasible, the court-supervised Business Rehabilitation process becomes a critical next step.

Business Reorganisation

Business reorganisation in Thailand (the “Reorganisation”) is a legal process overseen by the Central Bankruptcy Court (the “Court”), located in Bangkok, the capital of Thailand. The Court works in coordination with an official receiver, who is an official of the Legal Execution Department (the “Official Receiver”), to supervise and administer Reorganisation proceedings. Reorganisation is designed for companies that are unable to meet their debt obligations and require financial restructuring to remain operational. Governed by the Thai Bankruptcy Act B.E. 2483 (A.D. 1940) as amended (the “Act”), this process allows the debtor to continue business activities under an approved rehabilitation plan (the “Plan”), aiming to deliver greater returns to stakeholders including creditors and investors compared to the proceeds from liquidating the company’s assets.

Reorganisation requires certain conditions to be met, as follows:

- The debtor must be insolvent or unable to pay debts as scheduled.
- Indebtedness to one or more creditors for an amount not less than THB 10,000,000.
- Reasonable grounds and a prospect to reorganise the debtor’s business.
- The Rehabilitation petition must be filed in good faith.



Under the Act, Reorganisation is divided into three main phases as follows:

Phase	Key Actions	Estimated Timeline
Phase 1 – Submission of the Rehabilitation application (the “Application”)	<ul style="list-style-type: none">• The Rehabilitation Petitioner files the Application with the Court.• The Court accepts the Application and proceeds with a hearing. Once the Court accepts the Application, an automatic stay (the “Stay”) applies throughout the Rehabilitation proceedings until the Rehabilitation is successfully implemented or dismissed by the Court.	2-3 months
Phase 2 – Preparation and Approval of the Plan	<ul style="list-style-type: none">• The Court issues an order for Rehabilitation and appoints the Plan Preparer.• Creditors submit their debt claims within 1 month after the announcement of Plan Preparer in the Royal Gazette.• Plan Preparer files the Plan with the Official Receiver within 3 months of their appointment (the filing deadline can be extended by one month, which you can do twice).• The Official Receiver convenes a creditors’ meeting to consider and approve the Plan.• After creditors approve the Plan, the Court schedules a hearing to consider and approve the Plan and to appoint the nominated person (either an individual or an entity) to execute the approved Plan (the “Plan Administrator”).	5-7 months
Phase 3 – Implementation of the Plan	<ul style="list-style-type: none">• The Plan Administrator implements the Plan within a 5-year timeframe, with the possibility of two 1-year extensions.• The Court orders the cancellation of the Rehabilitation once the Plan is successfully implemented.	5-7 years

Rehabilitation in Thailand follows a structured legal process designed to safeguard the interests of all stakeholders. One key feature is the Stay, which temporarily suspends lawsuits and enforcement actions. All creditor claims must be submitted through the Rehabilitation process, ensuring that the debtor’s outstanding obligations are addressed and resolved within the framework of the Rehabilitation proceedings. Doing this provides businesses with the necessary space to reorganise and enables investors to plan strategically without the immediate risk of asset seizures.

Bankruptcy

Bankruptcy matters in Thailand are governed by the same Act and under the same supervision of the Court as Reorganisation proceedings (the “Bankruptcy”). A key objective of Bankruptcy proceedings is to collect the debtor’s assets and distribute them among creditors as a means of debt repayment. As a result, all business operations of the debtor will cease.

To initiate Bankruptcy proceedings, the following conditions must be met:

- The debtor must be insolvent as defined under the Act.
- A corporate debtor must owe more than Baht two million, or an individual debtor must owe more than Baht one million (the “Debtor”).
- The debt must be for a definite amount.
- Unlike Reorganisation, the Bankruptcy petition can be filed by the creditors of Debtor or an appointed liquidator (during a voluntary winding-up) (the “Bankruptcy Petitioner”).

Phase	Key Actions	Estimated Timeline
Phase 1 – Submission of the Bankruptcy application (the “Application”)	<ul style="list-style-type: none">• The Bankruptcy Petitioner files the Application with the Court• The Court accepts the Application and proceeds with a hearing for witness examination.	The process will be handled as a matter of urgency.
Phase 2 – Absolute Receivership Order	<p>The Court issues an absolute receivership order announced through the Royal Gazette.</p> <p>The Official Receiver will be appointed by the Court to manage and oversee assets and business of the Debtor for distribution among the creditors.</p> <p>Creditors submit their debt repayment application with the Official Receiver within 2 months after the announcement of an absolute receivership order. (with a possible of a maximum of additional two-month extension granted by the Official Receiver)</p> <p>The Official Receiver convenes a creditors’ meeting to consider whether the Debtor should be declared bankruptcy or to accept the Debtor’s proposal of a composition (the “Composition”).</p>	The process could last at 4 months.
Phase 3 – Distribution of Assets	<p>In cases where no Composition is proposed by the Debtor, or Creditors or the Court disapprove the Composition, the Debtor’s assets will be liquidated through sales or public auctions. The proceeds will be distributed proportionally, based on the priority order established by the Act.</p>	The process could last at least a year.

Voluntary Liquidation and Dissolution

When a business chooses to close its operations in Thailand, it must undergo a formal dissolution and liquidation process, which you can conduct without court involvement. These processes are governed by the Thai Civil and Commercial Code B.E. 2481 (A.D. 1938) as amended. A solvent company may carry out the winding-up process independently. However, this procedure requires coordination with several key government agencies, including the Department of Business Development under the Ministry of Commerce (the “DBD”), which oversees business registration and management, the Revenue Department (the “RD”) (particularly for VAT-registered companies and corporate income tax matters), and the Social Security Office (the “SSO”) provided that if the company has employees.

Phase	Key Actions	Estimated Timeline
Phase 1 - Shareholders’ Resolution for Dissolution	<ul style="list-style-type: none">• The board of directors holds a meeting to propose the company’s dissolution.• Shareholders pass a special resolution to approve the dissolution.• All directors are appointed as liquidators by default unless otherwise stated in the Articles of Association of the company.	
Phase 2 - Register the Dissolution with the DBD	<ul style="list-style-type: none">• The company registers its dissolution with the DBD and its status is updated to “dissolved.”• Public announcement is made in a local newspaper, and creditors are notified.• VAT registration is cancelled with the RD, if applicable.• The company is deregistered with the SSO, if applicable.	Within 14 days of the shareholders’ meeting
Phase 3 - Final Tax Clearance with the RD	<ul style="list-style-type: none">• The company submits the Corporate Income Tax Return (Form PND.50).• Audited financial statements covering operations up to the dissolution date.• The RD conducts a retrospective tax audit, typically covering the past 3 to 5 years.	<ul style="list-style-type: none">• Submitting Form PND.50 within 150 days from the date of dissolution• Completing the tax clearance process
Phase 4 - Liquidation	<ul style="list-style-type: none">• The liquidator submits reports to the DBD on asset liquidation, debt settlement, and progress.• Final liquidation is filed with the DBD after receiving tax clearance from the RD.• The company receives the Certificate of Company Dissolution Completion.	<ul style="list-style-type: none">• Submitting interim liquidation reports to the DBD every 3 months• Holding a shareholders’ meeting annually if liquidation cannot be completed within 1 year to report on the progress of ongoing liquidation

Key Comparative Aspects

Key Aspect	Business Rehabilitation	Bankruptcy	Voluntary Dissolution and Liquidation
Governing Law	Thai Bankruptcy Act B.E. 2483 (A.D. 1940)	Thai Bankruptcy Act B.E. 2483 (A.D. 1940)	Thai Civil and Commercial Code B.E. 2481 (A.D. 1938)
Court Involvement	Yes (the Central Bankruptcy Court)	Yes (the Central Bankruptcy Court)	No (Administered by the Department of Business Development)
Requirements	Insolvency, At least THB 10 Million Indebtedness, Feasibility of Business, and Filling in Good Faith	Insolvency, Indebtedness at least THB 2M for Companies	Resolutions from Shareholders
Primary Objective	Reorganise and Continue Operations	Liquidate Assets and Pay Creditors	Winding Down Solvent Entity
Voting from Creditors	Yes (By Class of Creditors)	No	No
Estimated Timeline	5-7 years (including Plan Implementation)	On an urgent basis	6–36 months (subject to tax clearance from the RD)
Common Use Case	Turnaround of viable but distressed company	Terminal insolvency with no recovery plan	Exit of dormant or no-longer-needed company

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Disclaimer

This guide has been prepared to assist individuals and organisations interested in doing business in Thailand. It is intended to provide general information and address broad questions that may arise, but it does not cover the subject matter exhaustively. For specific issues, reference should be made to the relevant Thai laws and regulations, and appropriate legal, tax, and accounting advice should be sought.

The information contained in this guide is presented in summary form and reflects legislation and regulatory conditions in force as of **30 June 2025**. It is provided for informational purposes only and does not constitute professional advice or establish a consultant-client relationship.

Readers are strongly encouraged to obtain independent professional advice tailored to their particular circumstances before making any business or investment decisions.

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