

DOING BUSINESS IN THAILAND: A BDO ROADMAP

Ideas | People | Trust

Preface - A message from our Managing Partner

NOEL ASHPOLE

Managing Partner

BDO in Thailand

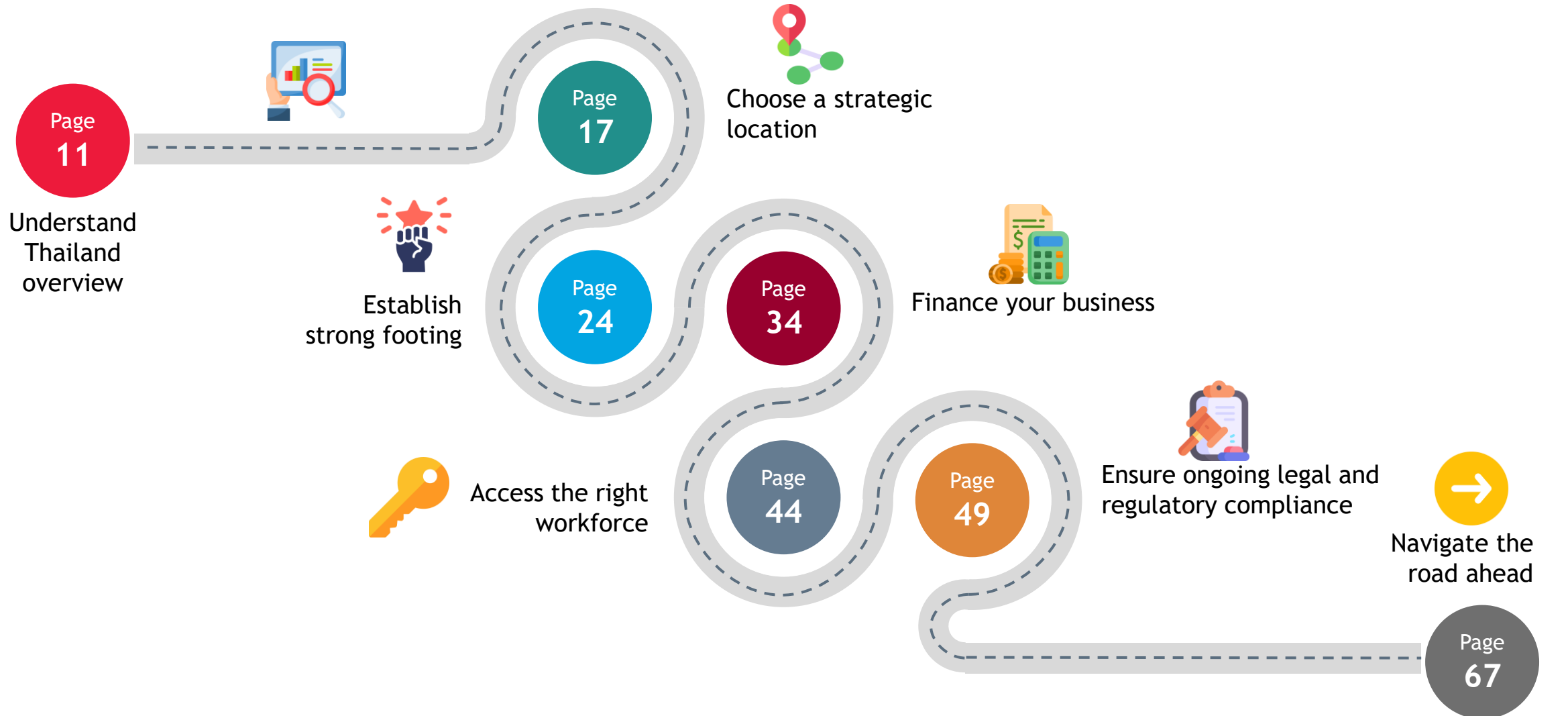
“Our team of experts have thoughtfully compiled this guide to cover not only regulatory compliance but also to provide a commercial perspective that supports your business objectives.

We aim to share valuable insights that go beyond the fundamentals, adding a strategic angle to help you make informed decisions.

Those who do business in Thailand know that, like any challenge there are opportunities abound in this vibrant and beautiful country. We are happy to discuss the content of this booklet further or address any questions you might have.

Thank you for taking the time to read our publication. We wish you the best of success in your business endeavors.”

The BDO Roadmap - Steps to doing business in Thailand



Definitions, abbreviations and glossary of terms

Abbreviation	Meaning
AGM	Annual General Meeting
ASEAN	The Association of Southeast Asian Nations
B/L	Bill of loading
BOD	Board of directors
BOI	Board of Investment
BOT	Bank of Thailand
CbCR	Country-by-Country Report
CCC	Civil and Commercial Code
CEs	Constituent entities
CIT	Corporate Income Tax
CLMV	Cambodia, Laos, Myanmar, and Vietnam.
CPA	The Center for Professional Assessment
CRS	Common Reporting Standards
CVC	Corporate venture capital
CWEC	Central Western Economic Corridor
DBD	Department of Business Development
DTA	Double Tax Agreements
DTV	Destination Thailand Visa
E&E	Electrical and Electronics
EEC	Eastern Economic Corridor

Abbreviation	Meaning
EECa	Eastern Airport City
EECd	Digital Park Thailand
EECg	Genomics Thailand
EECi	Eastern Economic Corridor of Innovation
EECmd	Medical Hub Thammasat University (Pattaya)
EMEA	Europe, the Middle East and Africa
FAQs	Frequently Asked Question
FBA	The Foreign Business Act
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GPT	Government Procurement Transformation
GSP	Generalized System of Preferences
GWh	Gigawatt hours
IBC	International Business Centers
ICO	Initial Coin Offering
IEAT	The Industrial Estate Authority of Thailand
IFRS	International Financial Reporting Standards
IIR	Income Inclusion Rules
IOI	Indication of interest

Definitions, abbreviations and glossary of terms

Abbreviation	Meaning
IPO	Initial public offering
JCI	Joint Commission International
LNG	Liquefied natural gas
LOI	Letter of intent
LTR	Long-Term Residence
MAI	Market for Alternative Investment
Mn	Million
MNE	Multinational enterprises
MOA	Memorandum Of Association
NEC	Northern Economic Corridor
NeEC	Northeastern Economic Corridor
NIA	National Innovation Agency
NIC	Newly Industrialising Countries
NPAE	Non-Publicly Accountable Entities
NPLs	Non-performing loans
PAE	Publicly Accountable Entities
PAPD	Personal Data Protection Act
PIT	Personal Tax Income
PT	Petroleum Income Tax
QDMTT	Qualified Domestic Top-Up Tax

Abbreviation	Meaning
RCEP	Regional Comprehensive economic partnership
RD	Revenue Department
RE	Renewable Energy
SBT	Specific Business Tax
SD	Stamp Duty
SEA	South East Asia
SEC	The Securities and Exchange Commission
SET	The Stock Exchange of Thailand
SME	Small and medium enterprises
SMEs	Small and medium-sized enterprises
SSO	Social security office
TFAC	Thai Federation of Accounting Professions
TFRS	Thai financial reporting standards
THB	Thai Baht
THBb	Billion Thai Baht
TP	Transfer pricing
TRD	Thai Revenue Department
UPE	Ultimate parent entity
USD	The United State Dollar
UTC	Coordinated Universal Time

Definitions, abbreviations and glossary of terms

Abbreviation	Meaning
UTPR	Undertaxed Payment Rules
VAT	Value added tax
VC	Venture Capital
WHT	Withholding Tax



01

About BDO

BDO

Global Solutions. Driven to be the best



BDO’s vision is to be the leader for exceptional client service, by delivering high-quality, consistent service across all offices globally.



Revenue



US \$14 bn*

By region



57% Americas
32% EMEA
11% Asia Pacific

By service line



42% Audit & Assurance
21% Advisory
23% Tax
14% Business service & Outsourcing

Peoples



115,661 People

Presence

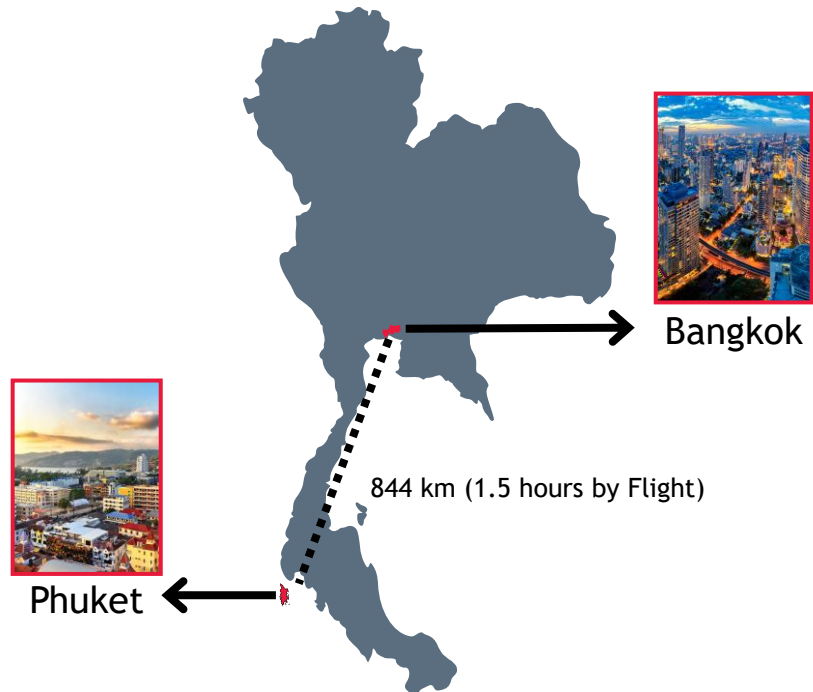


1,776 Offices
166 Countries & territories

* At 30 September 2023

BDO in Thailand

BDO in Thailand is a professional business consultancy firm that provides comprehensive audit & assurance, advisory, tax and legal, and business services & outsourcing services to companies large and small. Our company is **based in Bangkok and Phuket**, with Thai CPAs, SEC registered auditors, and advisory experts that provide professional service to companies in Thailand and nearby countries.



Advisory

- Cybersecurity
- Deal Advisory
- Global Forensics
- Risk Advisory Services

Business Services & Outsourcing

- Accounting, Bookkeeping and Tax Compliance
- BDO Drive
- Business Advisory and Efficiency
- Buying & Selling
- Data Analytics & Insights Services
- Family Business & Succession Planning Services
- Finance & Accounting Technology
- Financial Reporting
- Payroll Solutions
- Support and Services for Entrepreneurs

Audit & Assurance

- External Audit
- Financial Reporting Solutions
- International Financial Reporting Standards (IFRS)
- Other Assurance Services
- Reporting Accountants and Initial Public Offerings

Tax & Legal

- Board of Investment (BOI) and Foreign Business License Applications
- Corporate and International Tax
- E-Services Tax
- Global Employer Services
- Company Formation and Company Secretarial Services
- Private Client Services
- Tax Assurance and Risk Management Services
- Tax Dispute Resolution Services
- Tax Health Check Services
- Tax and Legal Advisory Services
- Transfer Pricing
- Services related to Personal Data Protection Act
- Visa, Work Permit and Long-Term Resident Visa

02

Overview of Thailand

Thailand at a First Glance

Key information on Thailand - The Land of Smiles



Population (2023): 70.1 million



GDP (2023): \$514.9 billion USD



The total labor force (2023): 40.8 million



Time zone is UTC+7



Currency is Thai Baht (Baht or THB)



Official language is Thai



Religion Buddhist (~95%), Islam (~3%) and Christianity (~ 1%)



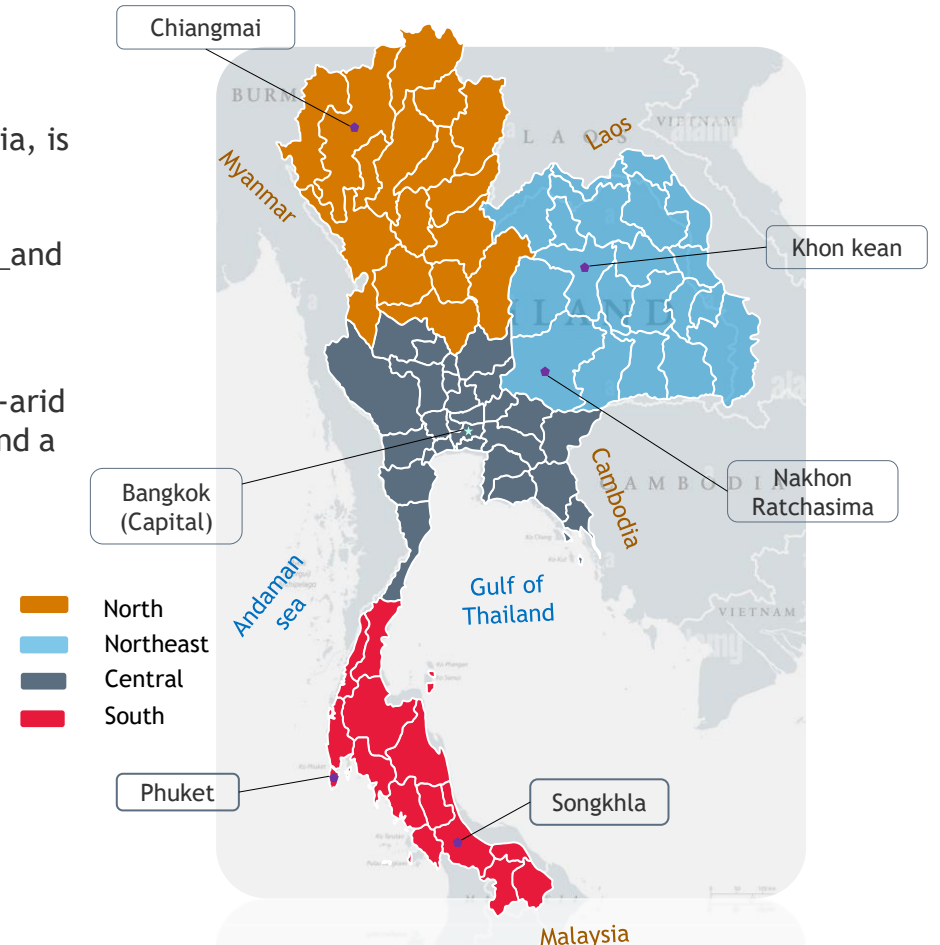
Location

Thailand, located in Southeast Asia, is bordered by Cambodia, Laos, Myanmar, and Malaysia. It has coastlines along the Andaman Sea and the Gulf of Thailand

The country has four geographic regions: mountainous **north**, semi-arid **northeast**, fertile **central** plain, and a mineral-rich **southern** peninsula.

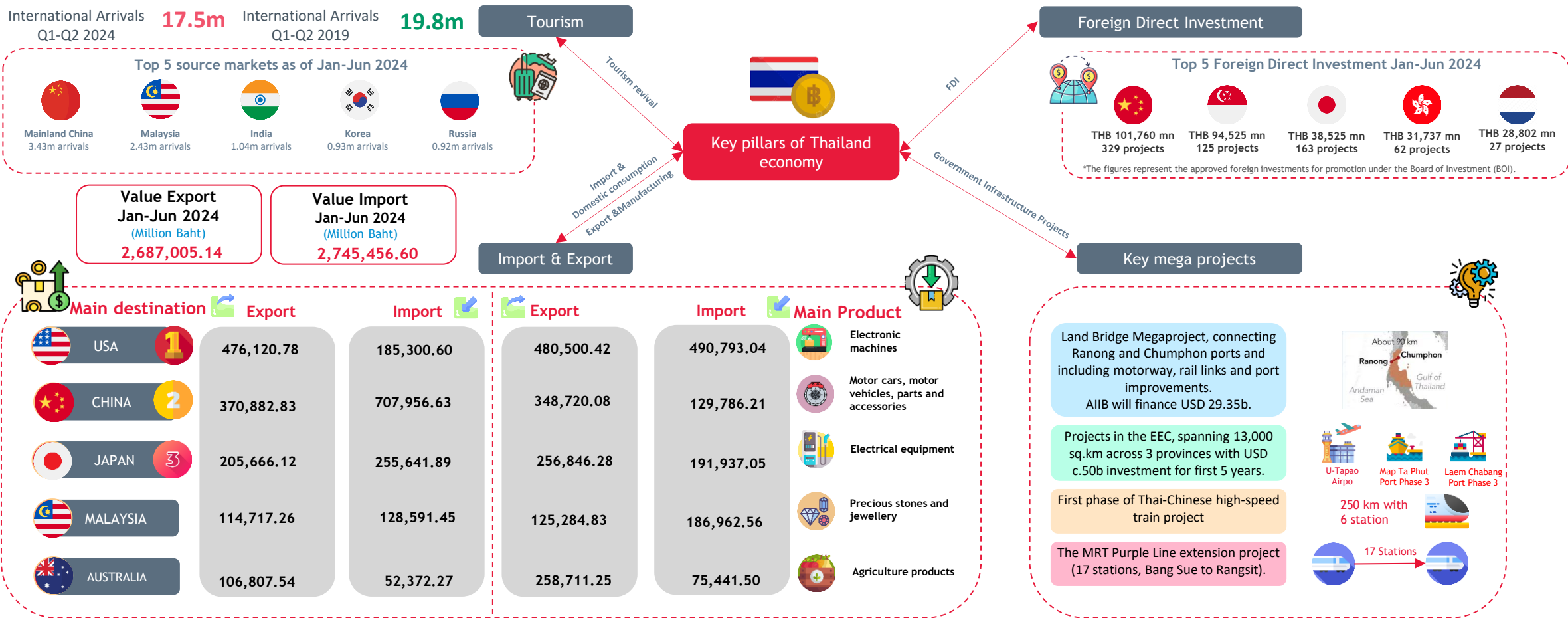


Land area is 513,000 km², with 76 provinces



Thailand's Economy Overview

Tourism, manufacturing & export, FDI, domestic consumption & import and government infrastructure projects are still key economic drivers that are currently shaping Thai economy growth



Source: BOI/nationalthailand.com/southeastasiainfra.com/BOT

Thailand's Business Landscape

Thai economy is mainly dominated by few giant key players

Family-owned conglomerates



Chearavanont Family (CP Group)

Listed Entity: CPALL, CPF, CPAXTRA, TRUE
Total revenue (2023): THB 3.32 trillion

Market influence: 7-Eleven has >14,000 branches, while Lotus, Makro, and supermarkets manage >2,700 branches, employing ~450,000 people (~1.10% of total labor force in Thailand) across 21 countries.

Chirathivat Family (Central Group)

Listed Entity: CRC, CPN, CENTAL
Total revenue (*) (2023): THB 320 billion

Market influence: Operates >3,700 stores across 27 countries with commercial area of ~7m sq.m.

CENTRAL Group

(*) listed companies' figure



(**) Listed ThaiBev's figure

Sirivadhanabhakdi Family (ThaiBev)

Ownership: Publicly listed

Listed Entity: Thai Beverage Public Company Limited (ThaiBev) on the Singapore Exchange (SGX)
Total Revenue (**) (2023): THB 42.15b

Market share influence: >90% for spirits and ~40% for beer in Thailand and Vietnam, based on sales volume.

Yoovidhya Family (TCP Group)

Ownership: Private

Listed Entities: None
Total revenue(***) (2023): THB 31.93 billion

Market Influence: Major player in the energy drinks sector, with a market share of >18% in Thailand, >50% in Vietnam and >40% in China (2024). Its most notable product Red Bull dominated global market share with >40% (2022)



(***) T.C. Pharmaceutical Industries Company Limited's figure



Srivaddhanaprabha Family (King Power)

Ownership: Private (King Power International Group)
Listed Entities: None

Total revenue (2023): THB 20.06 billion

Market Influence: the largest duty-free retailer in Thailand, holding a monopoly on duty-free operations at major Thai airports.

Top listed companies (by market cap as of June 2024)

Electronic Components (ETRON)



DELTA
THB 1,038,445 mn

Energy & Utilities (ENERG)



PTT
THB 928,297.38 mn

Information & Communication Technology (ICT)



ADVANC
THB 621,609.83 mn



PTTEP
THB 603,437.78 mn



TRUE
THB 302,330.88 mn



GULF
THB 475,192.57 mn

Transportation & Logistics (TRANS)



AOT
THB 824,999.18 mn

Commerce (COMM)



CPALL
THB 494,070.57 mn

Health Care Services (HEALTH)



BDMS
THB 425,111.05 mn

Banking (BANK)



SCB
THB 346,812.05 mn

2nd home for global/regional MNEs

Chemicals



Electronics



Automotives



Energy



ExxonMobil

Hospitality



Transportation & Logistics



Why Thailand ?

Thailand with “Beyond” and “Better” value proposition

Beyond

Being the Heart of the Regional Economy

*The heart of the ASEAN Economic Community and the **second largest economy** in Southeast Asia*



CLMV

300 Mn Consumers
Within 1,000 KM

ASEAN

670 Mn Consumers
Within 3,000 KM

Better with

World class Business Ecosystem



Trade Network
15 FTAs with 19 nations



Infrastructure Connectivity
Well-established Rail, Water, and Air Infrastructures which are connected to **ASEAN and China**



Robust Supply Chain
Home to world leading **Multinational Corporations** and **high-quality workforces**



Government Support
Comprehensive **government supporting measures** aligning with **BOI investment incentives**

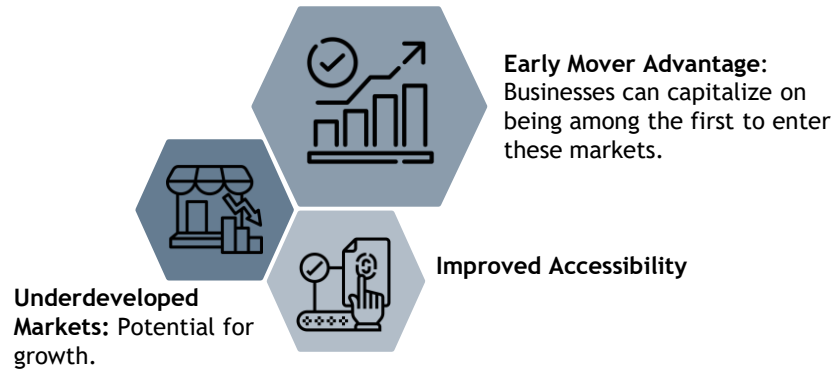


Green Transition Policy **Incentives on green transition activities / RE**

Thailand - A New Industrializing Country

As an NIC, Thailand expands businesses' access to a consumer base eager for new products and services

Thailand's regional and rural areas offer significant business opportunities due to:



Thailand is evolving from traditional manufacturing to:

- Advanced Manufacturing Technologies
- **Regional Hub:** Focused on industries like automotive, electronics, and robotics.

This shift creates opportunities for businesses in related supply chains.

Note: NIC = Newly Industrialising Countries

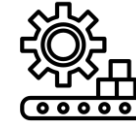
Thailand's NIC status has resulted in:

- Improved Education and Vocational Training
- Skilled and Adaptable Workforce.

Thailand is evolving from traditional manufacturing to:



Technology



Manufacturing



Service

Thailand is rapidly adopting digital technologies, leading to:

- Easier implementation of e-commerce
- Integration of fintech solutions
- Access to essential digital services for modern business operations

Thailand is one of the most popular tourist destinations in the world, which presents significant opportunities for businesses in hospitality, retail, and related services. The tourism industry also supports growth in infrastructure, creating demand for new developments and investments.

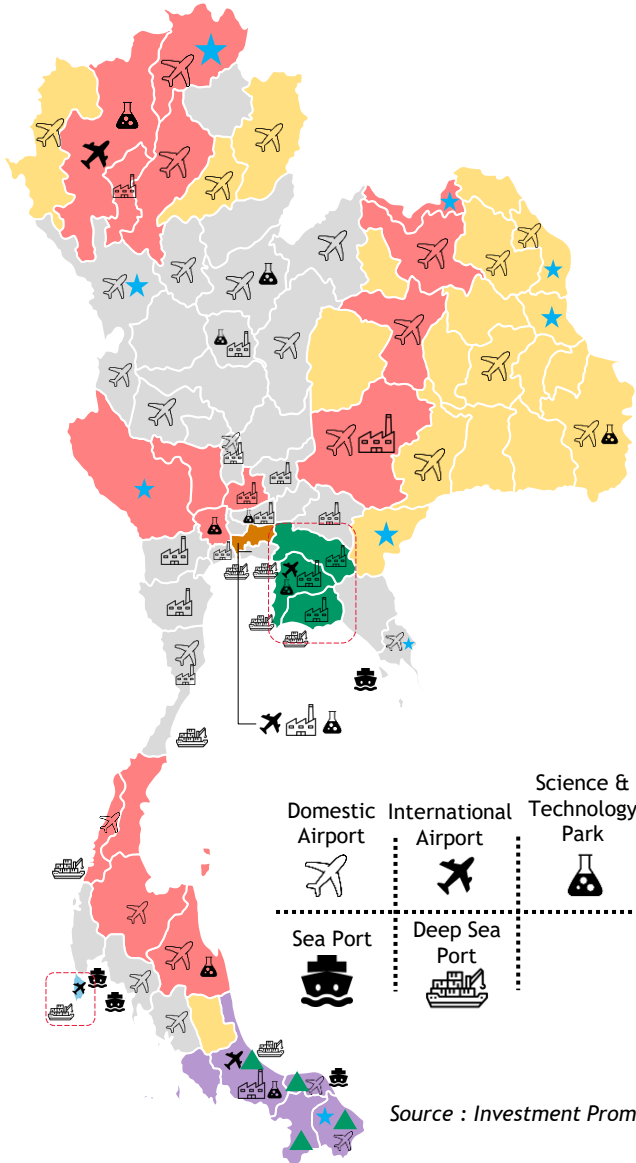


03

Choose a strategic location

Making a strategic decision

The best location will depend on specific business needs, target market, and long-term goals



20 Provinces with lowest income per capita

Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phatthalung, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaeo, Surin, Nong Bua Lamphu, Ubon Ratchathani and Amnatcharoen.



Promoted Industrial Estate / Zone

Projects located within industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption.

Special Economic Zones in four Regions (NEC, NeEC, CWEC, SEC)

Covering 16 provinces: Chiang Rai, Chiang Mai, Lamphun, Lampang, Khon Kaen, Udon Thani, Nakhon Ratchasima, Nong Khai, Ayutthaya, Nakhon Pathom, Suphan Buri, Kanchanaburi, Chumphon, Ranong, Surat Thani and Nakhon Si Thammarat.



Special Economic Zones

90 sub-districts in 23 districts of 10 provinces which are Chiang Rai, Nakhon Panom, Tak, Kanjanaburi, Nongkhai, Mukdahan, Sa Ka ew, Trad, Songklah and Narathiwat.

Promoted Border Provinces in Southern Thailand

Southern Border Provinces include Narathiwat, Pattani, Yala, Satun and four districts in Songkhla (Jana district, Natawee district, Saba Yoi district and Taypa district).



Model City Project in the Southern Border Provinces

Nong Chik District, Pattani; Betong District, Yala; Jana District, Songkhla; Su-ngai Kolok District, Narathiwat



Bangkok (capital)

A major growth engine for Thailand's economy. According to World Bank's Thailand Economic Monitor 2024 report, Bangkok's GDP is nearly 40x greater than the next largest city, Chon Buri.



The Eastern Economic Corridor (EEC)

31% of foreign investors (99 investors) targeted the EEC area in the first five months of 2024.

EEC attracted 18.2 THBb, making up 25% of total FDI in Thailand during the period.



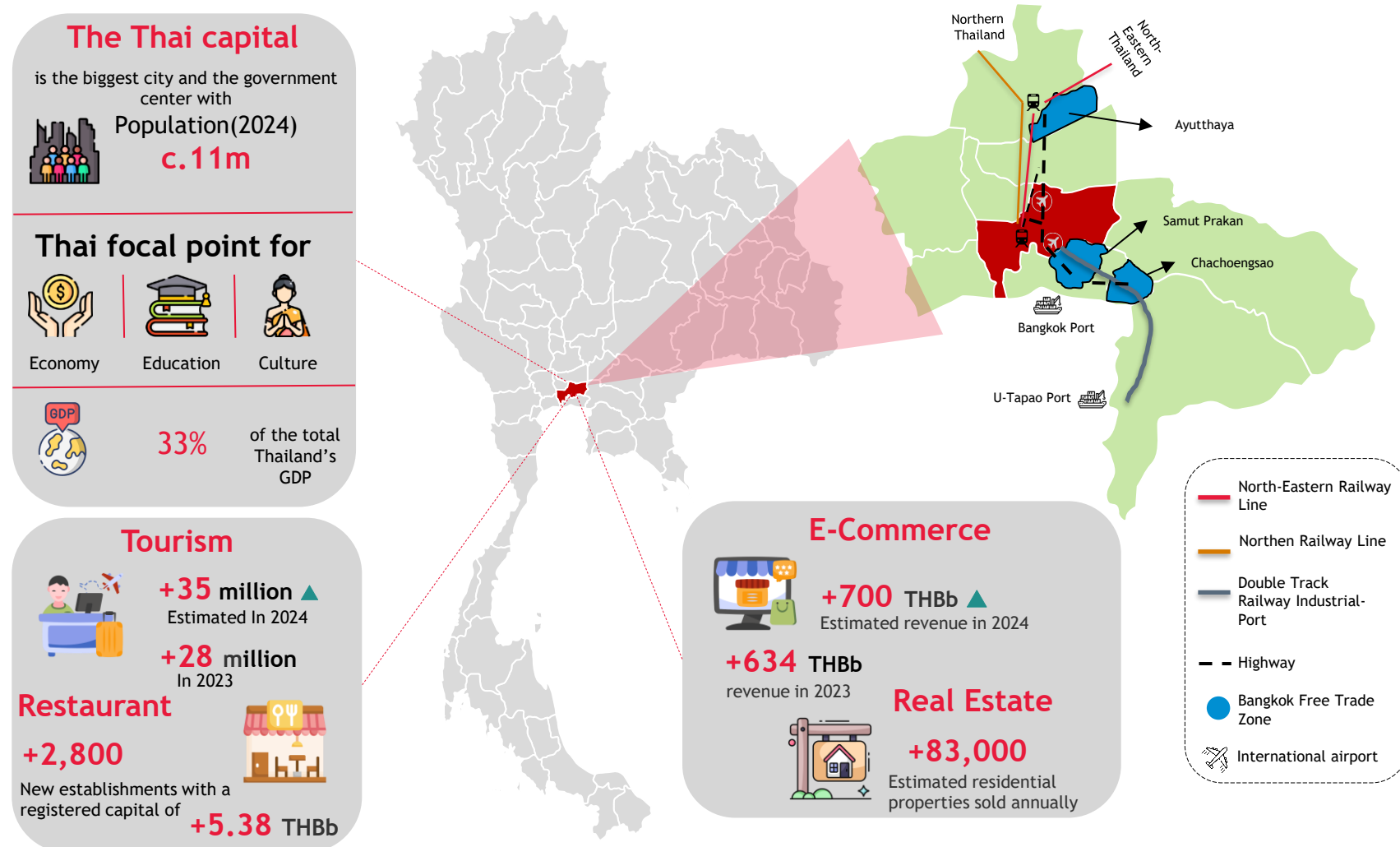
Phuket Island

A major driver of Thailand's tourism ('Best City' in DestinAsian's 2024 Readers' Choice Awards.)

2023-27 plan targets international education hub status and digital innovation for value creation.

Bangkok Metropolis

Bangkok Metropolitan area and its vicinities - the journey into a regional business hub



Bangkok Free Trade Zone

Tax Benefits:

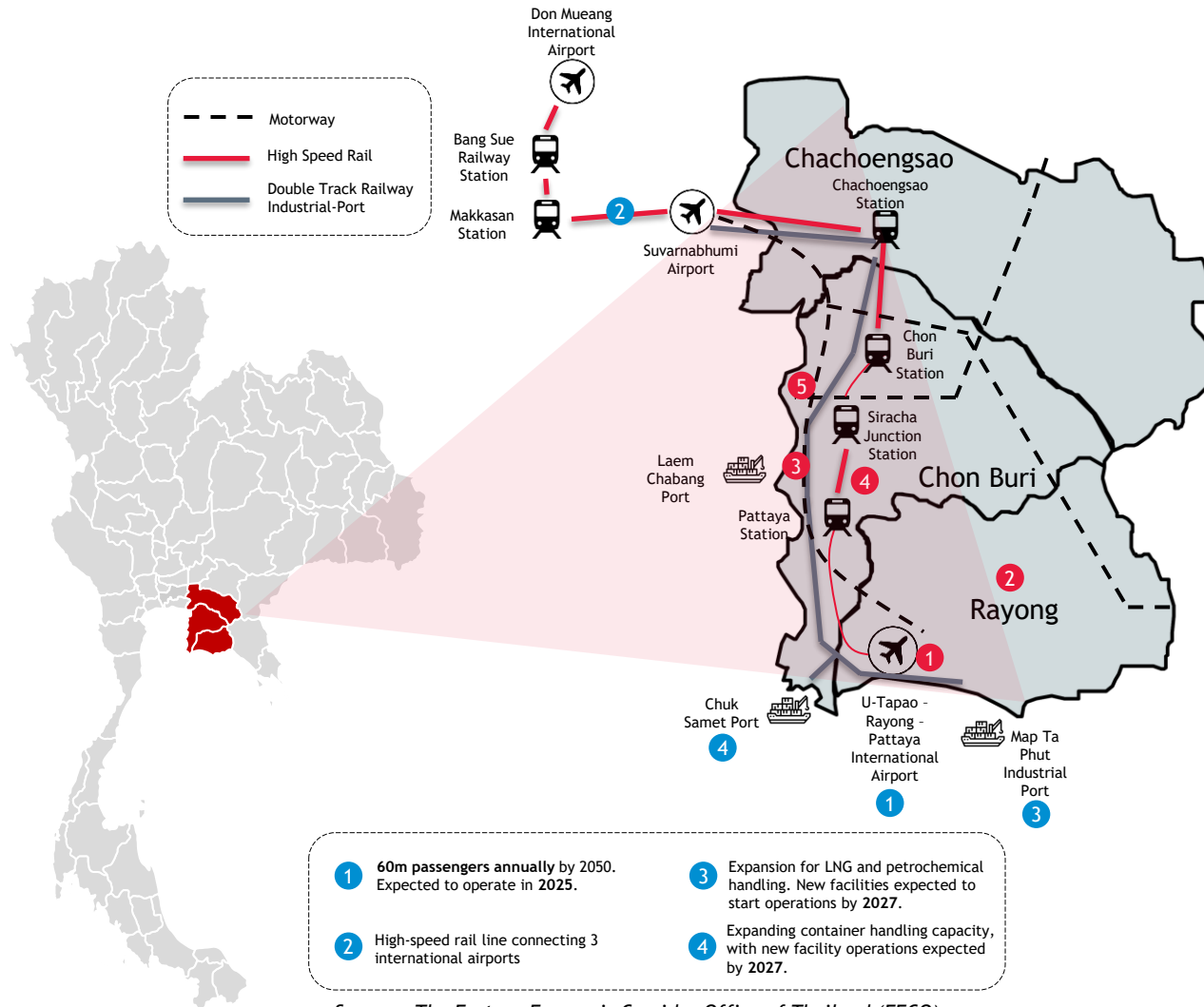
A Free Zone is an indicated area for industrial manufacturing, logistic and other business activities operations with **no customs duty and VAT on purchases or importation** of raw materials, components or finished goods.

Strategic Location

- **Ayutthaya Free Trade Zone:**
A gateway to Northern and Northeastern Thailand, facilitating trade and logistics in these regions.
- **Chachoengsao Free Trade Zone:**
An entry point to the Eastern Economic Corridor (EEC), supporting economic development in this crucial area.
- **Samut Prakan Free Trade Zone:**
Excellent connectivity for international trade, being strategically located near both Suvarnabhumi Airport and Bangkok Port.

Eastern Economic Corridor (EEC)

EEC is positioned as the main engine of growth for Thailand's 4.0 economic model



Source : The Eastern Economic Corridor Office of Thailand (EECO)

EEC tax incentives

- Eligible companies can receive corporate income tax exemptions or reductions for **up to 13 years**.
- Investors in activities granted tax incentives **for five or more years** may apply for additional benefits, with some conditions excluding core technologies and negative-listed activities.
- Tax incentives are categorized by the following zones:

- 1 Eastern Airport City (EECa)
- 2 Eastern Economic Corridor of Innovation (EECi)
- 3 Digital Park Thailand (EECd)
- 4 Medical Hub Thammasat University (Pattaya) (EECmd)
- 5 Genomics Thailand (EECg)

BOI Standard Incentives:

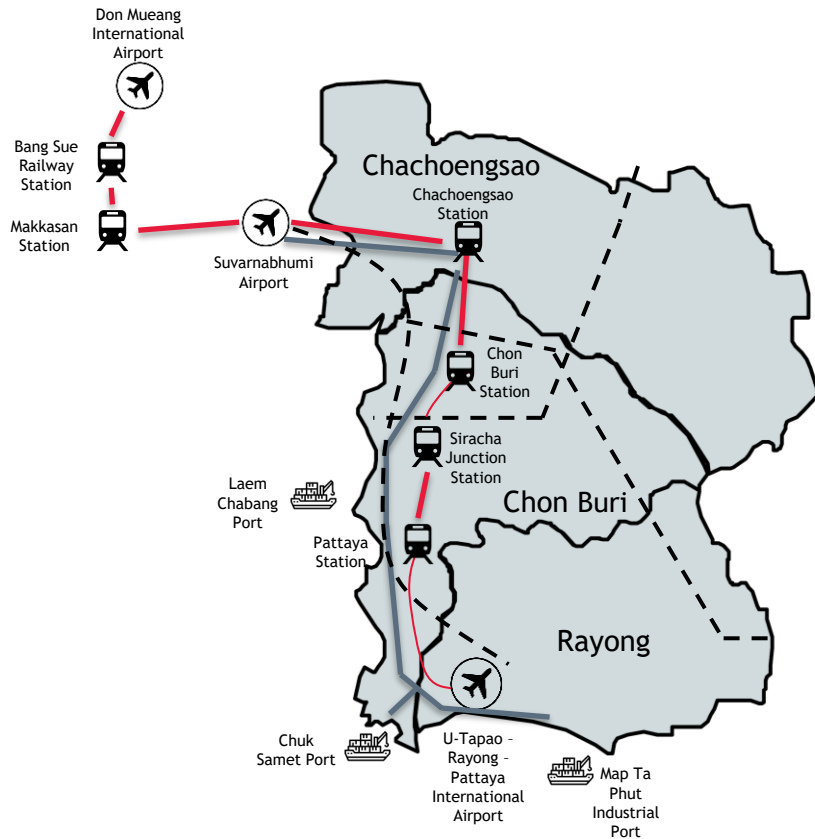
- Additional corporate income tax (CIT) exemption for up to **two years** for certain activities.
- CIT reduction of **50% for three years after** the end of the tax holiday.

Personal Income Tax (PIT) Incentives:

- Qualified expatriates and Thai employees could get PIT reduction & receive a flat 17% personal income tax rate on income earned from companies involved in target activities within the EEC.

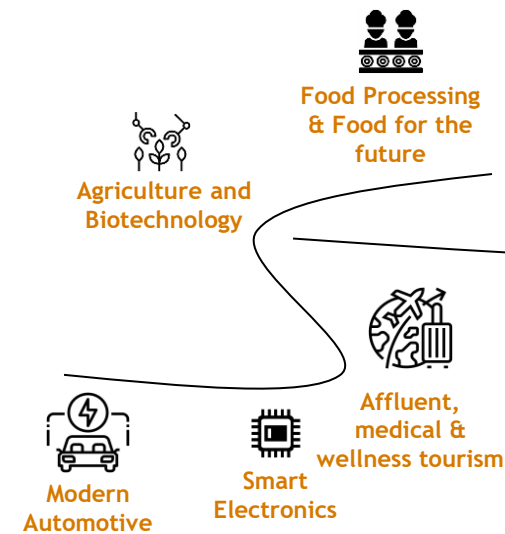
Eastern Economic Corridor (EEC)

EEC focuses on attracting foreign investments in 12 targeted industries with specific EEC tax incentives



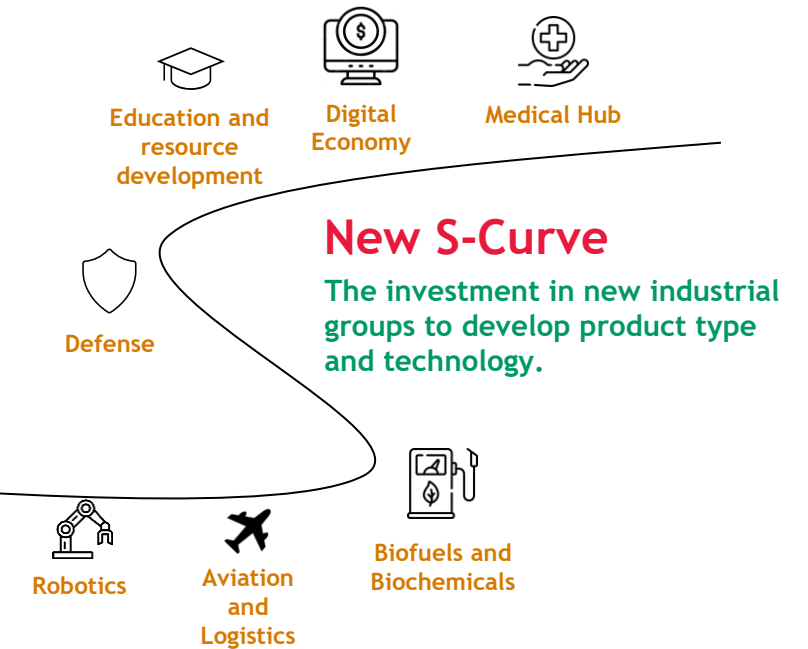
First S-Curve

The investment in existing industrial groups to increase the production efficiency.



New S-Curve

The investment in new industrial groups to develop product type and technology.



Phuket island

A vibrant Thai island known for its stunning beaches, lively nightlife, and rich cultural heritage



Population
(July 2024)

427,603



In 2023, Phuket
registered
accommodation
establishments.

1,532
registered



Development and
expansion of
capabilities Phuket
Airport (Phase 2)

18 million
passengers



International VS Domestic arrivals

(Total Passenger at Phuket International Airport as of June 2024, in comparison with June 2019.

59% International **41% Domestic** **Jun 24**

55% International **45% Domestic** **Jun 19**

0% 100%

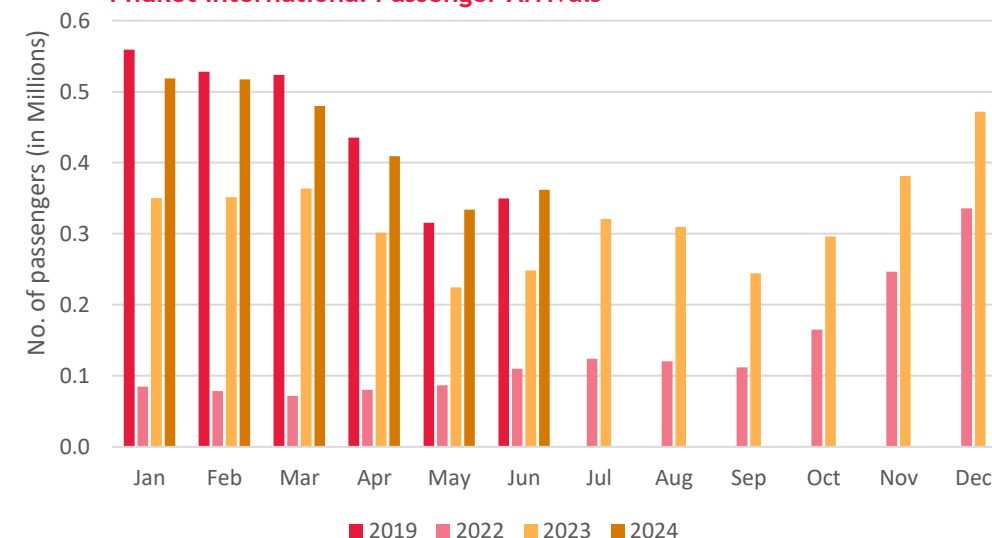


In 2023 Phuket had registered 100,534 keys. Looking forward to 2024, Patong leads with 42% of projects, Phuket Town with 27%, and Mai Khao with 24%

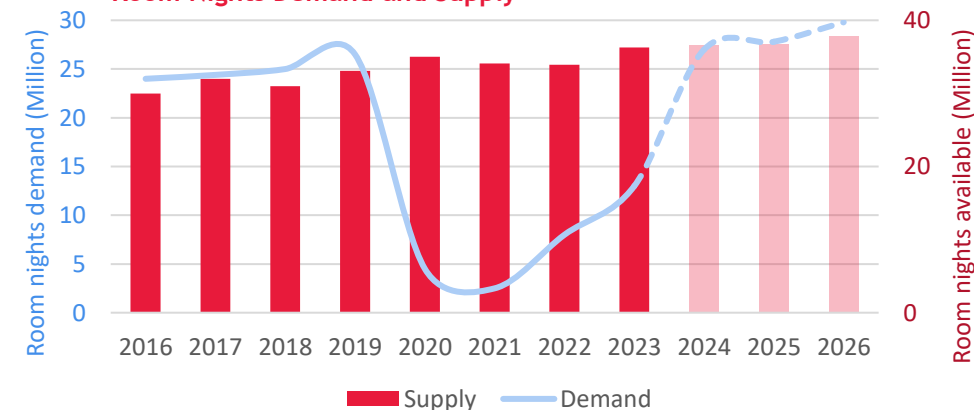


Demand for room nights is accompanied by rise in real estate transactions and values due to growing tourism

Phuket International Passenger Arrivals

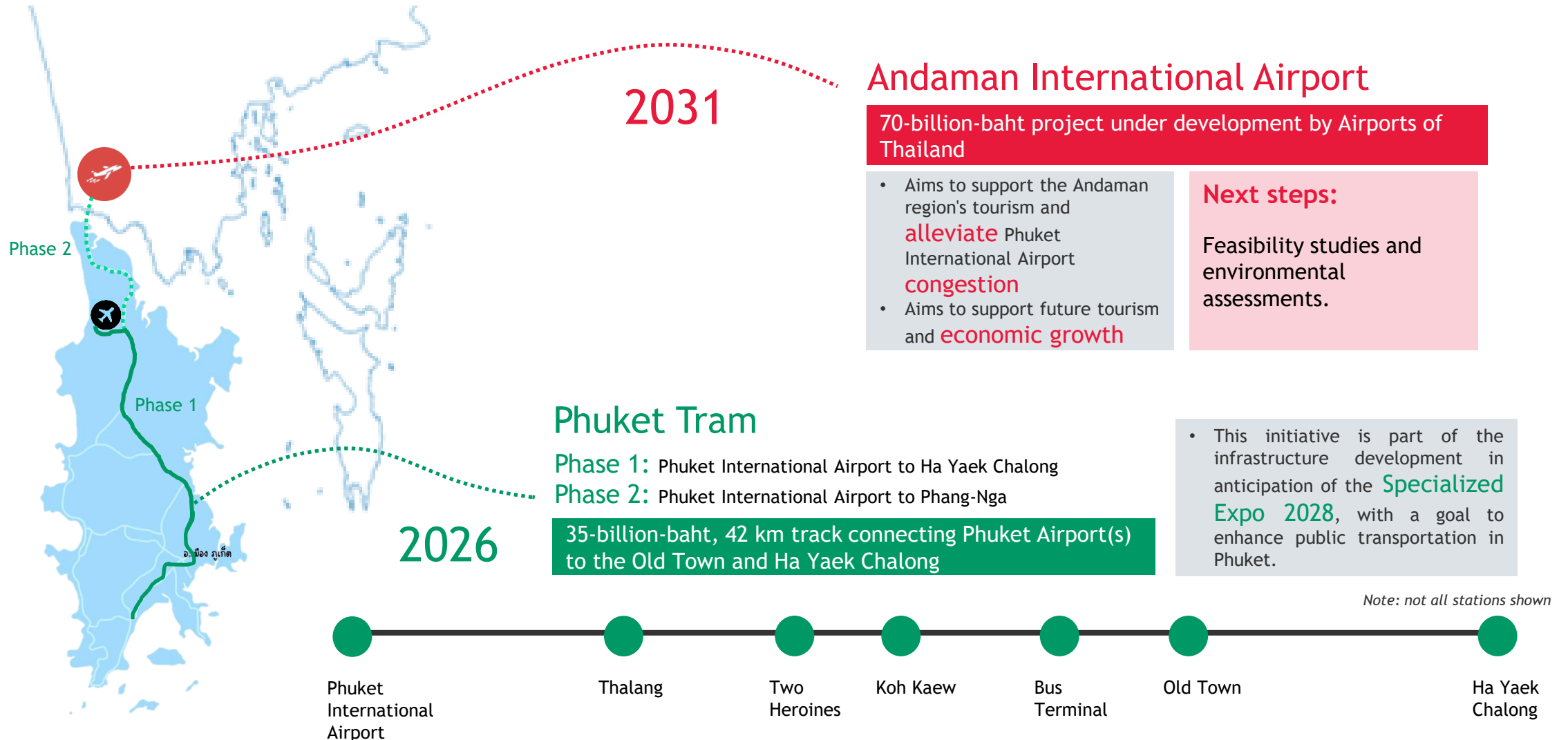


Room Nights Demand and Supply



Blueprint for Progress: Southern Thailand's Infrastructure Revolution

Major projects underway for Phuket's economic and tourism development

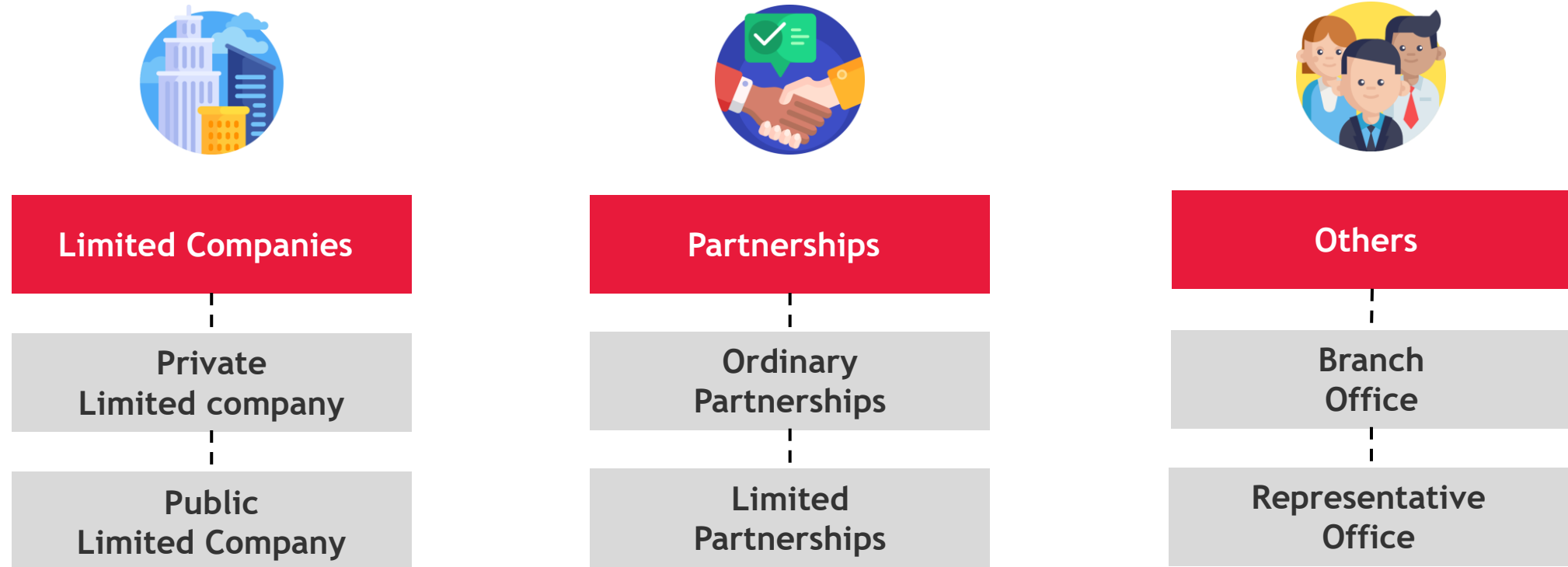


04

Establish a strong footing

Common business structures

There are different business models available in Thailand that may be of interest to foreigners planning their business in the country



Limited Companies

There are two types of limited companies: private and public companies, in which Private companies are governed by the Civil and Commercial Code (CCC) of Thailand

Management and Liability:

- ▶ Managed by a board of directors.
- ▶ Directors' liabilities maybe unlimited, depending on the company's Memorandum of Association, Articles of Incorporation, and relevant laws.

Shares and Capital:

- ▶ All shares must be subscribed to, with at least 25% of subscribed capital paid up.
- ▶ Common and preferred shares can be issued, but all shares must have voting rights.
- ▶ Minimum par value per share is THB 5.
- ▶ A Limited company cannot own its own shares or take them in pledge.

Formation Requirements:

- ▶ Formed by at least 2 promoters who must be natural persons.
- ▶ Minimum of 2 shareholders, which can be natural person or limited companies.
- ▶ Shareholders' liability is limited to their share subscription amount.

Share certificate:

- ▶ Must be stamped with the company sealed (if available) and signed by an authorized director.

Board Meetings and Voting:

- ▶ Meetings and voting can be conducted electronically.
- ▶ Meeting notices can be sent electronically, publication is no longer required.
- ▶ Attendees identities must be verified, and an audio or audiovisual recording of the meeting must be kept and verifiable.



Limited Companies

whereas public companies are governed by the Public Company Act

General Characteristics:

- ▶ Can offer shares, debentures, and warrants to the public.
- ▶ Eligible to apply for listing on the Stock Exchange of Thailand (SET).

Listing Requirements:

- ▶ Requires approval of disclosure documents by the SEC.
- ▶ SET must approve the listing of shares.

Formation Requirements:

- ▶ Minimum of 15 promoters needed, unlike private limited companies.
- ▶ Promoters must hold their shares for at least 2 years before transferring.

Board of Directors:

- ▶ Minimum of 5 directors, elected by cumulative vote.
- ▶ Meetings must be held at least once every 3 months.

Independent Directors:

- ▶ Must constitute at least one-third of the board, but no less than 3 directors.
- ▶ Independent directors must not have a business relationship with the company or its subsidiaries.

Partnerships

There are two types of partnerships under the Thai Civil and Commercial Code (CCC)

Ordinary partnerships

All the partners are jointly and wholly liable for all obligations of the partnership. Divided into 2 types:

- ▶ Non-registered Ordinary Partnership: not a juristic person and subject to individual tax treatment
- ▶ Registered Ordinary Partnership: registered with the Commercial Register and subject to corporate tax.

Contribution from partner consists of:



Limited Partnerships

Is a combination of:



Other forms: Branch offices

A branch office of a foreign company is treated as foreign, just like its head office

- ▶ Thai Civil and Commercial Code (CCC) does not have specific requirement on how it should be registered with DBD.
- ▶ A 100% owned entity in Thailand, required to secure a License unless the business activity is not restricted under FBA.



Branch Office

- ▶ The minimum capital requirement in this case is THB 3 million.
- ▶ The Branch Office must operate with a branch manager appointed by the board of directors of its head office.

- ▶ A branch office does not have a separate legal personality from its head office. Thus, the head office can be exposed to civil, criminal and tax liabilities in Thailand.

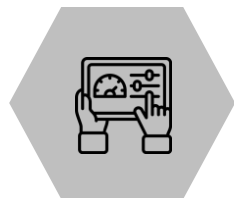
Other forms: Representative offices

A foreign enterprise can set up a representative office in Thailand to provide information and support to its head office

Activity Engagement

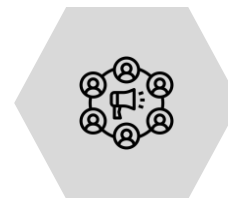
Representative offices of foreign companies can only engage in 5 activities, mainly providing services for its head office. It is a non-income generating type of legal presence in Thailand. These activities are:

Sourcing of goods or services in Thailand for its head office.



Quality control check for the goods purchased in Thailand by its head office.

Provide assistance concerning goods sold by its head office to agents or consumers in Thailand.



Disseminate information concerning new goods or services offered by its head office in the Thailand market.

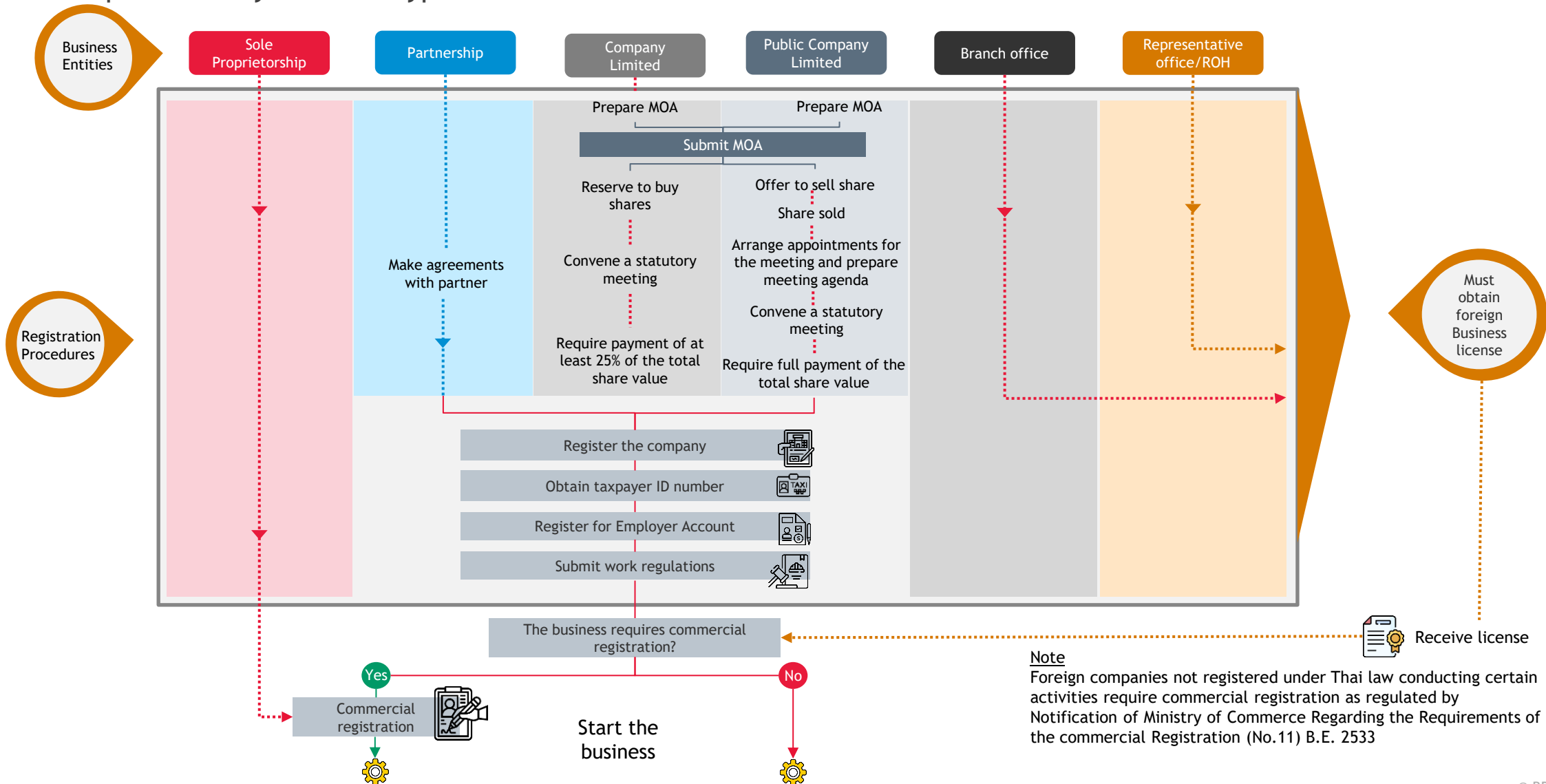
Provide reports on business developments in Thailand to its head office.



Although the activities of a Representative Office are deemed provision of services under the FBA, it is no longer required to secure a License. However, it is still required to register and submit documents to DBD.

Business Registration Procedure

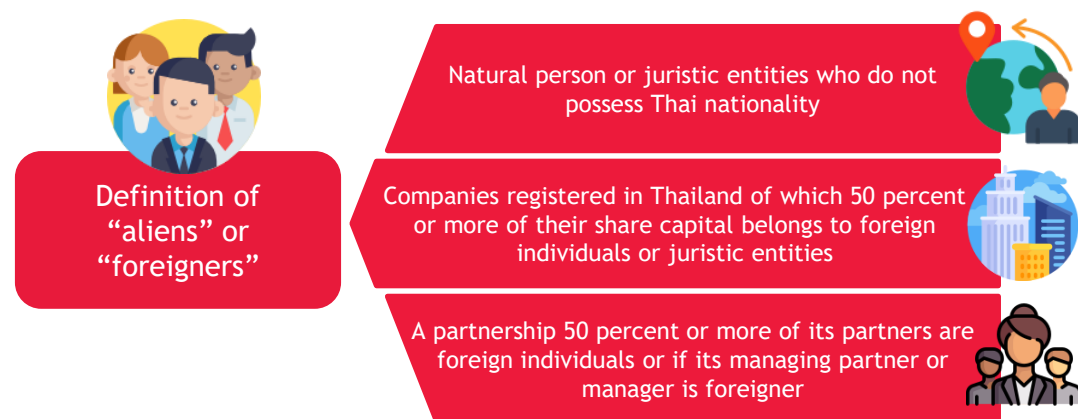
Registration process vary for each type of structure



Foreign investment & ownership

Some legal hurdles need to be considered when it comes to foreign ownership in Thailand

Aliens definition based on Foreign Business Act (1999)

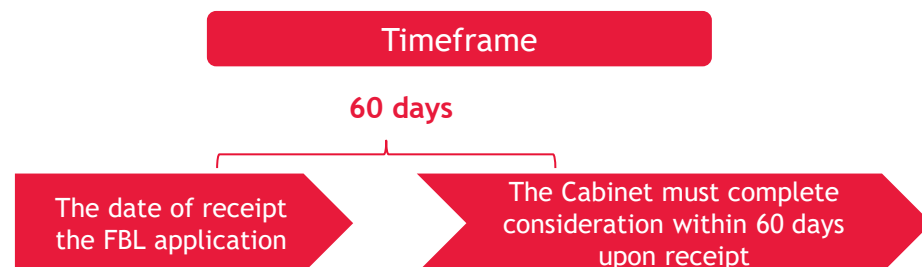


3 categories of businesses that are restricted for foreign investors

List One	<ul style="list-style-type: none"> Prohibits foreign ownership 	<p>Businesses prohibited to be operated by foreigners due to special reason</p> <p><u>Examples:</u> Newspapers, Farming, and Land Trading</p>
List Two	<ul style="list-style-type: none"> At least 40% of shares must be held by Thais Foreigners may not operate such businesses, unless they have obtained permission from the Ministry of Commerce, along with the approval of the Cabinet. 	<p>Businesses related to national safety or security, or affecting arts and culture, traditions, folk handcraft, or natural resource and the environment.</p> <p><u>Example:</u> Domestic Airline Businesses, Production of Carved Wood, and Mining</p>
List Three	<ul style="list-style-type: none"> Foreigners may not operate such businesses unless they have obtained permission from the Director-General of the Department of Business Development, along with the approval of the Foreign Business Committee 	<p>Businesses in industries where Thai entities are not yet ready to compete.</p> <p><u>Examples:</u> Broker or Agent Businesses, retailing and Wholesaling of Goods, and any Service Business.</p>

Timeframe for processing Foreign business license application

The Cabinet (for businesses in Schedule Two) or the director-general (for businesses in schedule Three), must complete consideration of an application for a Foreign Business License within 60 days from the date of receipt. If the cabinet, in a case of necessity, is unable to complete its consideration within such period, it may be extended as necessary but shall not exceed a further 60 days.



Exemptions

Foreigners who have been granted exemptions from the FBA will instead be required to obtain a Foreign Business Cert

1 Treaty protection

- Foreigners operating a business under the protection of a treaty to which Thailand is a signatory

2 Government's permission for a specified duration

- Foreigners who engage in regulated businesses with the permission of the Thai government for a specified duration

3 Treaty imposing obligations

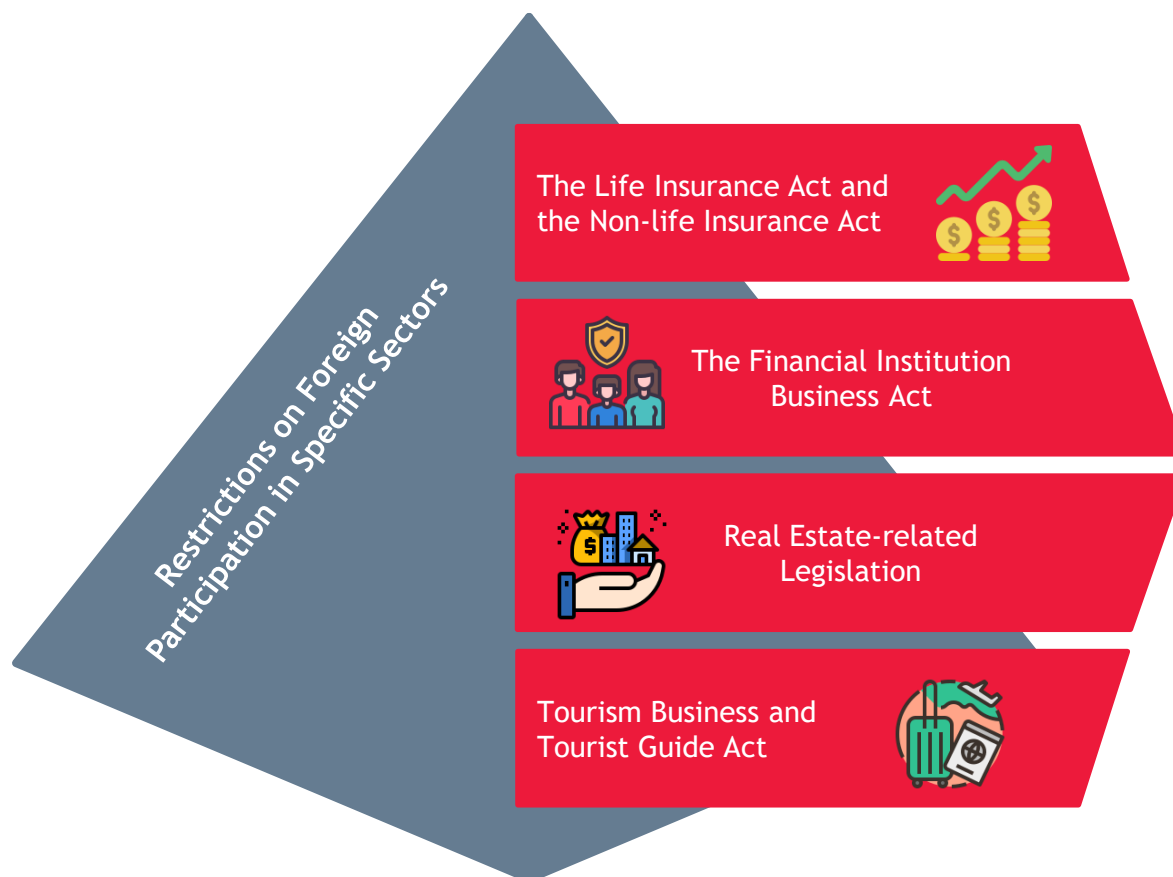
- Foreigners operating a business under a treaty imposing obligations to which Thailand conforms, even though Thailand is not a signatory

4 BOI and IEAT

- Foreigners who have been granted investment promotion from the Board of investment (“BOI”) or permission to operate industrial or export businesses by the Industrial Estate Authority of Thailand (“IEAT”) for businesses in schedules Two or Three

Foreign investment & ownership

In addition to the FBA (1999), several statutes impose conditions of majority ownership and management by Thai nationals for specific business sectors



1. Insurance Companies (Life and Non-life Insurance Acts)

- Generally limited to less than 25% foreign ownership
- Can be increased to 49% with approval from OIC
- Exemption possible in cases of finance distress or to enhance industry stability with the approval from Ministry of Finance

2. Financial Institutions (Financial Institution Business Act)

- Generally limited to 25% foreign ownership
- Can be increased to 49% with approval from Bank of Thailand
- At least 3/4 of directors must be Thai nationals
- Exceptions possible for improving stability of institution or financial system

3. Real Estate (Various Real Estate Laws)

- Foreigners generally prohibited from owning land
- Can own up to 49% of total area in condominiums
- 100% ownership of buildings possible, but not the land
- Long-term leases (up to 30 years, renewable) are common alternatives
- Special exceptions for BOI promoted projects or significant investments

4. Tourism (Tourism Business and Tourist Guide Act)








- At least 51% of total issued shares in tourism companies must be held directly by Thai nationals.
- At least 50% of the board of directors of tourism companies must be Thai nationals.
- Authorized directors of tourism companies must also be Thai nationals.

05

**Finance your
business**

Initial Capital

A checklist for Setup Costs, assisting businesses when it comes to the capital funding for their initial operations in Thailand

						
Human Capital	Equipment	Rent and Utilities	Marketing	Insurance	Licenses and Permits	Other Expenses
<ul style="list-style-type: none"> ▶ Initial Workforce: Examine local hiring practices and the availability of skilled labor in Thailand. Assess the costs related to salaries, benefits, and any training required for local employees. ▶ Future Staffing Needs: Anticipate changes in labor requirements while considering Thai labor laws, which can affect hiring and downsizing flexibility over time ▶ Visa Costs: For businesses needing foreign expertise, factor in costs for work permits and visas, including associated legal and processing fees. 	<ul style="list-style-type: none"> ▶ Essential Equipment: Evaluate whether to purchase or lease equipment locally, factoring in import taxes that can substantially affect overall costs. ▶ Cybersecurity: In light of rising digital threats, invest in localized cybersecurity solutions that comply with Thai regulations, especially for businesses managing customer data. 	<ul style="list-style-type: none"> ▶ Physical Space: How much will it cost to lease and maintain one or more physical locations? Are there regions offering lower costs or incentives? ▶ Cost Increases: How might rent and utility costs rise over time, and what funds will be needed to accommodate these increases? 	<ul style="list-style-type: none"> ▶ Website Domain: Will you need to establish a Thai domain or a separate website? Will translation services be required? ▶ Legal Compliance: What data privacy and cybersecurity regulations apply to your website and customer management system? ▶ Customer Reach: How will you reach your target audience, and what channels will you utilize? ▶ Marketing Investments: What advertising and marketing strategies are essential for attracting and retaining customers? 	<ul style="list-style-type: none"> ▶ Physical Assets: What physical assets need insurance coverage, including real estate, manufacturing facilities, equipment, supplies, and vehicles? ▶ Intellectual Property: What intellectual property assets need protection, including patents, trademarks, copyrights, or trade secrets? ▶ Employee Benefits: Are you offering health, dental, or other benefits to your employees? If so, what are the associated costs? 	<ul style="list-style-type: none"> ▶ What licenses and permits are necessary to operate the business legally, both at the national, provincial, and local levels? ▶ Fees: What are the associated costs for obtaining and maintaining these licenses and permits? Are there any recurring fees? 	<ul style="list-style-type: none"> ▶ Local Advisors: Will you need external advisors to help with securing contracts or navigating Thai laws and regulations? ▶ Legal Counsel: Will you need to hire an attorney to protect your intellectual property or provide ongoing legal advice?

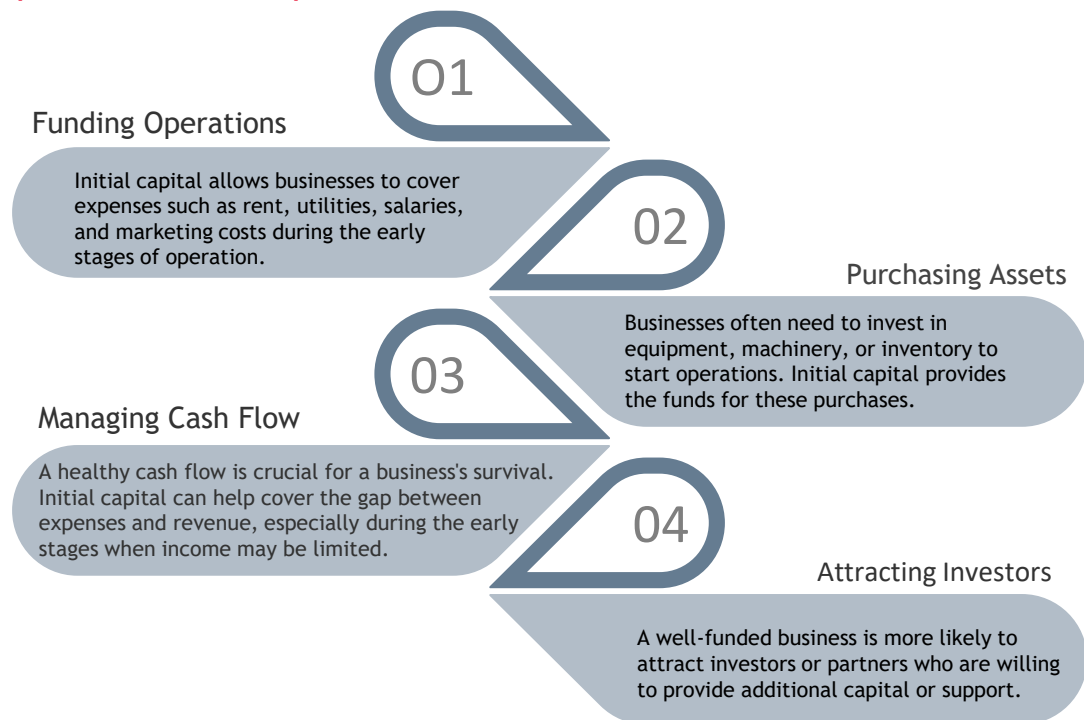
Initial Capital

Securing initial capital and the common sources of funding available in Thailand is of importance

Initial capital is the financial foundation upon which a business is built, providing the necessary resources to cover startup costs, purchase equipment, hire employees, and fund operations until the business becomes self-sufficient.

Securing adequate initial capital is a critical step in the entrepreneurial journey.

Importance of Initial Capital



Common Sources of Funding in Thailand

1. Personal Savings: One of the most common sources of initial capital is personal savings. Entrepreneurs often use their own funds to start a business.

2. Loans:

- ✓ **Banks:** Thai banks offer various loan products for businesses, including business loans, working capital loans, and equipment financing.
- ✓ **Non-Bank Financial Institutions:** These institutions, such as leasing companies and credit cooperatives, can also provide loans to businesses.
- ✓ **Microfinance Institutions:** These organizations specialize in providing small loans to individuals and businesses, particularly those in rural areas.

3. Government Grants: The Thai government offers various grants and subsidies to support businesses, particularly those in certain sectors or regions. These grants can provide a significant boost to initial capital.

4. Venture Capital: Venture capital firms invest in high-growth potential businesses. They typically provide larger amounts of capital in exchange for equity.

5. Crowdfunding: This involves raising funds from a large number of people through online platforms like Crowdfunding can be a popular option for startups and creative projects.

Loan Products

Thai banks offer a diverse range of product to support businesses and start-up

Business Loans

Working Capital Loans	These loans provide businesses with funds to cover day-to-day expenses, such as payroll, inventory, and rent.
Term Loans	Longer-term loans used to finance capital expenditures, such as purchasing equipment, expanding facilities, or acquiring other businesses.
Overdraft Facilities	A type of loan that allows businesses to overdraw their bank account up to a pre-approved limit
Invoice Financing	A financing option where a business sells its unpaid invoices to a financial institution at a discount, providing immediate cash flow.
Export Financing	Loans and guarantees to support businesses engaged in international trade.

Startup Loans and Grants



Startup Loans

Specialized loans for new businesses offer flexible terms and lower interest rates to help them get started

Other Loan Products



Equipment Financing

- Loans to purchase machinery, equipment, or vehicles.



Real Estate Loans

- Loans to purchase or develop commercial or residential properties.



Microfinance Loans

- Small loans provided to individuals and businesses, often in rural areas.

Factors Affecting Interest Rates



















Interest rates for loans in Thailand can vary depending on several factors, including:



It's important to compare offers from different banks and financial institutions to find the most competitive interest rates and terms for your specific needs. Additionally, consider factors such as fees, repayment terms, and any additional requirements before deciding.

Major banks in Thailand

The Thailand banking scene comprises both domestic and international banks

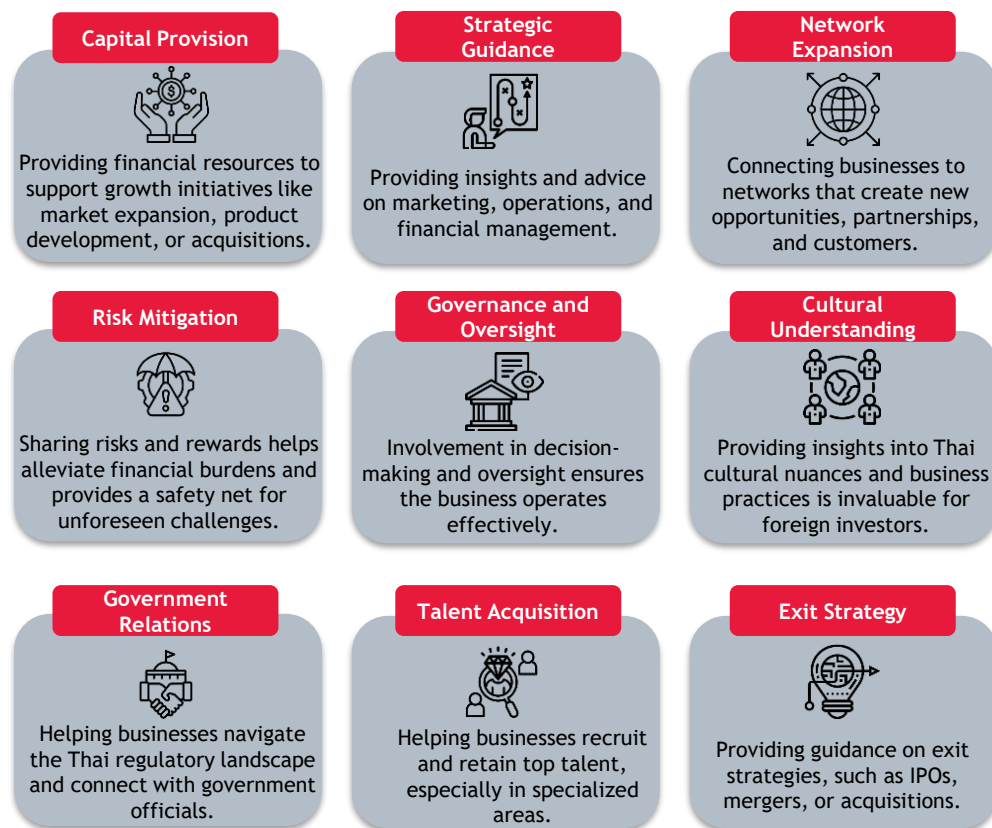
Bank		International Presence	Bank	
Local commercial banks				
	Bangkok Bank (BBL)	http://www.bangkokbank.com 333 Silom Road, Bangrak Bangkok 10500 Tel. 0-2231-4333 Fax. 0-2231-4742		Government Saving Bank http://www.gsb.or.th 470 Phaholyothin Rd., Samseannai, Phayathai,Bangkok 10400 Tel. 0-2299-8000 Fax. 0-2614-9573
	Kasikornbank (K Bank)	http://www.kasikornbank.com 1 Soi Kasikornthai, Ratburana Road, Bangkok 10140 Tel. 0-2273-1050-55, 0-2273-1060-4, 0-2273-1073-6 Fax. 0-2273-1090		Bank for agriculture and agriculture cooperatives http://www.baac.or.th 2346 Phahon Yothin Road, Sena Nikhom, Chatuchak, Bangkok 10900 Tel. 0-2558-6555 Fax. 0-2558-6341
	Krung Thai Bank (KTB)	http://www.ktb.co.th 35 Sukhumvit Road, North Klongtoey, Bangkok 10110 Tel. 0-2255-2222 Fax. 0-2255-9391-3		The government Housing Bank http://www.ghbank.co.th 63 Rama 9 Rd., Huaykhwang, Huaykhwang, Bangkok 10320 Tel. 0-2645-9000 Fax. 0-2645-9001
	TMBThanachart Bank (TTB)	http://www.ttbbank.com 3000 PHAHON YOTHIN ROAD,CHATUCHAK, BANGKOK 10900 Tel. 0-2299-1111 Fax. 0-2990-6010		Tisco Bank Public company Limited http://www.tisco.co.th TISCO Tower, 48/2 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2633-6000 Fax. 0-2633-6800
	SCB (Siam Commercial Bank)	http://www.scb.co.th 9 Rutchadapisek Road, Chatuchak, Bangkok 10900 Tel. 0-2544-1000 Fax. 0-2544-4948		Kiatnakin Phatra Bank Public company Limited http://www.kkpfg.com 209 KKP Tower, Sukhumvit 21 (Asoke), Khlong Toei Nuea, Watthana, Bangkok, 10110 Tel. 02-165-5555 Fax.
	Bank of Ayudhya (Krungsri)	http://www.krungsri.com 1222 Rama III Road, Bang Phongphang Yan Nawa, Bangkok 10120 Tel. 1572 Fax.		Land and House Bank public company limited http://www.lhbank.co.th 1 Q. House Building Lumpini, South Sathorn Rd., Sathorn, Bangkok 10120 Tel. 0-2359-0000 Fax. 0-2677-7227
International commercial banks				
	United Overseas Bank (UOB)	http://www.uob.co.th UOB Plaza Bangkok 690 Sukhumvit Road, KhlongTon, Khlong Toei, Bangkok 10110, Thailand Tel. 0-2343-3000 Fax. 0-2287-2973-4		CITIBANK, N.A. https://www.citigroup.com/global/about-us/global-presence/thailand Interchange 21 Bldg., 399 Sukhumvit Rd., Klongtoeynuea, Wattana, Bangkok 10110 Tel. 0-2232-2345 Fax. *Note: Consumer banking operation in Thailand market is acquired by UOB in 2022
	Standard Chartered Bank	https://www.sc.com/th/ 140 Wireless Road, Lumpini, Patumwan, Bangkok 10330 Tel. 02-106-1000 Fax. 02-106-1111		CIMB Thai Bank company Limited http://www.cimbthai.com 44 Langsuan Rd., Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2638-8000,0-2626-7000 Fax. 0-2657-3333
	Industrial and Commercial Bank of China (ICBC)	http://www.icbcthai.com 11- 13 Fl., Emporium Tower 622 Sukhumvit Road, khlongTon,Khlong Toei, Bangkok 10110 Tel. 0-2663-9999 Fax. 0-2663-9888		Over sea-Chinese Banking corporation Limited http://www.ocbc.com/business-banking/large-corporates/international-presence-thailand.html 1 Q.House Lumpini Bulding Floor 15 Unit 2 satorn Road Tungmahamek satorn Bangkok 10120 Tel. 02-287-9888 Fax. 02-287-9898

Investment Partners

Investment partners play a pivotal role in driving growth, mitigating risks, and ensuring strategic success for businesses in Thailand

Roles of Investment Partners in Thai Businesses

Investment partners in Thailand play a multifaceted role in supporting businesses, particularly those seeking to expand or grow. Here are some key roles they often assume:



Attracting and Selecting the Right Partner

Define Your Needs	Clearly articulate your business's goals, financial requirements, and the type of partner you're seeking. Consider factors such as industry experience, investment preferences, and cultural fit.
Create a Compelling Pitch	Develop a persuasive pitch that highlights the unique value proposition of your business and the potential for significant returns.
Leverage Your Network	Reach out to your existing network of contacts, including friends, family, and business associates, to identify potential investors.
Utilize Online Platforms	Explore online platforms and crowdfunding websites that connect businesses with investors.
Attend Industry Events	Networking events and conferences can be excellent opportunities to meet potential investors.
Due Diligence	Conduct thorough due diligence on potential investors to assess their track record, investment philosophy, and compatibility with your business.
Negotiate Terms	Carefully negotiate the terms of the investment, including valuation, ownership structure, and governance rights.

By attracting and selecting the right investment partners, businesses can position themselves for long-term growth and success. It's essential to find partners who align with your vision, share your values, and can provide the necessary support to help your business reach its full potential.

Government grants

Thai government agencies have initiated government programs to fund startups—including grants and direct investments

Depa Digital Startup Fund

	S1: Conceptual Plan	S2: Launch	S3: Growth
Objective	<ul style="list-style-type: none">▶ To prepare the conceptual plan for startup in digital industry.	<ul style="list-style-type: none">▶ To support the investment or operation of digital startup in the launch stage.	<ul style="list-style-type: none">▶ To support the investment or operation of digital startup in the growth stage who planning to scale up.
Fund capital	Up to USD 1,541	Up to USD 30,830	Up to USD 154,152
Project duration	≤ 1 year	≤ 3 years	≤ 3 years
Target group	<ul style="list-style-type: none">▶ Fund from: Government agencies, Government enterprise, Private Organisation, Private and Government Educational Institutions▶ Fund to: SMEs, Individual, Students and including non-juristic person		

BOI Matching Fund

Objective	<ul style="list-style-type: none">▶ BOI to support funding for potential start up from USD 626,646 - USD 1,541,615 in the form of matching fund in collaboration with private venture capital funds.
Qualifications	<ul style="list-style-type: none">▶ Must be juristic person registered under Thai’s laws and regulations and no less than 51% Thai shareholders.▶ Has been funded by VC and CVC no less than USD 369,987.▶ Founder must hold the share at least 60%.▶ Operating business in target industry i.e. digital electronics, modern automotive, agriculture, food, medical, biotechnology, robot etc.
Conditions	<ul style="list-style-type: none">▶ Verification of fund received by listed VC which registered with NIA.▶ Must be a potential business with clear business plan i.e. financing plan, exporting plan etc.▶ Never funded by other Government Agencies during this funding period.

Exchange rate as of 27 September 2024: USD 32.4

Source: BDO research

Government grants

While NIA supports innovative businesses and startups in general, Depa focuses on digital startups, and BOI aims to attract both domestic and foreign investment across various sectors

NIA Innovation Funding

	Open Innovation		Thematic Innovation	Zero Interest	Mind Credit	Government Procurement for Startup
Goal	Area-based Innovation		Mandatory Innovation	Innovative Business Development		
Mechanisms	Innovation Coupon for SMEs	NIA Venture	Thematic Grant	Good Innovation...No Interest	Mind Credit	GPT Grant
Budgets	<USD 46,296 (25/75)	<USD 46,296 (25/75)	USD 46,296 - 154,320	<USD 154,320	<USD 30,864 (25/75)	<USD 15,432
Sectors/ Clusters	All Regions Economic Sectors <ul style="list-style-type: none"> • Bioeconomy • Manufacturing and Circular Economy • Service and Sharing Economy 		Thematic Theme <ul style="list-style-type: none"> • Healthcare Business • AgTech & FoodTech Innovation-Driven Enterprises 	Economic Sectors <ul style="list-style-type: none"> • Bioeconomy • Manufacturing and Circular Economy • Service and Sharing Economy 	Focus Area <ul style="list-style-type: none"> • Law • Intellectual Property • Finance and Accounting • IT 	Economic Sectors <ul style="list-style-type: none"> • Bioeconomy • Manufacturing and Circular Economy • Service and Sharing Economy
Beneficial Groups	Smart SME	Startup	High-growth Innovative Enterprise	Innovation-based Enterprise	Innovation-based Enterprise	Startup

Exchange rate as of 27 September 2024: USD 32.4

VC ecosystem fundraising

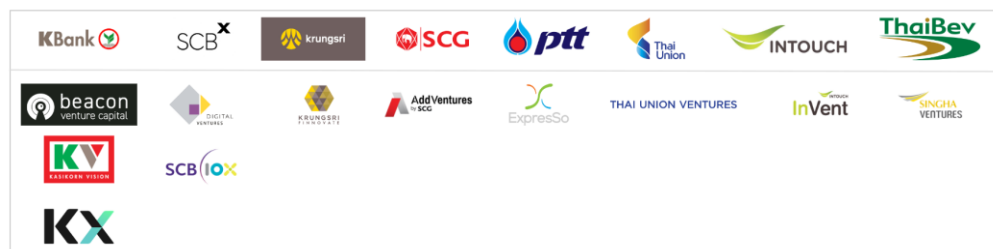
Thailand's VC landscape is dominated by CVC firms, who tend to focus their investments on fintech or E-commerce

Breakdown of Thai-based VC firms and CVC firms up to 2024

Firm type	Accumulated number of deals	Accumulated numbers of exits
VC + Micro VC firms	126	8
CVC firms	138	14

- Thai-based CVC firms are more active than their counterpart (Thai-based VCs), taking the lead in both number of investments and the number of exits they have secured.
- For full list of local active CVCs and VCs in Thailand, please refer to pages [74](#), [75](#), [76](#).

Major Thai CVCs



New VC funds

- The Finno Efra Fund was launched earlier in 2024 with the aim of investing THB 1.3billion into start-ups across Thailand and Southeast Asia over the next 4 years.
- True Corporation is considering establishing a VC fund worth \$200-300 million, with potential to increase to \$500 million through strategic partnerships.

6

Companies that raised more than US\$100m

3rd

SEA ecosystem index ranking 2023 (Bangkok)

~2100

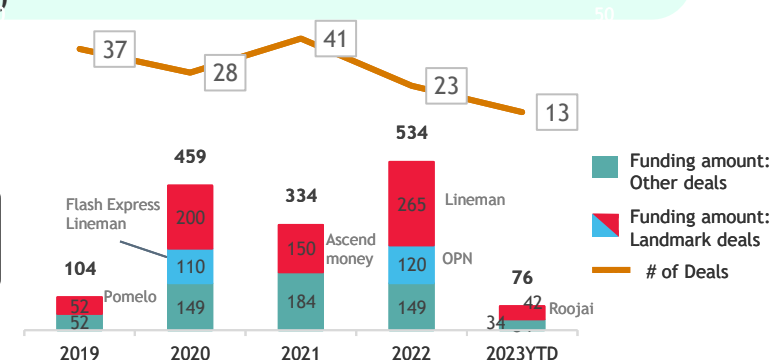
Startups, of these 700 are in the pre-seed funding stage

\$534m

'22 Corporate-backed deals value

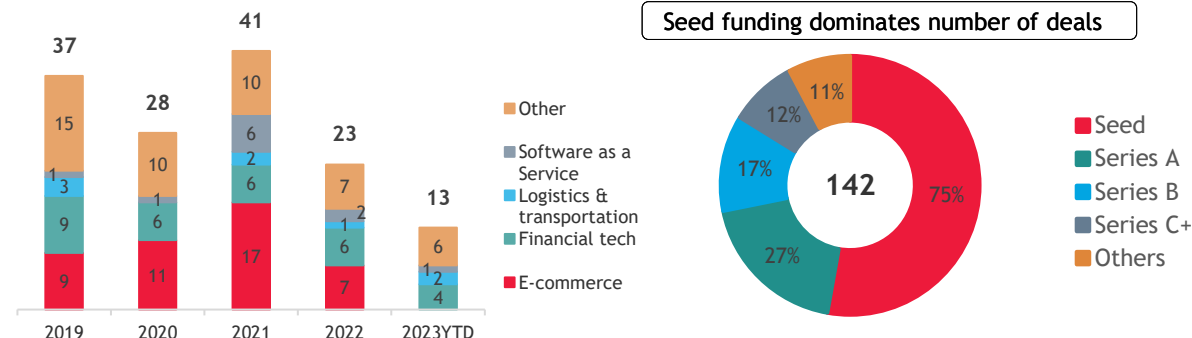
Funding amount dominated by E-commerce and Fintech, with CVCs playing a key role.

E-commerce and Fintech have the highest number of deals from 2019-2023 YTD



Source: Tech in Asia YTD: 1jan- 18 Aug 2023

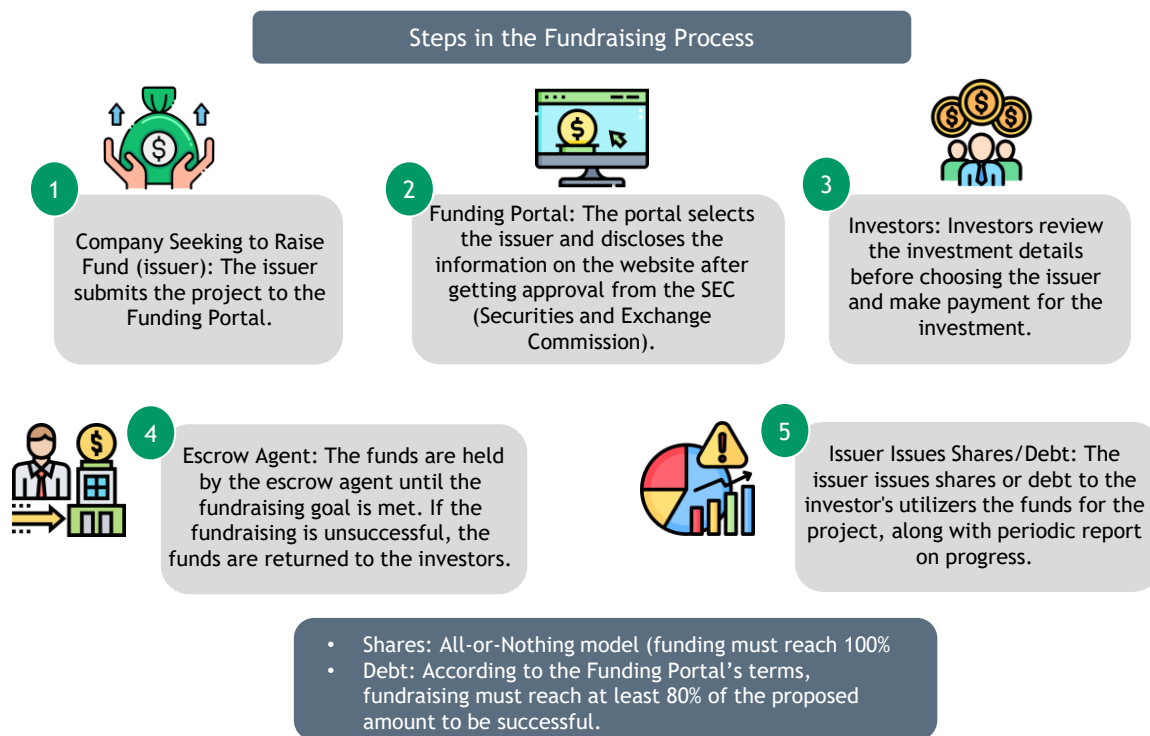
Seed funding dominates number of deals




Crowdfunding

Crowdfunding provides businesses a regulated and accessible path for raising capital through innovative online platforms

Alternative investments and fund raising: equity and debt crowdfunding



 **Crowdfunding**

Crowdfunding: an alternative means of raising funds by private and public companies, by issuing shares or debentures via an online platform is regulated under the Notification of the Capital Market Supervisory Board No. TorJor, 21/2562 re: Regulations on the offering of securities via Crowd Funding Portals.

Regulatory Environment

Securities and Exchange Commission (SEC) updated regulations in July 2023:

- Increased maximum offering for retail investors to 50 million baht (from 40 million)
- No limit for institutional, high-net-worth, and ultra-high-net-worth investors
- Expanded definition of institutional investors to include private equity, venture capital, and angel fund investors











06

**Access the right
workforce**

Understanding the talent pool

The number of high-skilled workers are most dense in Bangkok

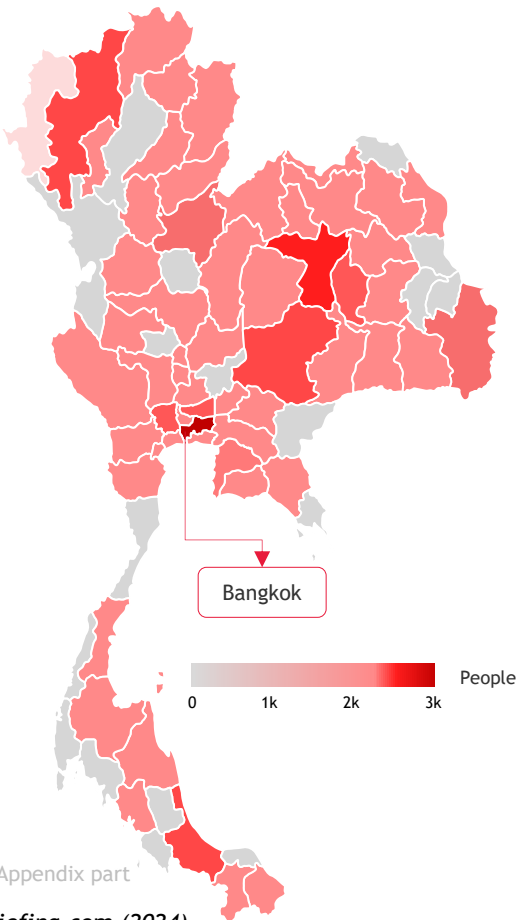
Comparison of Minimum Wage among the 10 ASEAN Countries (2024)

	Singapore*	1264 THB/Day
	Brunei	420 THB/Day
	Malaysia	393-680 THB/Day
	Philippines	350-372 THB/Day
	Thailand **	330-370 THB/Day
	Indonesia	265-356 THB/Day
	Cambodia	213-219 THB/Day
	Vietnam	148-212 THB/Day
	Laos	78 THB/Day
	Myanmar	74 THB/Day

Note: (*) Singapore does not legally have a minimum wage and use a Progressive Wage Model (PWM)
(**) For detailed minimum daily wage by provinces, please refer to Appendix part

Source: ASEAN Gov statistics/NIA Thailand/Tilleke/Aseanbriefing.com (2024)

Thailand high-skilled talent map



Talent competitiveness ranking 2024

Overall top strengths

Investment & Development		Value	2024 Rank
Apprenticeships	Are sufficiently implemented	5.82 survey [0-10]	21
Employee training	Is a high priority in companies	6.49 survey [0-10]	22
Health infrastructure	Meets the needs of society	7.07 survey [0-10]	20
Appeals		Value	2024 Rank
Worker motivation	In companies is high	6.55 survey [0-10]	18
Foreign highly skilled personnel	Are attracted to your country's business environment	6.15 survey [0-10]	18
Collected personal income tax	On profits, income and capital gains, as a percentage of GDP	1.90 %	12
Readiness		Value	2024 Rank
Skilled labor	Is readily available	5.81 survey [0-10]	29
International experience	Of senior managers is generally significant	6.09 survey [0-10]	19
Competent senior managers	Are readily available	6.34 survey [0-10]	21

Source: IMD / Word Competitiveness Center report (2024)

Attracting and retaining the talent

Adapting workforce strategies for a competitive edge: balancing talent, benefits, and cultural integration in Thailand



Evaluating the Compensation Environment:

- **Competitive Compensation Packages:** Understand local market rates and offer competitive salaries and benefits tailored to Thai standards.
- **Equitable Compensation:** Ensure pay parity across various roles and geographies, considering local practices and expectations.
- **Performance-Based Incentives:** Include local-specific incentives like annual bonuses, profit-sharing, or equity options that align with Thai business culture.



Crafting Attractive Benefits Packages:

- **Health & Wellness:** Provide comprehensive health insurance, wellness programs, and local benefits like accident insurance which are valued in Thailand.
- **Work-Life Balance:** Offer flexible working hours, remote work options, and extended family leave, which are increasingly valued among Thai workers.
- **Retirement Plans:** Incorporate pension or provident fund schemes tailored to local regulations.



Recruitment Strategies Tailored to Thailand:

- **Local and Digital Recruitment Platforms:** Leverage popular local job portals and digital channels for sourcing candidates.
- **Talent Acquisition Specialists:** Invest in local recruitment agencies or specialists familiar with the Thai market nuances.
- **Visibility through Local Events:** Attend or host recruitment fairs and local networking events to engage with the talent pool directly.



Broadening Hiring and Onboarding Approaches:

- **Expatriate and Local Talent:** Balance between local hires and expatriates, offering relocation packages when necessary.
- **Onboarding Processes:** Develop onboarding programs tailored to Thai cultural nuances, including mentorship and language support if needed.



Ensuring Transparent Communication:

- **Clear and Consistent Updates:** Maintain open communication channels during the hiring process and keep candidates engaged.
- **Feedback Culture:** Create a supportive environment by providing regular feedback and career growth opportunities.



Implementing Digital Transformation and Employee Training:

- **Technology Adoption:** Equip employees with the necessary digital skills through continuous training, especially important for industries moving towards automation.
- **Education Support:** Encourage upskilling programs to adapt to the evolving market demands.



Tailored Workforce Solutions for Foreign Investors:

- **Compliance with Local Regulations:** Align hiring practices with Thai labor laws, including work permits and visas for expatriates.
- **Cultural Integration Programs:** Facilitate smooth integration of foreign staff into the Thai working environment through cultural training and language support.

Navigating labor law

Safeguarding working conditions, fair wages, and protections for women and children are one of the essences under employment practice

Key Employee's rights under Labor Protection Act B.E. 2541



Working Hours

- ▶ 8 hrs/day and > 48 hrs/week
- ▶ Interval >1 hr/day within the first 5 hrs of working



Holiday

- ▶ Weekly: >1 day/week
- ▶ Traditional: >13 days/week
- ▶ Annual: > 6 days/year



Leaves

- ▶ Maternity: >90 days/one child with 45 days paid leave



Sterilization
leave



Business
leave



Military
leave



Training
leave



Wage and Overtime

- ▶ Employees are entitled to receive wages that are not less than the established minimum wage.



Protection of child and women labor

- ▶ Pregnant female employees are entitled to up to 98 days of leave for childbirth. Included days for prenatal check-ups.
- ▶ Employers are prohibited from assigning female employees to work on scaffolding that is more than 10 meters above the ground.
- ▶ Employers are prohibited from hiring children under 15 years old.
- ▶ Employers are prohibited from allowing child employees under the age of 18 to work between 10:00 p.m. and 6:00 a.m.



Navigating labor law

Termination policies, worker protection, and legal compliance with Thai labor laws should not be taken lightly

Termination

The employer or employee can terminate the contract with written notice before the payment date if no duration is specified. The employer is not required to provide severance pay if the employee engaged in malpractice or dishonest conduct.

Notice period
1-3 months
based on the company's policy.



Severance pay

Employment in Thailand may be terminated without a specific reason. The severance pay is structured as follows:

Employment period	Severance pay
120 days - 1 year	30 days salary
1 - 3 years	90 days salary
3 - 6 years	180 days salary
6 - 10 years	240 days salary
10 - 20 years	300 days salary
20 years and more	400 days salary



Social protection

Both employees and employers must contribute 5% of the staff member's income (Max 750 THB / monthly)



Worker's compensation

The fund is designed to provide immediate protection against injury, illness, disability, or death resulting from employment.

Work regulations

The work rules must clearly outline the following details:



Working Days, normal working hours and rest periods



Holidays and rules for taking Holidays



Rules governing Overtime and Holiday Work



Date and place of payment of Wages, Overtime Pay, Holiday Pay and Holiday Overtime Pay



Leave and rules for taking Leave



Discipline and disciplinary measures



Lodging of grievances



Termination of employment, Severance Pay and Special Severance Pay.

The difference between independent contractors and employees in Thailand is:



An employee is governed by an employment agreement.

A contractor operates under a service agreement.



Remote Workers in Thailand

Thai law mandates that a work permit is required for any paid work conducted in Thailand, including remote work for foreign employers. Recently, immigration authorities have intensified enforcement, meaning that remote workers engaging in any work activities typically need a work permit.

07

**Ensure ongoing legal
and regulatory compliance**

Data protection law

Any failure by companies operating in Thailand to adequately protect personal data can have severe consequences

Key Points of The Personal Data Protection Act (PDPA)

Person related

- ▶ Data subject: the data owner.
- ▶ Data controller i.e. Government Agencies and Private Agencies etc.
- ▶ Data Processor i.e. cloud service provider etc.

Data collection principles

- ▶ The data owner must give consent.
- ▶ The propose of data collection must be notified.
- ▶ Consent section must clearly separate from other sections.
- ▶ Message must be clear and easy to understand.
- ▶ The data owner has the right to withdraw their consent by anytime.

Scope

- ▶ Applicable for data controller and data processor located in Thailand and doing business including:
 - Offer goods or services.
 - Monitoring the personal data.

Liability and penalties

- ▶ **Civil liability** - The perpetrator of a personal data breach shall pay compensation of up to twice the actual compensation for violate personal data.
- ▶ **Criminal penalty** - Imprisonment not exceeding 1 year or a fine not exceeding THB 1,000,000 baht, or both for serious offences i.e. illegal disclosure or access of data etc.
- ▶ **Administrative penalties** - Maximum of THB 5,000,000 for violating law i.e. not notify data owner of the propose of data collection and asking for consent by scamming etc.

Sensitive personal data



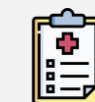
Nationality



Criminal record



Political opinions



Medical record



Belief in a cult,
religion or philosophy



Labor union information



Gender Identity



Genetic information,
biological information

International trade

There can be shifting risks related to customs duties and tariffs when doing business in Thailand

Import control



- ▶ Governed by The Export and Import Act B.E. 2522 (1979)
 - ▶ Categories of goods subject to import control (permission, licensing, or prohibition).
 - ▶ Regular updates from the Ministry of Commerce for controlled goods.
- ▶ Key import laws
 - ▶ Drug Act B.E. 2510 (1967): License required for importing modern drugs.
 - ▶ Minerals Act B.E. 2560 (2017): Restrictions on minerals like tin.
 - ▶ Firearms and Ammunition Act B.E. 2490 (1947): Requires license for importing military equipment.
 - ▶ Ancient Monuments Act B.E. 2504 (1961): Controls on importing antiques
 - ▶ Cosmetics Act B.E. 2558 (2015): License required for controlled cosmetics.



Export control

- ▶ The Export and Import Act also covers export controls
 - ▶ Currently, approximately 40 classes of goods are under export controls.
 - ▶ Export licenses required for specific goods (e.g., tobacco, sugar, rice, etc.).
 - ▶ Mass Destruction Related Items Act (2020): Regulates export of dual-use items and armaments.

Exchange control



- ▶ Managed by the Bank of Thailand (BOT). Also, import/export compliance through licenses and currency exchange controls.



Prohibited products

- ▶ Items prohibited from import/export, including narcotics, fake goods, etc.



Custom duties

- ▶ Governed by the Customs Act B.E. 2560 (2017) and Customs Tariff Decree B.E. 2530 (1987).
- ▶ Based on the Harmonized Commodity Description System (HS Code).
- ▶ Duties and VAT applicable at entry



Opportunities: Generalized System of Preferences (GSP) and Bilateral Trade Agreements

- ▶ Generalized System of Preferences (GSP)
 - ▶ GSP was Introduced in 1971: Allows industrialized countries to grant non-reciprocal tariff reductions to developing countries.
 - ▶ Thailand GSP status is granted by countries like the U.S., Japan, and Russia, in which duty-free access or reduced tariffs for specific products is provided.
- ▶ Bilateral and Multilateral Agreements : Thailand **is a member of RCEP**, one of the world's largest trade deal, and has signed FTAs with numerous trading partners worldwide.

Thailand's FTA network



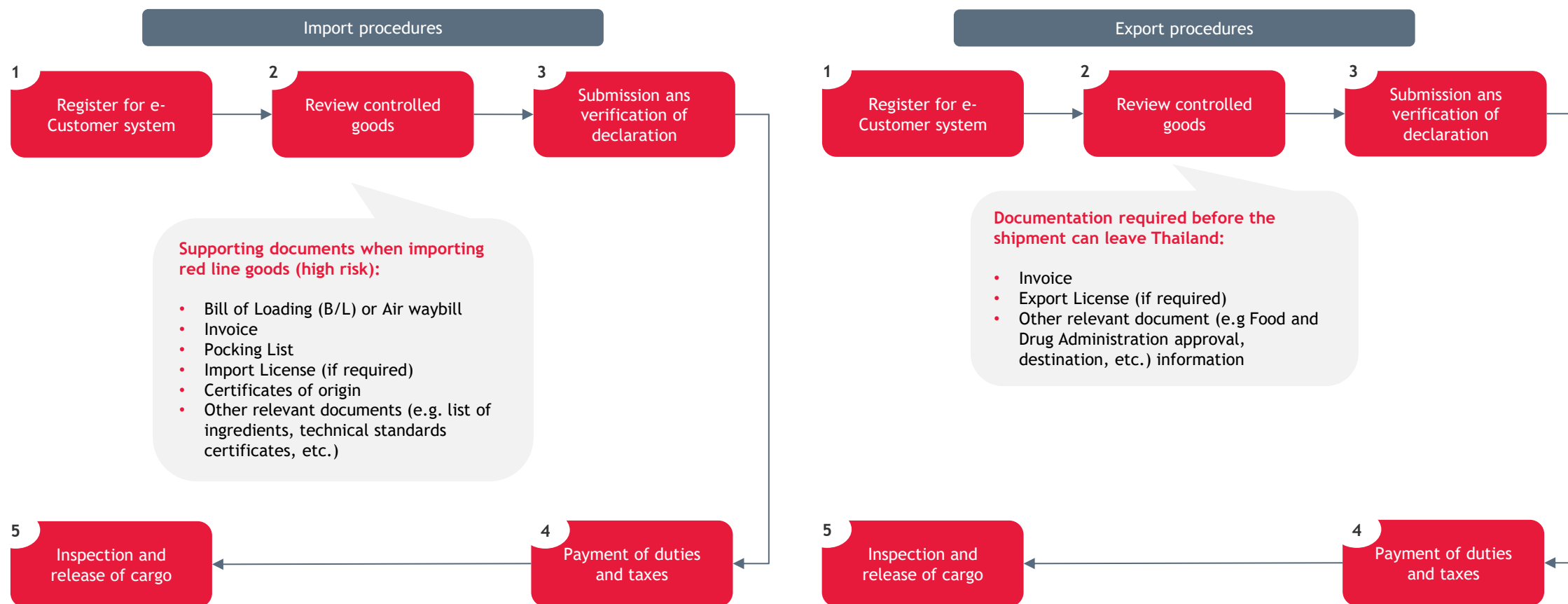
Regional Comprehensive Economic Partnership



Source: Department of Trade Negotiation Thailand

International trade

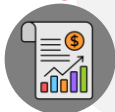
Thai government puts efforts to streamline import & export with step-by-step customs procedures



Accounting, financial reporting and tax compliance

In Thailand, businesses are required to submit specific filings mandated by the Thai authorities with the various filings and forms

Annual Financial statement and Corporate income tax compliance filing



- An Annual General Meeting (AGM) of Shareholders must be held within 4 months after the business's financial year-end. Within 14 days of the AGM, the shareholders' list must be updated and submitted to the Department of Business Development (DBD). An audited financial statement must be filed with the DBD within one month after the shareholders' approval, and with the Revenue Department (RD) within 150 days after the financial year-end. Additionally, businesses must submit a Corporate Income Tax Return (Form PND50) and, if annual revenue exceeds THB 200 million, a Transfer Pricing (TP) disclosure form to the RD within 150 days after the financial year-end.

- Businesses must submit monthly and half-yearly tax forms to Thai authorities by specific deadlines. For paper filing, monthly withholding tax returns (PND.1, 2, 3, 53, 54) and monthly VAT returns for overseas payments (PP.36) are due by the 7th of the following month, while the monthly VAT return (PP.30) is due by the 15th. Online submissions have extended deadlines - 15th for withholding tax, returns and PP.36, 23rd for VAT. Half-year corporate income tax returns must be filed within 2 months of the financial year's first half, with 8 extra days for online submission.

Regular Tax compliance requirement and due date



Payroll related tax compliance requirement and due date



- Businesses in Thailand must comply with monthly and annual tax and social security filing requirements. Monthly obligations include payroll tax returns (PND.1) and Social Security Fund reports, both due by the 15th of the following month. Annually, companies must submit the Workmen Compensation Fund payment (Kor Tor 26 Kor) by the end of January, followed by the Annual Wage Report (Kor Tor 20 Kor) by the end of February. Any discrepancies between estimated and actual contributions are reconciled by the end of March (Kor Tor 25 Kor). Additionally, the annual payroll tax return (PND.1 Kor) is due by the end of February, with 8 extra days for online submission.



Audit Requirements and Framework

- It is important that all Annual Financial Statements prepared according to Thai Financial Reporting Standards (TFRS) or Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs) must be audited by the CPA - external Auditor.

The Thai Federation of Accounting Professions (TFAC) oversees the development of Thai Financial Reporting Standards (TFRS), which are modeled after International Financial Reporting Standards (IFRS).

Currently, TFAC offers two sets of TFRS:



1. TFRS for Publicly Accountable Entities (TFRS for PAEs): This set is mandatory for publicly accountable entities such as listed companies and financial institutions.



2. TFRS for Non-Publicly Accountable Entities (TFRS for NPAEs): Private limited companies can choose to apply either TFRS for PAEs or TFRS for NPAEs.



Corporate Income Tax

Corporate Income Tax in Thailand is generally 20%, with special rates and regulations for SMEs, and non-resident companies, and tax filing requirements, including mid-year and annual corporate income tax.

Corporate Income Tax (CIT)

The calculation of CIT for juristic companies and partnerships in Thailand follows the accrual basis. This means that all revenue arising from the business, as well as all expenses incurred during an accounting period (whether paid or unpaid), must be included. The net profits reported in the books are then adjusted in accordance with the Thai Revenue Code ("TRC"). This includes making adjustments for items such as non-deductible expenses and ensuring compliance with specific rules for asset depreciation and bad debt write-offs.

Levied on juristic companies and partnerships conducting business in Thailand. The regular CIT rate is 20%, applicable to net taxable profits, except for small and medium enterprises (SMEs) which may be eligible for reduced rates.

Non-resident companies earning certain types of income from Thailand are subject to withholding tax at rates ranging from 5% to 15%.

Tax losses may be carried forward for up to 5 years from the year in which the loss occurred, though no carryback of losses is allowed.

Thailand does not have thin capitalization rules.

Tax depreciation rates are governed by Royal Decree No. 145 and related regulations.



In Thailand, there are two types of CIT returns that juristic companies and partnerships must file:



1. Mid-Year Tax Return (PND 51):

- ▶ This return is based on estimated net taxable profits, calculated from the estimated revenue and expenses for the entire year.
- ▶ The PND 51 must be filed within two months after the end of the first six-month period of the company's fiscal year, with extra 8 days given for online filing
- ▶ Juristic companies are exempt from filing the PND 51 in their first and final year of operations if the period of operations is less than 12 months.
- ▶ If the estimated net profit is understated by more than 25% without a reasonable excuse, a surcharge of up to 20% of the tax shortfall may be imposed.



2. Annual Corporate Income Tax Return (PND 50):

- ▶ The PND 50 is the final tax return and must be filed within 150 days after the end of the company's fiscal year, with with extra 8 days given for online filing

Tax rates for Small and Medium Enterprises (SMEs):

- ▶ Net profit up to THB 300,000 - Exempt.
- ▶ Net profit exceeding THB 300,000 but not exceeding THB 3 million - 15%.
- ▶ Net profit exceeding THB 3 million - 20%.



Taxation of non-resident companies

Foreign companies carrying on business in Thailand, whether through a duly registered branch office, or by having a permanent establishment or agents in Thailand, are subject to the regular CIT rate of 20% on net profits earned from business in Thailand. However, international transportation companies are subject to a 3% tax on gross receipts.

Special Corporate Tax Considerations for Specific Industries and Incentivized Businesses

BOI-promoted companies must segregate income for non-BOI & BOI activities, while petroleum firms face specialized tax on global profits.

Board of Investment (BOI) Promoted Companies:

BOI-promoted companies that receive tax exemptions under the Board of Investment schemes are still required to file CIT returns following the same rules as non-promoted companies. However, if a company operates both BOI-promoted and non-BOI-promoted activities, it must segregate these activities in its financial records. The income and expenses related to BOI-promoted activities should be separated from non-BOI activities, and both sets of data must be reported accordingly under separate columns in the CIT returns.



Petroleum Income Tax (PT):

Petroleum Income Tax (PT) is an annual tax imposed on the net profits of companies involved in petroleum exploration and production. Unlike the regular CIT, PT also applies to profits disposed of outside Thailand. The PT is governed by specific regulations under the Petroleum Income Tax Act, which includes different tax rates, penalties, and surcharge rules compared to the standard CIT system.



Value Added Tax (VAT)

Thailand applies a 7% VAT on goods and services, with 0% for exports, and requires VAT registration for businesses with annual earning exceeding THB 1.8m



Thailand follows the consumption type of VAT. The VAT rates are as follows:

The statutory rate is 10% inclusive of municipal tax but the rate is always reduced to 7% on an annual basis. Sale of goods and provision of services consumed in Thailand are subject to 7% VAT. Import of goods is also subject to 7% VAT.



For exports, goods and services are subject to a 0% VAT rate. However, to qualify for this rate, services must be used entirely outside of Thailand. If not, the standard 7% VAT applies.



Certain business activities are exempt from VAT, e.g., certain basic services, such as healthcare, domestic transportation, statutory audit services, educational services, etc.



VAT registration

Businesses engaged in selling goods and services earning 1.8 Million Baht per year must register for VAT within 30 days of reaching such threshold.

VAT invoices must comply with the minimum required contents under the VAT law.



VAT returns

Once the taxpayer is registered for VAT, a VAT return (Por Por 30) must be filed monthly no later than 15th day of the following month.

The VAT liability is calculated as follows: $\text{VAT liability} = \text{Output tax} - \text{Input tax}$

Output Tax is the VAT collected or collectible by a VAT registered person from his customers when goods are supplied, or services are provided.

Input Tax is a tax charged by another VAT registered person on any purchase of goods or provision of services.

Non-resident service providers



Non-resident service providers where services are consumed in Thailand, the income payor in Thailand must submit the Por Por 36 to the Thai Revenue Department (TRD) no later than the 7th day of the month following the date of payment, with 8 extra days for online submission.

Non-resident electronic service providers and electronic platforms, who receive income of more than 1.8 million baht per year from providing electronic services to non-VAT registered customers in Thailand, shall register for VAT, file VAT returns, and pay VAT in Thailand. The amount of VAT payment is based on output tax without input tax deduction starting from 1 September 2021. The electronic service providers and electronic platforms are not allowed to issue a tax invoice and are not required to keep input tax report

Withholding Tax (WHT)

Thailand imposes withholding tax (WHT) of 1% to 15% on payments, with non-residents benefiting from reduced rates under over 60 double tax agreements

WHT is a deduction from the payments made to recipients. The withholding tax rates depend on the types of income and the status of the resident. The rates range from 1% to 15% and are deducted on gross payments.

General withholding tax rates

Type of Income	WHT rate
1. Service fee	3% (15% if paid to non-resident taxpayers, subject reduction/exemption under the relevant DTA)
2. Royalties	3% if paid to domestic companies; 5%, 8%, 15%, if paid to non-resident companies, depending on the DTA rates.
3. Dividend	10% unless deemed as inter-corporate dividends ^[1]
4. Transportation	1%
5. Advertising fees	2%
6. Remittance of branch profits	10%
7. Interest payment	15%, if paid to non-resident companies

^[1] Dividend recipient is a company listed in the Stock Exchange of Thailand or the recipient is a Thai company owns at least 25% of the distributing company's capital interest, provided that the distributing company does not own a direct or indirect capital interest in the recipient company. The exclusion of dividends is applied only if the shares are acquired not less than 3 months before receiving the dividends and are not disposed of within 3 months after receiving the dividends.

WHT Returns



All registered taxpayers in Thailand are constituted as withholding agents of the government and must withhold the relevant tax at the time of payment.

Withholding tax returns (PND 53, 3, 54, etc.) are generally required to be submitted with the TRD not later than the seven (7) days of the month following the date of payment, extended by eight (8) days from the general due date provided for electronic filing. The fine and penalty for late filing will be calculated based on the payment date.

Non-resident companies



For non-resident companies not carrying on business in Thailand but deriving income from Thailand, their income is subject to withholding tax at the rates ranging from 5% to 15%, subject to reduction or exemption under a relevant DTA.

Double Tax Agreements (DTA)

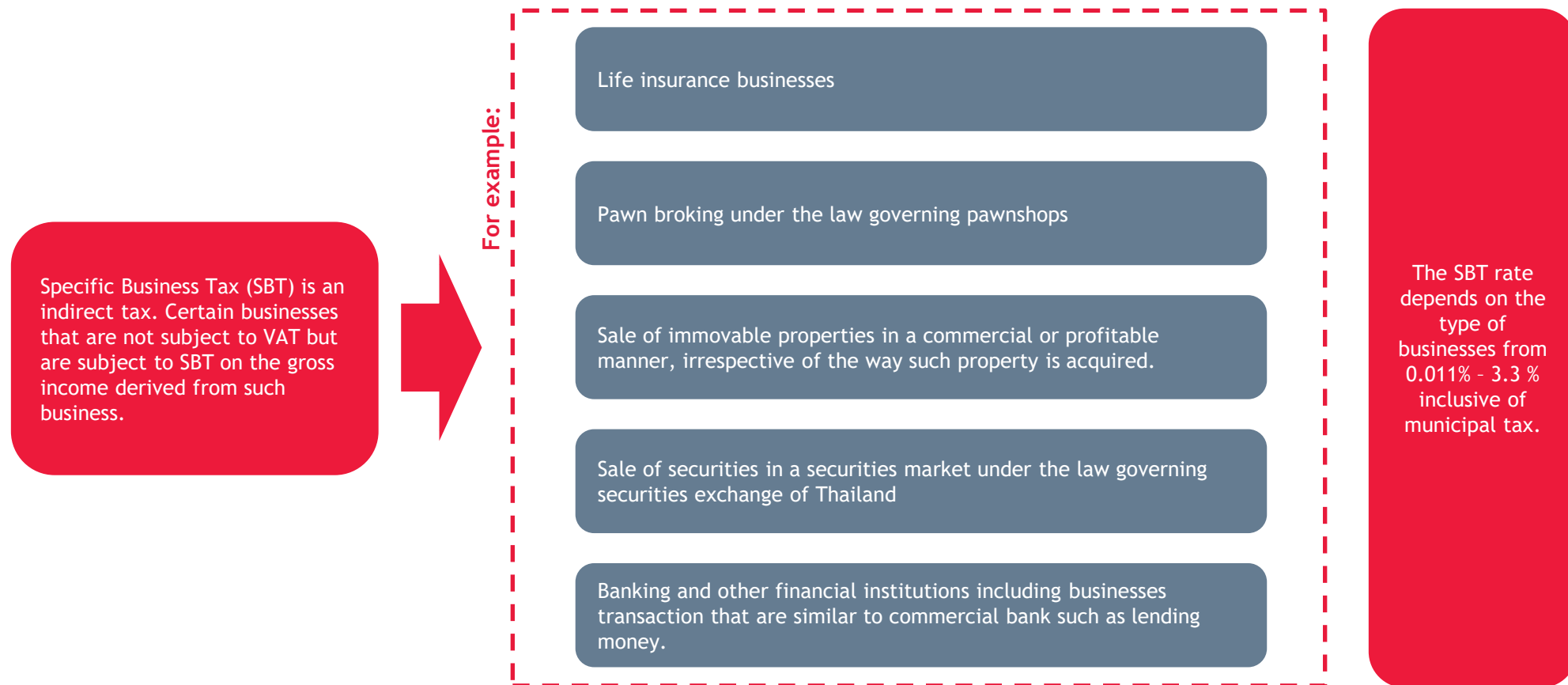


Thailand has more than 60 double tax agreements with other countries. These are: Armenia, Australia, Austria, Bahrain, Bangladesh, Belarus, Belgium, Bulgaria, Canada, Cambodia, Chile, China P.R., Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain and Northern Ireland, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Kuwait, Laos, Luxembourg, Malaysia, Mauritius, Myanmar, Nepal, the Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Russia, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Tajikistan, Turkey, Ukraine, United Arab Emirates, United States of America, Uzbekistan, and Vietnam.



Specific Business Tax (SBT)

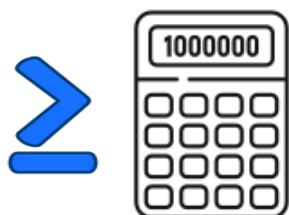
Specific Business Tax (SBT) applies to certain non-VAT businesses, with rates ranging from 0.011% to 3.3% on gross income.



Stamp Duty (SD)

Stamp duty applies to certain contracts, and for instruments executed offshore, payment must be made in cash at the tax office within 30 days

Certain contracts or legal instruments are subject to stamp duty at the rates prescribed in the stamp duty schedule. Such instruments include rental agreements, hire of work contracts, lease agreements, etc.



Certain instruments, including hire of work agreements with a value of THB one (1) million or more, shall be paid in cash at TRD instead of affixing stamp duty.

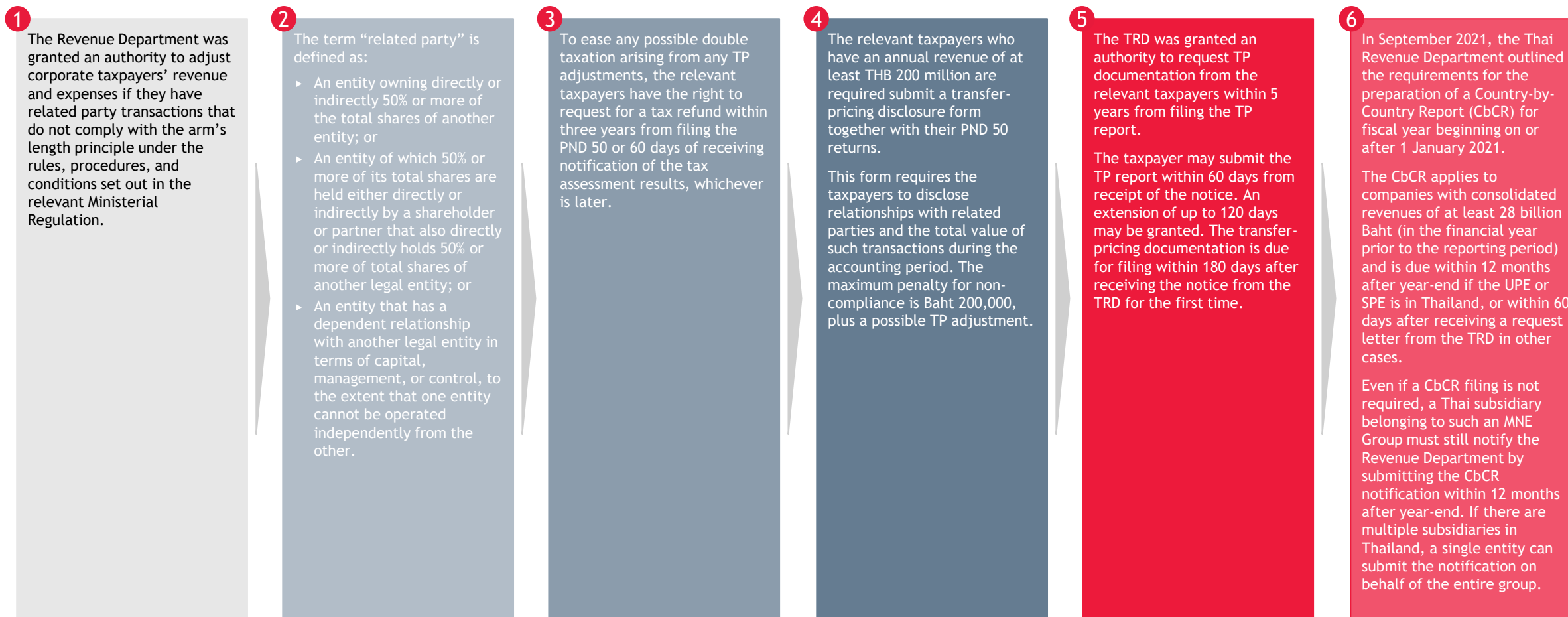


If the agreement is executed offshore, the first holder of the instrument in Thailand shall pay the full duty within thirty (30) days from the date of receipt.

Transfer Pricing Rules

Thailand's transfer pricing law mandates compliance with the arm's length principle, requires disclosure for related-party transactions, and enforces strict documentation and reporting rules

On 21 November 2018, the Thai government issued Amendment No. 47 to the Revenue Code containing the formal transfer pricing (TP) law in Thailand. The law provides for the following TP provisions:



Thai transfer pricing compliance filing requirements

Thailand's transfer pricing law mandates compliance with the arm's length principle.

Master File

Contents

- Organizational structure
- Description of business
- Intangibles
- Inter-company financial arrangements
- Financial and tax position

Preparation - prepared one file for the group. Does not need to be prepared by each entity in the group. Translations may be requested by the tax department.

Update - updated regularly with change in intercompany arrangements.

Submission - Not required as per Thai regulations

Local File

Contents

- Local structure and business description
- Controlled transactions
- Inter-company arrangements
- Functions performed
- Risk borne
- Assets utilized
- Industry overview
- Comparability analysis
- Benchmarking study
- Financial information

Preparation - prepared each year by companies with related party transactions.

Update - updated annually

Submission - required to be submitted within 60 days of request in Thai Language.

Disclosure form

Contents

- Details of related party domestic and international
- Details of related party transactions

Preparation - prepared each year by companies with an annual revenue of THB 200 million or above.

Update - annually if the revenue threshold is met.

Submission - Required to be submitted within 150 days from end of financial year, with the annual corporate income tax return in Thai Language. Online filing.

Country-by-Country Report

Contents

- Revenue related and unrelated party
- Profits before tax
- Taxes paid/ accrued
- Capital structure
- Retained earnings
- Employee count
- Other financial operation details.

Preparation - prepared each year by group with a consolidated revenue of THB 28 billion or more.

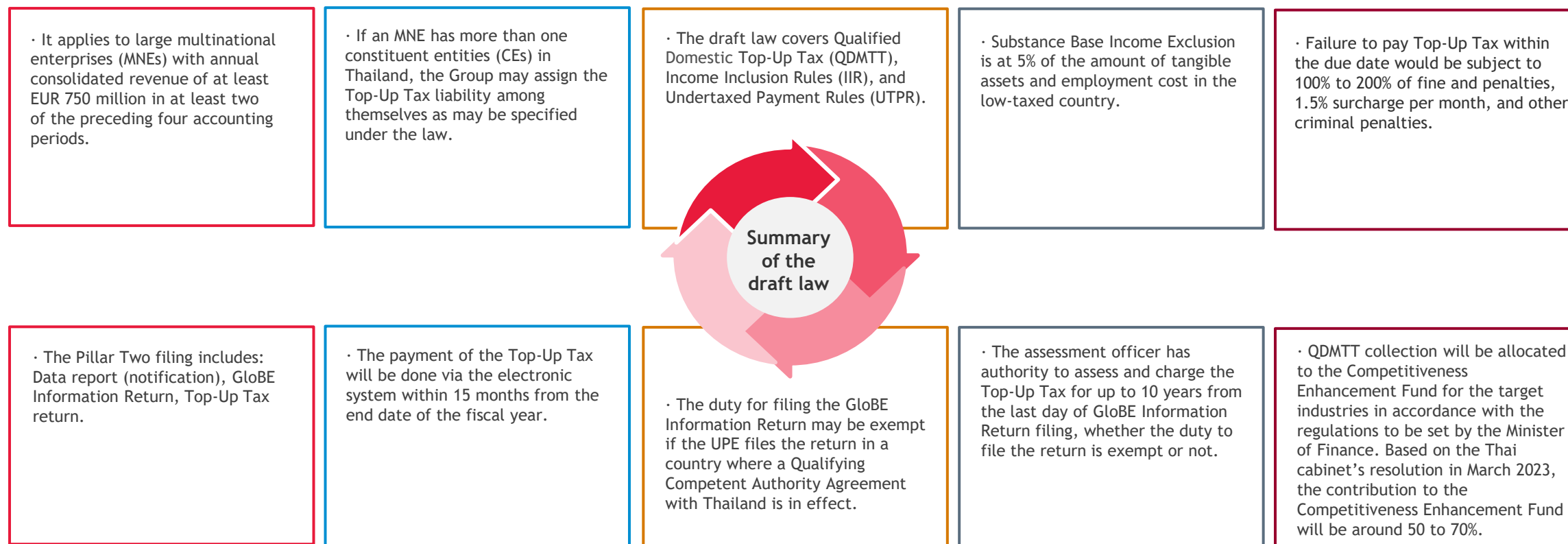
Update - annually if the consolidated revenue threshold is met.

Submission - Required to be submitted by parent company or surrogate company within 12 month, and within 60 days in specific case in English Language. Online filing.

NOTE: Companies are required to submit an online notification to the Thai Revenue Department identifying which group Company is submitting the CbCR and in which jurisdiction.

Global Minimum Tax (Pillar Two)

The Thai Revenue Department released draft legislation on the global minimum tax for public consultation on March 1, 2024, with implementation expected from January 1, 2025



BOI measures on Pillar Two

Affected BOI-promoted companies may opt to shift to the measures issued by the BOI. If they do, the BOI-promoted entity may opt to be subject to 50% CIT rate (10%). If the option is chosen, the reduced CIT rate can be enjoyed for twice the remaining ITH period but not exceeding 10 years. The BOI entity must have at least 1-year remaining CIT exemption period

Personal Income Tax

Personal income tax (PIT) is also a direct tax levied on the income of a “person”, which is defined as an individual, an ordinary partnership, a non-juristic body of person and an undivided estate

Thailand’s tax laws distinguish between residents and non-residents:

Residents: Subject to tax on both Thailand-sourced income and foreign income remitted to Thailand (starting 1 January 2024, all foreign income is taxable, regardless of the year it was remitted).

Non-residents: Taxed only on income sourced within Thailand.

“Assessable income” under Thai law covers any income, both in cash or kind, including benefits provided by employers, such as rent-free housing or taxes paid on behalf of the employee. The law categorizes income into eight types:



Net taxable income is calculated by deducting allowable expenses from assessable income, which vary by income type:

- **Employment income:** 50% deduction (up to 100,000 Baht)
- **Copyright income:** Actual expenses or 50% deduction (up to 100,000 Baht)
- **Rental income:** 10% to 30% deduction, depending on the property
- **Liberal professions:** 30% deduction, except for the medical profession (60%)
- **Hire of work:** Actual expenses or 60%
- **Other income:** 40%-60% deduction, depending on the type



Personal Allowances

Personal allowances further reduce taxable income. Examples include:

Type of allowances [Amount (in Baht)]

1. Single taxpayer: 60,000
2. Undivided estate: 60,000 for the taxpayer’s spouse
3. Non-juristic partnership or a non-juristic body of persons: 60,000 for each partner but not exceeding 120,000 in total
4. Spouse allowance (if no income): 60,000
5. Children allowance (children must be one of the followings: under 20 years old and unmarried, under 25 years old and studying at university level, an adjudged incompetent/quasi-incompetent person): 30,000 for 1st child and 60,000 per child for the 2nd and subsequent children who are born in 2008 or later.
6. Parents allowance: 30,000 for each of taxpayer’s and spouse’s parents, but up to 120,000 in total, if such parents are above 60 years old and have assessable income less than 30,000 in the calendar year
7. Life insurance premium paid by taxpayer or spouse: Amount actually paid but not exceeding Baht 100,000 by taxpayer and 10,000 by spouse, who has no income.
8. Provident Fund, RMF, SSF and pension insurance: Amount actually paid at the rate not more than 15% of wage, but up to 500,000
9. Home mortgage interest: Amount actually paid but not exceeding 100,000
10. Social security fund: 9,000/year
11. Other funds: up to 200,000 to 500,000 per year, depending on the type of funds (ESG, RMF, SSF)
12. Donation:
 - 200% of charitable contributions paid to support education/sports/social development but not exceeding 10% of assessable income after expenses and deductions
 - 200% of the amount paid as e-Donation but not exceeding 10% of assessable income after expenses and deductions
 - Amount actually paid for general donations but not exceeding 10% of assessable income after expenses and deductions
 - Amount actually paid as donations to political parties but not exceeding Baht 10,000

Personal Income Tax (cont'd)

Thailand's progressive PIT rates range from 5% to 35%, with reduced rates for expatriates in certain sectors

PIT Rates



The standard PIT rates are progressive:

- 1-150,000 Baht: 0%
- 150,001-300,000 Baht: 5%
- 300,001-500,000 Baht: 10%
- 500,001-750,000 Baht: 15%
- 750,001-1,000,000 Baht: 20%
- 1,000,001-2,000,000 Baht: 25%
- 2,000,001-5,000,000 Baht: 30%
- More than 5,000,000 Baht: 35%



Filing Personal Income Tax Returns

Annual PIT returns must be filed by 31 March of the following year if:

- Single taxpayers earn over 60,000 Baht in the prior year.
- Married taxpayers earn over 120,000 Baht (220,000 Baht for employment income only).

Types of returns:

- **PND 91:** For employees with wages only.
- **PND 90:** For individuals with mixed income.
- **PND 95:** For expatriates qualifying for reduced PIT rates.
- **PND 93 (Temporary):** For individuals leaving Thailand permanently within the tax year.

Common Reporting Standards (CRS)

Thailand adheres to the Common Reporting Standard (CRS), an international protocol for sharing financial account information to combat tax evasion. The first exchange of information covers 2022 data, with reporting completed by September 2023.



Reduced PIT Rates

Expatriate employees of International Business Centers (IBC) in Thailand can qualify for a reduced PIT rate of 15%, provided they meet certain conditions. Experts and expatriate employees in the targeted industries promoted by the Board of Investment (BOI) may enjoy a reduced PIT rate of 17%. These reduced rates apply to gross income, with no deductions allowed.



Inheritance Tax

In Thailand, inheritance tax was introduced in 2016 and applies to both Thai nationals and foreigners. The tax rate is 5% for direct descendants and ascendants (e.g., children, parents) and 10% for other heirs.

However, the first 100 million THB of inherited assets is exempt from tax. Taxable assets include but not limited to real estate, bank deposits, securities, registered vehicles.

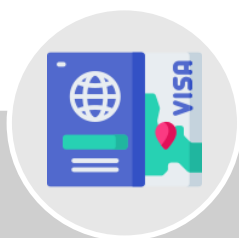
Work Permit and Visa

Foreign nationals need a Non-immigrant B visa and work permit to work in Thailand, while long-term residence visas offer tax benefits for wealthy individuals, retirees, remote workers, and skilled professionals

Work permit

All foreign nationals who intend to work in Thailand must secure a work permit before commencing any work in Thailand. While an advance application for a work permit can be filed by the Thai employer, the work permit can be issued once the expatriate arrives in Thailand with Non-immigrant B visa. If the foreigner comes to Thailand with a tourist visa, he must convert the type of visa to be Non-immigrant B visa before a work permit can be processed.

A recent medical certificate from a recognized medical practitioner in Thailand stating that the applicant is of a sound mind, he/she is not suffering from leprosy, acute tuberculosis, elephantiasis, narcotic addiction, habitual alcoholism or stage 3 of syphilis, which must be presented.



Non-B visa

Foreigners who intend to work in Thailand must obtain a non-immigrant B visa outside of Thailand. If he is coming to Thailand with family members, all family members must also secure non-immigrant visas prior to entering into the Kingdom.



Other types of visa

Foreigner with Non-immigrant O visa (Thai spouse) or Long-term residence visa are also eligible to apply for a work permit under certain condition as well.

Long-term residence visa

In 2022, the government launched 4 types of long-term residence visa, as follows:

- 01 **Wealthy global citizen**
With at least USD 1 million worth of assets; personal income of at least USD 80,000/ year in the past two years; and investment of at least USD 500,000 in Thai government bonds, or Thai properties. 
- 02 **Wealthy pensioner**
Retirees aged 50 years old and older who have an annual pension or stable passive income; personal income of at least USD 80,000/year at the time of application. If the personal income is below USD 80,000/year but no less than USD 40,000/year, the applicant must invest at least USD 250,000 in Thai government bonds, foreign direct investment, or Thai properties. 
- 03 **Work from Thailand professional**
(a.k.a., digital nomads)
Remote workers working for well-established companies overseas with at least 5 years of work experience in the relevant fields of the current employment over the past 10 years; personal income of at least USD 80,000 / year in the past two years; employed by a public company listed on any stock exchange; or private company in operation for at least 3 years with a combined revenue of at least USD 150 million in the last 3 years. 
- 04 **Highly-skilled expatriate professionals**
Expatriates working in targeted industries, or those working for business entities or higher education institutes or research centers or specialized training institutions in Thailand or Thai government agencies, with personal income of at least USD 80,000 / year in the past two years; and at least 5 years of work experience in the targeted industries except for applicants with a PhD or above in the relevant fields or working for Thai government agencies. 

The government fee of Baht 50,000 is collected once the LTR application is approved. The LTR will be issued for 5 plus 5 years.

The first 3 types of LTR visa holders are entitled to tax exemption on foreign source income remitted to Thailand, whereas highly-skilled expatriate professionals are entitled to a reduced PIT rate of 17% on gross income.

Work Permit and Visa (cont'd)

Thailand has launched a new type of visa called the “Destination Thailand Visa” (DTV), a part of the Thai government’s efforts to boost tourism and attract more visitors, designed to attract digital nomads and remote workers from offshore

The DTV is a multiple entry visa that allows its holder to stay in Thailand for up to 180 days per visit, with option to extend for an additional 180 days each time. The DTV is valid for 5 years, which makes it attractive to digital nomads or remote workers who cannot meet the required experience and financial conditions under the Long-Term Residence (LTR) visa scheme.

The DTV Announcement was published in the government’s official Gazette on 15 July 2024 and takes effect immediately.

Categories of DTV

The DTV can be issued under the following two categories:

1. **Workcation** - it applies to digital nomads, remote workers, foreign talents or freelancers working for foreign clients.

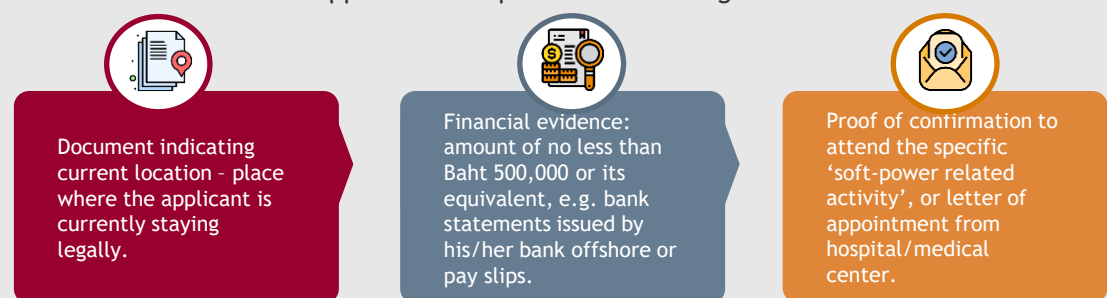
In this case the applicant shall prove the following:



2. **Thai soft power related activities** - the following activities are deemed ‘soft-power related activities’:

Muay Thai, Thai cuisine, education and seminars, sports, medical treatment, foreign talents, arts and music

In this case the applicant shall prove the following:



Government fee:

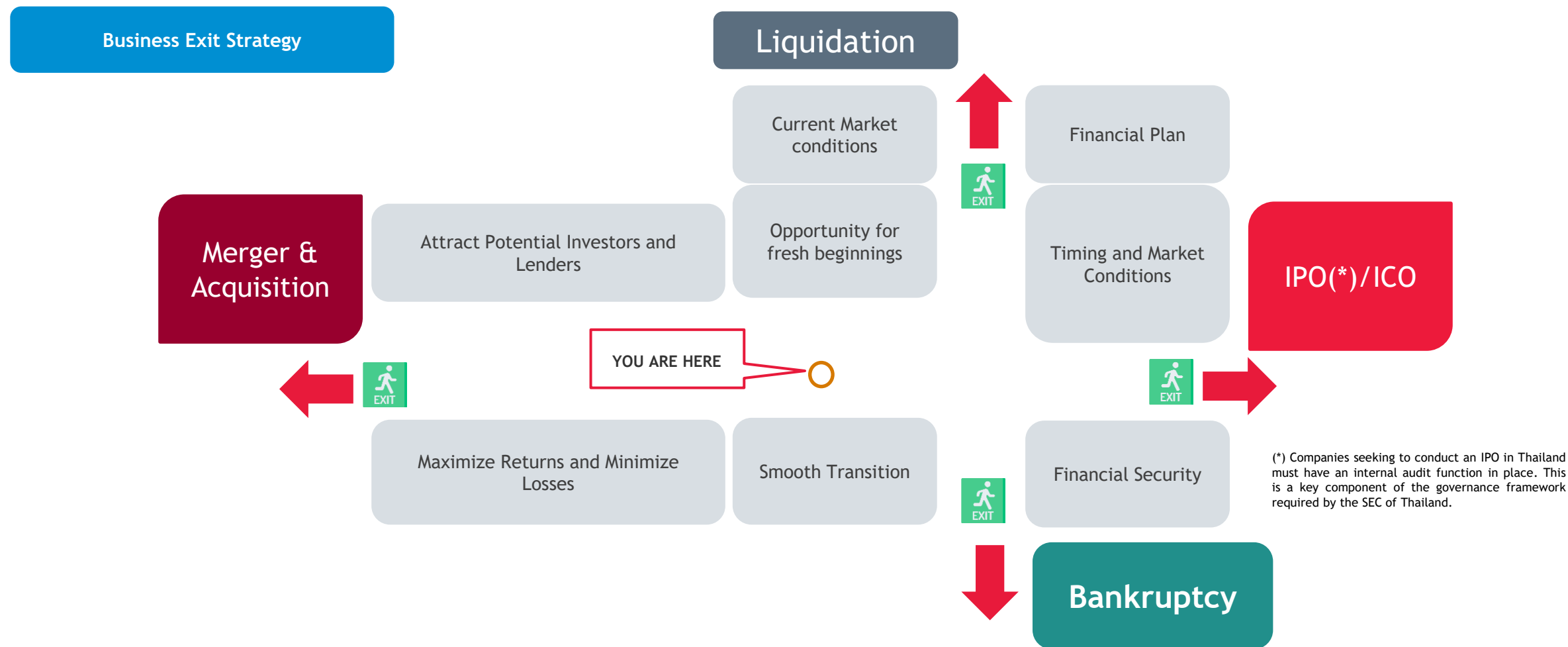
The DTV fee ranges from Baht 10,000 to 50,000 THB depending on the country of application.

08

Navigate the road
ahead

Future Planning - Exit

When investing in or starting a business in Thailand, it's important to have an exit strategy in mind from the beginning



IPO Roadmap - Overview

An overview of the process and preparation for an Initial Public Offering (IPO) in Thailand

Preparation

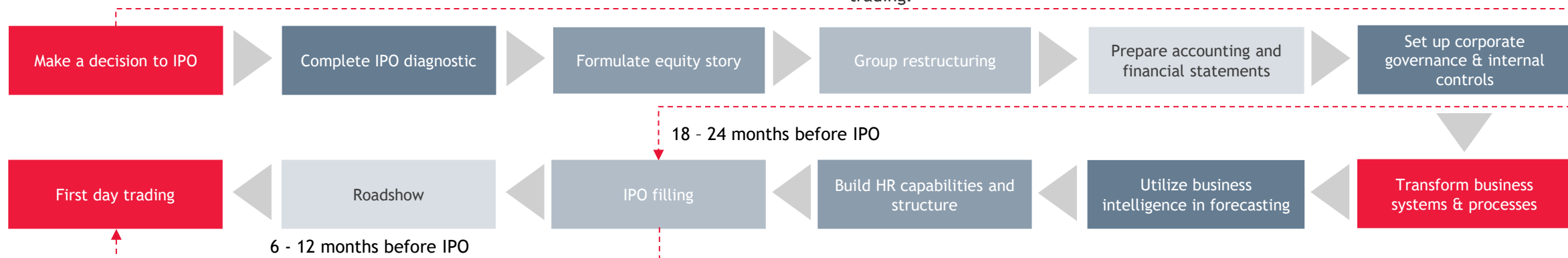
1. **Business Review:** Assess the company's financial performance, business model, and growth according to the guidelines set by the Stock Exchange of Thailand (SET) or the Market for Alternative Investment (MAI).
2. **Corporate Restructuring:** If needed, adjust the company's structure to comply with regulatory requirements. This may involve changes to the legal structure, capital structure, or ownership.
3. **Engage Advisors:**
 - ▶ **Financial Advisors:** Help with valuing the company, deciding on the IPO size, and structuring the offering.
 - ▶ **Legal Compliance:** Ensure adherence to all legal requirements, including securities laws, corporate laws, and other relevant regulations.
 - ▶ **Underwriter:** Manage the IPO process, including share issuance, pricing, and marketing.
 - ▶ **Auditor:** An auditor approved by the Securities and Exchange Commission (SEC) to audit the financial statements.

Regulatory Compliance

1. **Corporate Governance:** Establish governance policies and procedures, including independent directors and audit committees.
2. **Financial Statements:** Prepare three years of financial statements in line with Thai Financial Reporting Standards (TFRS). These statements must be audited by an SEC-approved auditor.
3. **Prospectus Preparation:** Develop a prospectus that includes financial information, the business model, potential risks, and plans for the use of IPO proceeds.

Application to the Stock Exchange of Thailand (SET)

1. **Submission of the Filing:** Submit the prospectus, financial statements, and other required documents to the SET and SEC.
2. **Review Process:** The SET and SEC review the application to ensure it meets regulatory and disclosure standards.
3. **SEC Approval:** Obtain approval from the SEC to proceed with the IPO. Once approved, the company can move forward with the IPO process.
4. **Listing on the Stock Exchange:** List the company's shares on the SET or MAI and begin trading.



ICO Roadmap - Overview

An overview of the process and preparation for an Initial Coin Offering (ICO) in Thailand

1. Offering of Digital Tokens to the public

Key Criteria for the ICO portal

- Company established in Thailand with registered capital ≥ 5 million Baht
- Have a proper working system with sufficient responsible staff
- Directors, executive directors, persons with management power must not have any prohibited characteristics prescribed by the SEC
- Must not have a risk on financial status or conflict of interest

Office of the Securities and Exchange Commission (SEC)

- Main regulator of all activities related to Digital Assets in Thailand
- Entitled to issue regulations to exempt or specify any regulated activities or products in relation to Digital Assets
- Supervise and approve ICO Portal, offering of Digital Tokens and Digital Asset Businesses
- Other authority and power to regulate, supervise or prohibit some activities regarding Digital Assets

Issuer Entity

- Company established in Thailand
- Directors, executive directors, persons with management power must not have prohibited characteristics prescribed by the SEC office
- Must have a solid business plan
- Must have the audited financial statements complied with Thai Financial Reporting Standards (TFRS) by an auditor whose name is in the approved lists or as prescribed by the SEC office

Investors

- Institutional investors
 - Ultra-High-Net Worth
 - High-Net-Worth
 - Retail Investors ≤ THB 300,000 /person/offering*
- able to invest without limitation

Digital Tokens

Thai baht /
Approved
Cryptocurrencies

2. Digital Asset Businesses



Persons or entities
intend to invest in
Digital Tokens

Digital Tokens



Thai Baht /
Approved
Cryptocurrencies

Digital Asset Businesses

- Established in Thailand
- Qualified and approved by Office of the SEC

Digital Asset Exchange

- Shareholders' equity ≥ THB 50 million
- Product screening
- Proper KYC/CDD
- Appropriate cybersecurity systems
- Asset safekeeping
- Fair marketplace

Digital Asset Broker

- Shareholders' equity ≥ THB 25 million
- Client suitability
- Proper KYC/CDD
- Appropriate cybersecurity systems
- Asset safekeeping

Digital Asset Dealer

- Shareholders' equity ≥ THB 5 million
- Proper KYC/CDD
- Appropriate cybersecurity systems

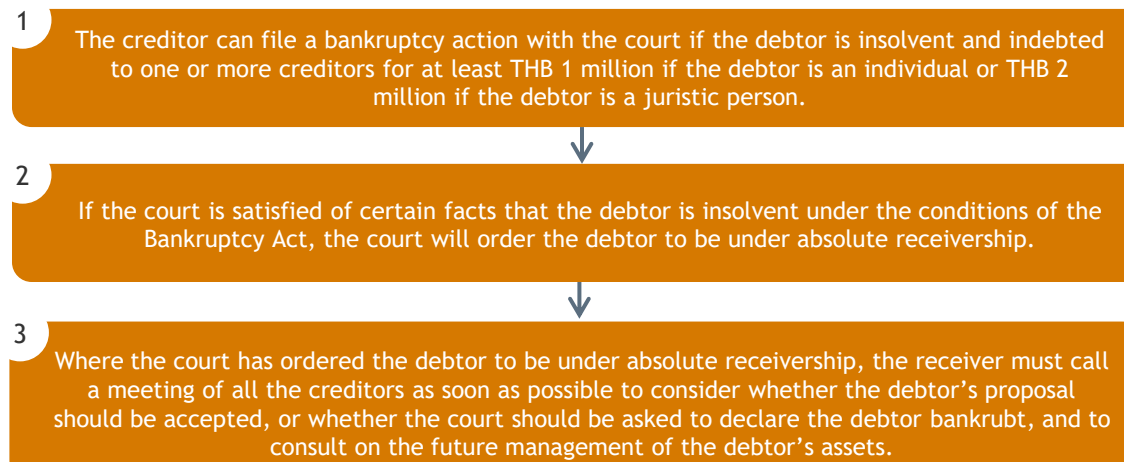
Bankruptcy

Many conditions need to be met before one can commence bankruptcy, financial restructuring, or insolvency proceedings

If there occurs any of the following circumstances, it shall be presumed that the debtor is insolvent (Bankruptcy Act (Section 8):

- ▶ The debtor transfers his property or the right to its management to any other person for the benefit of all of his creditors, whether such act is carried out within or outside the Kingdom.
- ▶ The debtor transfers or delivers his property with fictitious intent or by fraud, whether such act is carried out within or outside the Kingdom.
- ▶ The debtor transfers his property or creates over such property any right in rem which, where the debtor is bankrupt, shall be deemed as favourable, whether such act is carried out within or outside the Kingdom.
- ▶ the debtor carries out any of the following acts for the purpose of delaying payment or preventing a creditor from receiving payment of the debt:
 - leaving the Kingdom or having left the Kingdom and remaining outside the Kingdom
 - leaving the dwelling place where he resided or concealing himself in a dwelling place or absconding by any other means or closing his place of business
 - diverting the property out of the jurisdiction of the Court
 - allowing himself to be subjected to a judgment compelling payment of money which he ought not to make
- ▶ The debtor is subject to seizure of property under a writ of execution or has no property susceptible of seizure for payment of the debt.
- ▶ The debtor makes to the Court a declaration, in any action, of his inability to pay the debt.
- ▶ The debtor makes a notification to any of his creditors of his inability to pay the debt
- ▶ The debtor makes a debt composition proposal to at least two creditors
- ▶ The debtor has received from the creditor a letter of demand at least twice with an interval of not less than thirty days and the debtor has failed to make payment of the debt

Commencing Bankruptcy Proceedings



Once receivership order is issued:

- ✓ Creditor can receive payment of debt only in accordance with the procedures (even if there is a civil action).
- ✓ Receiver will ensure that the order is published in the Government Gazette and in at least one daily paper newspaper.

The Official Receiver:

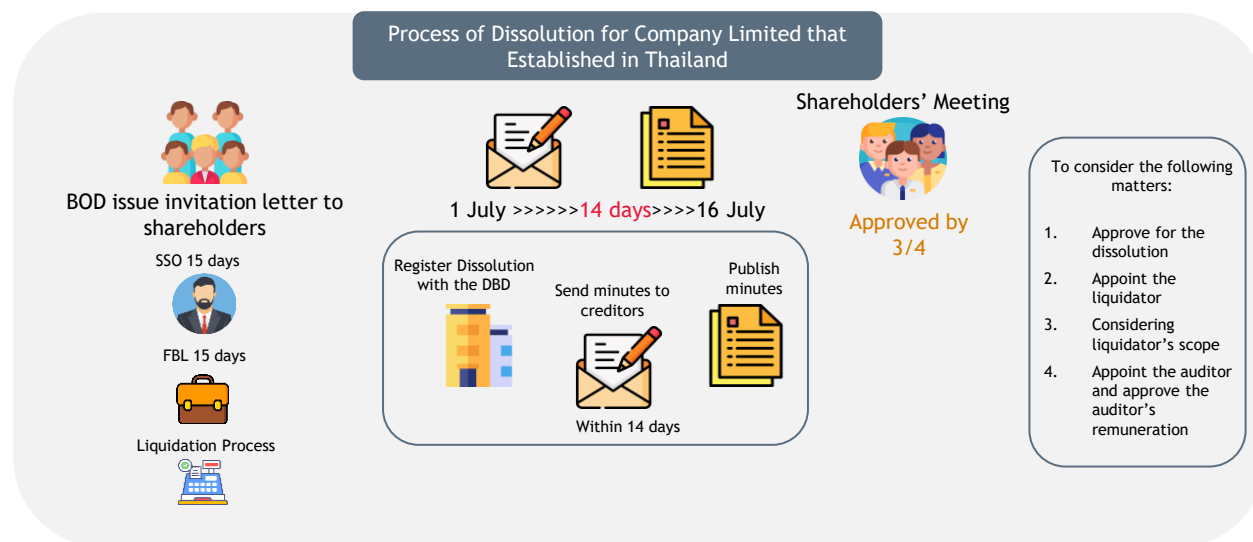
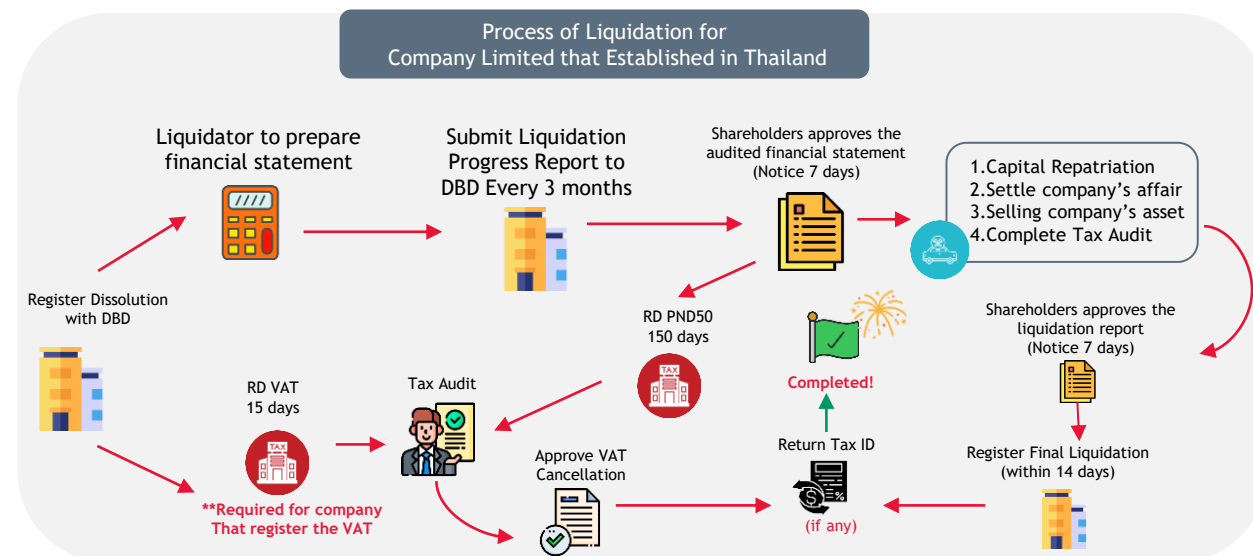
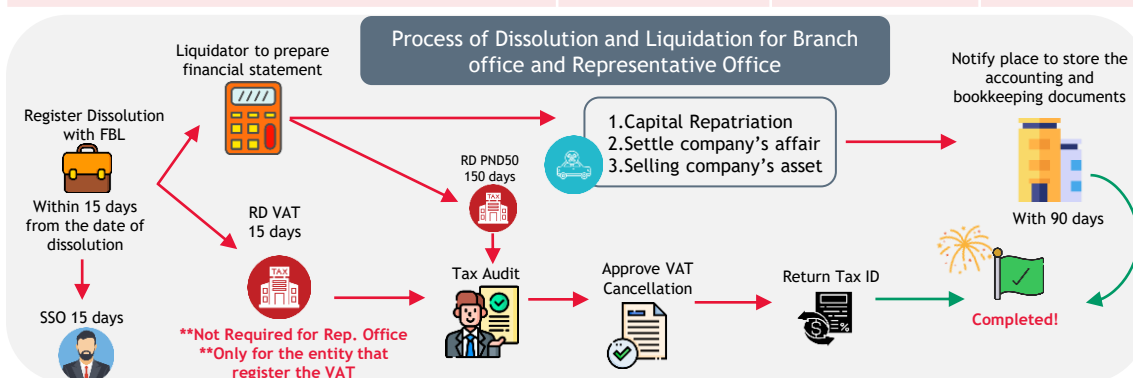
- ✓ Will organize a first meeting with creditors to decide whether to accept the debt composition of the debtor.
- ✓ May summon meetings with creditors and preside over them.
- ✓ Governed by Chapter 5 of the Bankruptcy Act.

Liquidation & Dissolution

Liquidation and dissolution processes might vary depending on the type of business entity in Thailand

Comparison of the Dissolution Process for Each Type of Entities

Process	Company Limited	Branch Office	Rep. Office
Hold shareholders' meeting to approve the dissolution	Yes	No	No
Registration of dissolution with DBD	Yes	No	No
Registration of dissolution with the FBL	Yes	Yes	Yes
Registration of dissolution with RD + Revenue Audit	Yes	Yes If register the VAT	No
Hold shareholders' meeting to approve the audited financial statement	Yes	No	No
Liquidator to settle debt, assets, etc.	Yes	Yes	Yes
Hold shareholders' meeting to approve the liquidation report	Yes	No	No
Register the final liquidation with DBD	Yes	No	No
Report place to store the accounting documents	No	Yes	Yes
Store corporate and accounting documents	Yes 7 years	Yes 7 years	Yes 5 years
Submit audited financial statement to RD	Yes	Yes	Yes
Returning corporate tax ID	Yes	Yes	Yes



M&A option for sell-side

Different stages of a deal may involve various external parties to expedite the divestment process for the seller

	Preparation	Solicitation	Receive IOI*	Receive LOI**	Conduct due diligence	Sign purchase agreement
Activities	<ul style="list-style-type: none"> ▶ Conduct valuation ▶ Build confidential information memorandum (CIM) ▶ Build buyer prospect list, including warm and cold connections ▶ Create data room and due diligence package ▶ Build and finalize financial models and business documents ▶ Generate audited financial statements ▶ Create an objection-handling script 	<ul style="list-style-type: none"> ▶ Solicit buyer with a request for an indication of interest ▶ Give buyer a commitment timeline when appropriate ▶ If prospect passes, ask for a referral ▶ Rebut objections based on preparation ▶ Provide more information as requested, but avoid giving access to data room 	<ul style="list-style-type: none"> ▶ Create and negotiate valuation range, earnout, and acquisition terms ▶ Share information needed for buyer to create valuation, such as growth story and customer information 	<ul style="list-style-type: none"> ▶ Negotiate and refine deal term, such as valuation, earnout, and equity rollover ▶ Determine due diligence needs and exclusivity post LOI execution 	<ul style="list-style-type: none"> ▶ Due diligence activities including but not limited to legal, operational, financial, vendor, working structure, facilities, and advisor items 	<ul style="list-style-type: none"> ▶ Updating valuation, earnout, equity rollover, and other related items based on material due diligence discoveries ▶ Conditions to close ▶ Representations and warranties ▶ Covenants and indemnification
Deliverables	<ul style="list-style-type: none"> Confidential information memorandum Objection-handling script Prospect list Financial projections and audited financial statements 	<ul style="list-style-type: none"> List of FAQs List of expected objections and how to handle them 	<ul style="list-style-type: none"> List of open items for an LOI Formal IOI 	<ul style="list-style-type: none"> Due diligence list Executed LOI 	<ul style="list-style-type: none"> Completed due diligence checklist Data room containing artifacts 	<ul style="list-style-type: none"> Signed purchase agreement Money transferred
Stakeholders						

*IOI: Indication of interest (nonbinding) **LOI: Letter of Intent (may be binding)

D

E

09










Appendix

Key Differences Between NPAES to TFRS

Topics	TFRS	TFRS for NPAEs
Investment in marketable securities	Fair value to PL or Fair Value to OCI	Fair Value - Trading or Available for Sale
Other investments	Fair value to PL or Fair Value to OCI	Cost
Investment in subsidiary, associates, JV	Consolidated/ Equity method	Cost or Consolidation/ Equity method (Optional)
Intangible assets with indefinite useful lives	Cost less impairment (if any)	Cost less amortization (< / 10 years)
Goodwill	Cost less impairment (if any)	Cost less amortization (useful life or 20 years)
Employee benefits obligation	Actuarial basis required	Actuarial basis or best estimate or TAS 19 - Employee Benefits (Optional)
Derivatives	Fair value to PL or Hedge accounting	Options (Off-balance/ Accrual Basis/ Fair value to PL/ Hedge accounting)
Revenue recognition	Apply 5-step model	Sales (Risks and rewards) Service (Percentage of completion)
Share-based payments	Recorded as expenses or else	Not required
Lease (lessee recognition)	On-balance sheet accounting model	Finance lease/ Operating lease
Income taxes	Deferred tax	Current tax/ Deferred tax (optional)
Statement of cash flows	Required	Optional
Disclosure	Extensive	Less disclosure

List of local VCs and CVCs active in Thailand














List of active CVCs

Organization	Number of Investments	Number of Exits	Description
 SCB 10X	42	3	SCB 10x is an investment firm that invests in technology startups.
 Krungsri Finnovate	28	2	Krungsri Finnovate is a venture capital firm aiming to be a strategic investor supporting startups to grow toward their set goals.
 Beacon Venture Capital	23	4	Corporate venture capital fund of KasikornBank focusing on early and growth-stage technology companies
 AddVentures	18	1	AddVentures is a venture capital that partners and invests in the best digital innovations in Industrial-Enterprise-B2B verticals.
 InVent	16	3	InVent Capital is a private equity firm.
 TOP Ventures	5	-	TOP Ventures, the investment arm of Thai Oil Public Company Limited (TOP).
 Nexter Ventures	3	1	Nexter Ventures operates as a venture capital firm.
 AI and Robotics Ventures	2	-	AL and Robotics Ventures aims to innovate and develop new technologies and creates AI and Robotics solutions.
 Max Ventures	1	-	Corporate venture arm under PTG Energy PLC.

Source: Crunchbase (2024)

List of local VCs and CVCs active in Thailand

List of active VCs






Organization		Number of Investments	Number of Exits	Description
	Ardent Capital	36	3	Ardent Capital Invests in early-stage technology companies across Southeast Asia with a focus on eCommerce (B2B, B2C, Logistics) and more
	ORZON Ventures	10	-	ORZON Ventures is a venture capital firm that focuses on investing in promising start-up companies.
	Inspire Ventures	10	-	Inspire is a venture builder and investor with a broad Southeast Asian footprint.
	Galaxy Ventures Co., Ltd	9	-	Galaxy Ventures is a an early-stage corporate investment firm based in Bangkok focused on entertainment, e-commerce and everything digital.
	NVEST Venture	7	-	Since 2014, N-Vest Venture has helped transform many disruptive ideas into practical and scalable businesses
	KXVC	6	1	KXVC aims to nurture the massive adoption pathway of “AI” and “Web3.0” technologies by leveraging strongholds in Southeast Asia.
	K2 Venture Capital	6	-	K2 Venture Capital invests into early stage technology companies in Southeast Asia.
	Bualuang Ventures	4	-	Bualuang Ventures is an investment Firm.
	Fuchsia VC	4	-	Fuchsia VC is a venture capital firm.
	Alpha Founders Capital	4	1	Alpha Founders Capital (AFC) is a venture capital firm with focus on Indochina. We typically invest into late seed rounds.
	CU Enterprise Co., Ltd	3	-	A Holding Company of Chulalongkorn University, Thailand
	Sparx Ventures	3	-	Sparx Ventures is an early stage venture capital firm that finances high-growth internet-related businesses in South East Asia.
	Benchachida Holding company Limited	2	-	Benchachinda Group is a leading digital service provider in Thailand.

source: Crunchbase (2024)

Source: Crunchbase (2024)

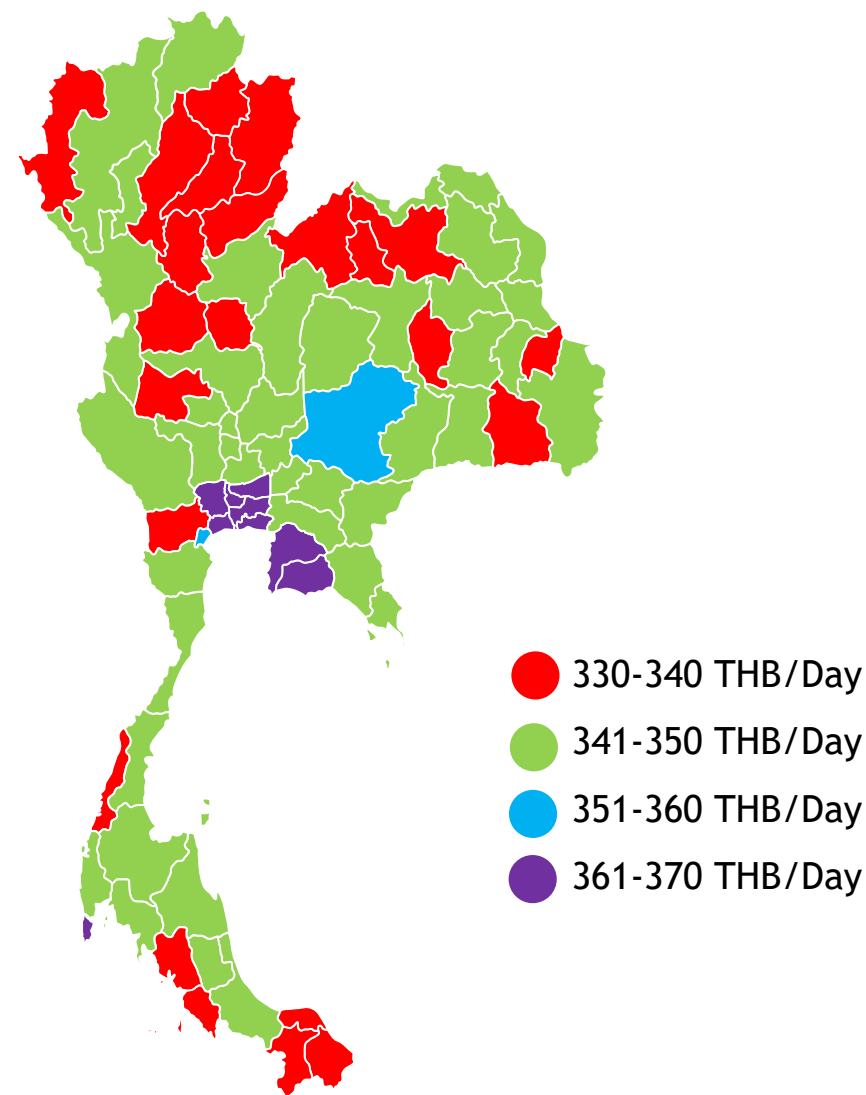
List of local VCs and CVCs active in Thailand

List of active VCs

Organization		Number of Investments	Number of Exits	Description
	BCH Ventures	2	-	BCH Ventures is the investment fund.
	Seven Peaks Software	1	-	International software and design agency based in Bangkok providing high quality remote development and design teams
	Shift Ventures	1	-	Shift Ventures connects investment to high-growth companies for investment opportunities.
	Winvestment	1	-	Winvestment is a commercial investment holding company owned by Phataraprasit family
	Rosewood Capital Co., Ltd	1	-	Rosewood Capital Co., Ltd. Operates as an investment firm.

Source: Crunchbase (2024)

Minimum daily wages in Thailand by provinces



Minimum Wage (THB/Day)	Provinces
330	Narathiwat, Pattani, Yala
338	Trang, Nan, Phayao, Phrae
340	Ranong, Satun, Loei, Nong Bua Lamphu, Udon Thani, Maha Sarakham, Sisaket, Amnat Charoen, Mae Hong Son, Lampang, Sukhothai, Uttaradit, Kamphaeng Phet, Phichit, Uthai Thani, Ratchaburi
341	Chainat, Sing Buri, Phatthalung, Chaiyaphum, Ang Thong
342	Nakhon Si Thammarat, Bueng Kan, Kalasin, Roi Et, Phetchabun
343	Yasothon, Lamphun, Nakhon Sawan
344	Phetchaburi, Chumphon, Surin
345	Kanchanaburi, Prachuap Khiri Khan, Surat Thani, Songkhla, Phang Nga, Chanthaburi, Sa Kaeo, Nakhon Phanom, Mukdahan, Sakon Nakhon, Buriram, Ubon Ratchathani, Chiang Rai, Tak, Phitsanulok
347	Krabi, Trat
348	Suphanburi, Nakhon Nayok, Nong Khai
349	Lop Buri
350	Phra Nakhon Si Ayutthaya, Saraburi, Chachoengsao, Prachinburi, Khon Kaen, Chiang Mai
351	Samut Songkhram
352	Nakhon Ratchasima
361	Chonburi, Rayong
363	Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon
370	Phuket

Source: Notification No.12 of the National Wage Committee (2024)

‘BDO’, ‘we’, ‘us’, and ‘our’ refer to one or more of BDO International Limited, its network of independent member firms (‘the BDO network’), and their related entities.

The BDO network is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: ‘BDO Member Firms’). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BV and the BDO Member Firms is a separate legal entity and has no liability for another entity’s acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the BDO Member Firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services

