



商業信託
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Country Profile: Thailand

The Facts

Location	Southeastern Asia, bordering the Andaman Sea and the Gulf of Thailand, southeast of Burma
Languages	Thai
Nationality	Thai
Religions	Buddhist – 94.6% Muslim – 4.6% Others – 0.8%
Government	Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Bicameral National Assembly
Constitutional Document	The Constitution of the Kingdom of Thailand
Economy	Thailand is the 2 nd largest economy in Southeast Asia, enjoys a strategic location and serves as a gateway into the heart of Asia. Thailand was one of the founding members of ASEAN and has been instrumental in the formation and development of the ASEAN Free Trade Area (AFTA). The economy is heavily dependent on exports. Industrial and service sectors contribute the most to the country's GDP. The country's well-defined investment policies focus on liberalization and encourage free trade. With world-class infrastructure, rich natural resources and steady economic growth, Thailand has always been an attractive place to invest.
Currency	Thai Baht (THB)
GDP (2011)	Total – THB 10,540.13 billion Per capita – THB 164,500 Real GDP growth – +0.1%
Population	67,091,000 (approx.)
Percentage of population	Thai – 75% Chinese – 14% Others – 11%
Area	513,120 km ²
Time zone	ITC (SCT +7)
Public Holidays	National holidays – 16
Climate	Tropical



Sources: International Monetary Fund, Thailand Board of Investment, Central Intelligence Agency

Thailand

Formerly known as Siam, Thailand is a country located at the center of the Indo-China peninsula in Southeast Asia. The country occupies an area of approximately 513,000 square kilometers with a population of around 64 million people. The capital of Thailand is Bangkok, which is the commercial, political, industrial and cultural hub of the country. According to the 2012 Doing Business Report by the World Bank Group, Thailand is ranked 17 out of 185 countries in terms of ease of doing business.

Moreover, according to A.T. Kearney's Global Services Location Index (GSLI), which offers a snapshot for business leaders to choose among offshore locations for conducting business, Thailand has a ranking of 7th in the world. The country attracts a number of expatriates from all across the globe and acts as a safe haven for foreign investors. In its 2011 Expat Experience Report, HSBC found out that Thailand was the top-ranked location in terms of expat lifestyle, far ahead of its ASEAN neighbors. Here's a look at some major reasons why most foreign investors want to invest in Thailand.

The Thailand Business Climate

There are several reasons to invest in Thailand:

- **Strategic location:** Thailand enjoys a strategic location in the Indo-China peninsula and serves as a gateway into the heart of Asia. It is ideally located at the crossroads of Asia, and has easy access to the region's dynamic markets. Thailand has easy access into the Greater Mekong sub-region, where newly emerging markets offer great business potential. The country offers convenient trade with China, India, Malaysia and other countries of the Association of Southeast Asian Nations (ASEAN). Thailand was one of the founding members of ASEAN and has been instrumental in the development of ASEAN Free Trade Area (AFTA). The country has always been a proponent of free and fair trade, and has therefore attracted leading International companies as a production base. A strategic location is one reason why Thailand is one of the most preferred investment destinations in the world.
- **Growing economy:** Economically, Thailand is characterized by steady growth, strong exports and a vibrant domestic consumer market. Thailand experienced the world's highest economic growth between 1985 and 1996, averaging 12.4% annually. It is presently one of the most industrialized countries and a major exporter in the world market. Thailand has a GDP worth US\$ 602 billion on a Purchasing Power Parity (PPP) basis, and this classifies it as the 2nd largest economy in Southeast Asia, after Indonesia. The country's economy is expected to grow 6-8 percent in 2013 and this economic growth will be directly impacted by government spending and free trade agreements. An export dependent economy, Thailand exported a total of US\$ 223 billion worth of goods in 2011. Major exports include rice, textiles and footwear, fishery products, rubber, jewellery, cars, computers and electrical appliances. Tourism also contributes significantly to the growing Thai economy, making up about 6% of the economy.



- **World-class infrastructure:** Thailand boasts of world-class infrastructure that facilitates ease of business for all kinds of companies. It enjoys one of the best ratios of quality infrastructure to Gross National Product (GNP) per capita in the world. Thailand has a paved road network coverage of 98.5% that connects not only every province in Thailand, but also the neighboring countries of Laos, Cambodia and Vietnam. The country has an estimated 4,180 kilometers of rail tracks that connect 46 provinces. There are 7 International airports, 2 International River Ports and 6 deep sea ports in Thailand. The country has an excellent telecommunications network and provides comprehensive 3G, Wi-Fi and Broadband services. Thailand's development plans for 2012 – 2022 include a high speed rail network that will connect all parts of Thailand, as well as Southern China. In terms of healthcare, the country has developed an excellent reputation globally, due to its internationally certified doctors and medical staff, and modern facilities and equipment.
- **Government support and FDI policies:** Thailand has numerous government agencies that support investors. Through the Board of Investment (BOI), the government offers a range of tax incentives, support services and import duty exemptions. The BOI also administers the 'One Start One Stop Investment Centre' to facilitate a full range of services and streamline investment procedures by bringing representatives from more than 20 government agencies under one roof. In addition to the activities of the BOI, other government organizations, such as the Department of Export Promotion and international chambers of commerce, provide invaluable support and a host of other important services. The country's well-defined investment policies focus on liberalization and encourage free trade. Foreign investments, especially those that contribute to the development of skills, technology and innovation are actively promoted by the government.
- **Social and political stability:** Thailand is a friendly and welcoming country. Although the vast majority of the local people in Thailand follow Buddhism, all religions are practiced freely. Thailand has a well-deserved reputation throughout the world for its gracious hospitality. The friendly nature of the people and diversity in Thai culture makes visitors and expatriates feel very safe and at home. Thailand is a Constitutional Monarchy, with high reverence for the Thai Monarch and complete devotion to the teachings of Buddhism.

Setting up a Business in Thailand

According to 2012 Doing Business Report by the World Bank, Thailand ranks 17 out of 185 economies in terms of ease of doing business. According to the report, starting up a business takes about 29 working days. To successfully establish a company in Thailand, one must complete the following major steps:

Apply for permission to use company name: The first step in starting a company in Thailand is to decide a proposed name for the company, and applying for permission to use that company name. This is done by submitting an application at the Registrar of the Department of Business Development (DBD). It costs 20 Baht to file the application and takes about 2 working days to complete.

- **Get approval for Memorandum of Association:** After the name reservation has been approved, the company must then submit its Memorandum of Association (MOA). The MOA must include the name of the company, the province where the company will be located, the scope of the company's business, the capital to be registered, and the names of the promoters. The capital information must include the number of shares and their par value. At the formation step, the authorized capital, although partly paid, must all be issued. The memorandum registration fee is 50 baht per 100,000 baht of registered capital. The minimum fee is 500 baht and the maximum fee is 25,000 baht. Although there are no minimum capital requirements, the amount of capital should be respectable and adequate for the intended business operation. If the company is to employ foreigners, other minimum registered capital requirements may also apply.
- **Convene a statutory meeting:** Once the share structure has been defined, it is mandatory in Thailand to convene a Statutory Meeting, during which the following are determined:
 - a) The adoption of the Articles of Association (By-laws)
 - b) Ratification of any contracts entered into and any expenses incurred by the promoters in promoting the company
 - c) Fixing the amount of remuneration, if any, to be paid to the promoters
 - d) Fixing the number of preferred shares, if any, to be issued, and the nature and extent of the preferential rights accruing to them
 - e) Fixing the number of ordinary shares or preferred shares to be allotted as fully or partly paid-up other than in money, if any, and the amount up to which they shall be considered as paid-up.
 - f) Appointment of the initial director(s) and auditor(s) and determination of the respective powers of the directors.
- **Register the company:** Within three months of the date of the statutory meeting, the directors must submit the application to establish the company. If not registered within the specified period, the Company Statutory Meeting becomes void. During the registration process, the promoters are required to supply the name, license number, and remuneration of the auditor the company is planning to hire. The company registration fee is 500 Baht per 100,000 Baht of registered capital. The minimum fee is 5,000 Baht and the maximum fee is 250,000 Baht. The company is then registered as a legal entity (or juristic person). If all necessary documents are complete and duly signed by all promoters, directors, and shareholders, the above steps can be completed in one day. However, it takes around 21 working days for the approval of the work regulations.

Types of Business Structures in Thailand

The Foreign Business Act of 1999, which became effective on March 4, 2000 replaced the 1972 National Executive Council Announcement 281, better known as the Alien business Law. Depending in the various needs, there are a number of business structures which can be used to carry out a successful business in Thailand. Investors should choose the best option considering their individual requirements and expectations. Here is a closer look at the important business structures in Thailand:

- **Sole Proprietorship:** In a sole proprietorship, all of the proprietor's assets (business and personal) are subject to legal action, whether connected to the business or not. The registration is done at the Central Revenue Department (CRD) of Thailand, where the sole proprietor must acquire a taxpayer number. Some sole proprietors are also required to obtain a 'Commercial Registration Certificate' from the CRD.



- **Partnerships:** Under the Civil and Commercial Code (CCC) of Thailand, a partnership is defined as “A contract whereby two or more persons agree to unite for a common undertaking with a view to share the profits.” When two or more people agree to invest in a partnership, the appointed managing partner is responsible for registering the partnership with the commercial registration office of the province where the head office of the partnership is located in. The fee for registering a partnership is 100 Baht per 100,000 Baht of registered capital. The minimum fee is 1,000 Baht and the maximum fee is 5,000 Baht. According to CCC, partnerships may be divided into two types:
 - a) **Ordinary Partnerships:** In an ordinary partnership, all the partners are jointly and wholly liable for all obligations of the partnership. An ordinary partnership may or may not register as a juristic person. Therefore, an ordinary partnership can be further divided into 2 types:
 - I. **Non-registered Ordinary Partnership:** This kind of partnership has no status as a juristic person and is treated, for tax purposes, as an individual.
 - II. **Registered Ordinary Partnership:** This is a partnership registered with the Commercial Registrar as a juristic person and is taxed as a corporate entity.
 - b) **Limited Partnerships:** The Limited Partnerships must have 2 kinds of partners. It should have one or more partners whose individual liability is limited to the amount of capital contributed to the partnership, and it should also have one or more partners who are jointly and unlimitedly liable for all the obligations of the partnership. The limited partnerships must be registered and are taxed as a corporate entity.
- **Limited Companies:** There are two types of limited companies: Private limited Companies and Public Limited Companies. The first is governed by the Civil and Commercial Code and the second is governed by the Public Limited Company Act. Here is a closer look at both types of Limited Company:
 - a) **Private Limited Company:** A private limited company is formed through a process that leads to the registration of a Memorandum of Association (Articles of Incorporation) and Articles of Association (By-laws) as its constitutive documents. The shareholders enjoy limited liability. The limited companies are managed by a board of directors in accordance with the company laws and its Articles of Association. The registration fee for the MOA and establishing the company is 5,500 Baht per 1 million Baht of registered capital.
 - b) **Public Limited Company:** Subject to compliance with the prospectus, approval, and other requirements, Public Limited Companies registered in Thailand may offer shares, debentures, and warrants to the public. The company needs to obtain Stock Exchange of Thailand (SET) approval to list their shares. For public limited companies, there is no restriction on the transfer of shares (except to satisfy statutory or policy ceilings on foreign ownership). Restrictions on share transfers are unlawful, with the exception of those protecting the rights and benefits of the company as allowed by law and those maintaining the Thai/Foreigner shareholder ratio. Debentures may only be issued with the approval of three quarters of the voting shareholders. The company registration fee is 1,000 Baht per 1 million Baht of registered capital.

Taxation

Operating a business in Thailand requires paying some taxes. Companies liable for income tax must obtain a tax ID card and number from the Central Revenue Department (CRD) within 60 days of incorporation or the start of operations. Companies that have turnover in excess of 1.2 million Baht must also register for VAT with the CRD within 30 days of the date the annual turnover exceeded that threshold. A company operating in Thailand generally pays tax at 30% of net profit. However, some types of company are entitled to a rate reduction.

Immigration and Visa Requirements

Foreigners who want to visit Thailand for business purpose should obtain business visa from the Thai authority. Applying for a Thailand business visa requires submitting the following documents:

- A valid passport with expiration greater than six months from the date of entry for the visa you are applying for.
- A completed application form that can be obtained online or from the Immigration Authorities in Thailand.
- A letter of invitation from a host company in Thailand.
- A copy of the round trip airline tickets or itinerary.
- Two passport sized photographs.

This visa is specially designed for people who want to do business legally in Thailand. It is also known as Non-Immigrant Business Visa. You can get a work permit and open a bank account. However you still need to do a visa run every 90 days.

Banking Requirement

Opening a bank account at a bank in Thailand by foreigners can be quite easy for most types of accounts. In most cases, a passport with a valid visa is sufficient. Only some banks or branches demand a valid working permit or a certificate of residence from the Immigration Office. An ATM card can also be procured at a nominal annual fee.

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