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Updating you in relation to
Thailand's exchange controls

Thailand's Exchange Controls

Administration

The Bank of Thailand is charged with administering the exchange control laws prescribed in the Exchange Control Act and Ministerial Regulation No 13.

All foreign exchange transactions are to be conducted through authorized financial institutions and other authorized dealers. Authorized financial institutions are permitted to engage in all types of exchange transactions. Authorized money exchangers can buy foreign notes and travelers' checks and sell foreign notes to travelers. Authorized money transfer agents can accept foreign currency from abroad and remit foreign currency abroad for prescribed purposes.

15 days deposit rule

The previous regulation requiring persons who receive foreign currency from abroad to sell or deposit foreign currency with an authorized financial institution within 15 days of receipt has been abolished.

From 24 July 2007, an authorized financial institution that receives foreign currency from abroad shall notify the person in Thailand on whose behalf the foreign currency has been received of the period in which that authorized financial institution requires the person in Thailand to sell the foreign currency or deposit it in a foreign currency account.

30% reserve requirement

From 19 December 2006, foreign currency exchanged or sold against the Thai Baht with authorized financial institutions in the amount of USD 20,000 or more is subject to a Bank of Thailand reserve requirement, whereby authorized financial institutions must withhold 30% of the foreign currency as a reserve, except for transactions exempt from the reserve requirement.

The reserve will be refunded in full if the Thai Baht funds have remained in Thailand for at least 1 year. Otherwise, two-thirds of the reserve will be refunded.

The reserve is non-remunerated in that no income on the reserve will be paid. Additionally, if the reserve is not claimed within 2 years after the sale or exchange of the foreign currency for Thai Baht, the reserve will be forfeited.

Exemptions from the reserve requirement

From the date of introduction of the 30% reserve, the following inwards remittances of foreign currency have been exempted:

- Foreign currency remittances for trading of goods and services;
- Repatriation of investments from abroad; and,
- Foreign exchange transactions entered into prior to 19 December 2006.

From 20 December 2006, inwards remittances of the following foreign currencies have been exempted:

- Investments in equities in the Stock Exchange of Thailand, the Market for Alternative Investment, the Futures Exchange and the Agricultural Futures Exchange of Thailand.

From 22 December 2006, inwards remittances of the following foreign currencies were exempted:

- Investment in Thai companies, government loans and investment in immovable property;
- Foreign currency loan transactions entered into prior to 19 December 2006;
- Inwards remittances from Thai embassies, Thai consulates and Thai government agencies located abroad;

- Inwards remittances by foreign embassies and consulates, the specialized agencies of the United Nations and international aid organizations in Thailand;
- Rollover of swap transactions with the same authorized financial institution; and,
- Travelers' checks and foreign banknotes.

From 29 January 2007, inwards remittances of the following foreign currencies have been exempted:

- Inter-bank transfers between authorized financial institutions for their own business;
- Foreign currency loans or foreign currency from the issuance of debt instruments in accordance with the rules and regulations; and,
- Purchase of non-performing loans or the payment of guarantee obligations under order of a Court or a specific authority.

From 15 March 2007, inwards remittances of the following foreign currencies have been exempted:

- Investments in debt securities and unit trusts in accordance with the rules and regulations.

And from 9 August 2007, inwards remittances of the following foreign currencies have been exempted:

- Thai residents purchasing or exchanging foreign currency with authorized financial institutions for depositing into foreign currency accounts.

Foreign currency accounts

From 24 July 2007, the rules in relation to foreign currency accounts have been relaxed, as follows:

Any person with foreign currency receipts from abroad may deposit them in a foreign currency account with an authorized financial institution, as follows:

1. Foreign currency account with a future obligation: a depositor must submit evidence of the obligation to pay in foreign currency within 12 months of the date of deposit. The balance of the account must

not exceed USD 1 million for individuals and USD 100 million for companies.

2. Foreign currency account without any future obligation: the balance of the account must not exceed USD 100,000 for individuals and USD 5 million for companies.

Any person who is a permanent resident of Thailand can buy, exchange or borrow foreign currency from an authorized financial institution and can deposit it in a foreign currency account with an authorized financial institution, as follows:

1. Foreign currency account with a future obligation: a depositor must submit evidence of the obligation to pay in foreign currency within 12 months of the date of deposit. The balance of the account must not exceed USD 500,000 for individuals and USD 50 million for companies.
2. Foreign currency account without any future obligation: the balance of the account must not exceed USD 50,000 for individuals and USD 200,000 for companies.

Withdrawals from the foreign currency account are permitted for the payment of obligations abroad or for converting the foreign currency into Thai Baht with an authorized financial institution.

Deposits of foreign currency notes and coins must not exceed USD 10,000 per person per day.

Export transactions

The proceeds in foreign currencies from exports shall be brought into Thailand immediately upon receipt and within 120 days of export. Proceeds brought in from 120 to 360 days after export require approval from a commercial bank. Proceeds brought in after 360 days require approval from the Bank of Thailand.

Relaxation of these rules has been announced but not yet implemented. The announced relaxation permits proceeds from exports to be brought into Thailand within 360 days of export, with further extensions of time requiring the approval of the Bank of Thailand.

Outward investment

The regulations for outward foreign investment were amended as from 24 July 2007, as follows:

1. Remittances of funds for investment in or lending to a business abroad in which the Thai investor holds 10% or more of the capital of the business abroad shall be allowed up to USD 50 million per year without the prior approval of the Bank of Thailand.
 2. Remittances of funds for investment in or lending to a business abroad and the business abroad holds 10% or more of the capital of the Thailand investor shall be allowed up to USD 20 million per year without the prior approval of the Bank of Thailand.
 3. Remittances of funds for the purposes of 1 or 2 above by public companies listed on the Stock Exchange of Thailand, which have positive shareholders' equity and are not under rehabilitation, shall be allowed up to USD 100 million per year without the prior approval of the Bank of Thailand.
- Remittances to family and relatives permanently residing abroad, up to USD 1 million per recipient per year;
 - Remittances to purchase immovable property, up to USD 1 million per person per year;
 - Remittances of donations to public charities, up to USD 1 million per person per year;
 - Remittances for investment in foreign securities issued abroad, up to USD 50 million per person (such amount being the total amount allowable for such investments); and,
 - Remittances for the purchase of shares under an employee stock option plan, up to USD 1 million per person per year.

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From 24 July 2007, institutional investors (being the Government Pension Fund, the Social Security Fund, provident funds, mutual funds, securities companies and insurance companies) are permitted to invest in deposits with financial institutions abroad without prior approval from the Bank of Thailand. The amount of the deposits is counted as part of the total amount allowable for foreign portfolio investment, which is a maximum sum of USD 50 million.

Personal remittances abroad

From 24 July 2007, persons in Thailand may remit the following amounts abroad without the prior approval of the Bank of Thailand:

- Remittances to Thailand nationals permanently residing abroad, up to USD 1 million per recipient per year;
- Remittances of inheritances to persons permanently residing abroad, up to USD 1 million per recipient per year;

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