



Doing
business
in Thailand

Foreword

The aim of this publication is to provide general information about Doing Business in Thailand in broad terms. All information is up to date as of 25th October 2011. Users are advised to contact their local RSM member firm or the contact listed on page 44 for further detail and updates.

About RSM International

RSM International is the 6th largest network of independent accounting and consulting firms worldwide, with over 736 offices in over 76 countries, and more than 32,000 people on hand to serve your needs.

RSM International is a global network of independently owned and managed professional service firms, united by a common desire to provide the highest quality of services to their clients. We exist to make a positive difference to their future. High standards, common work ethics and clear focus make our members valuable partners for a varied client base worldwide.

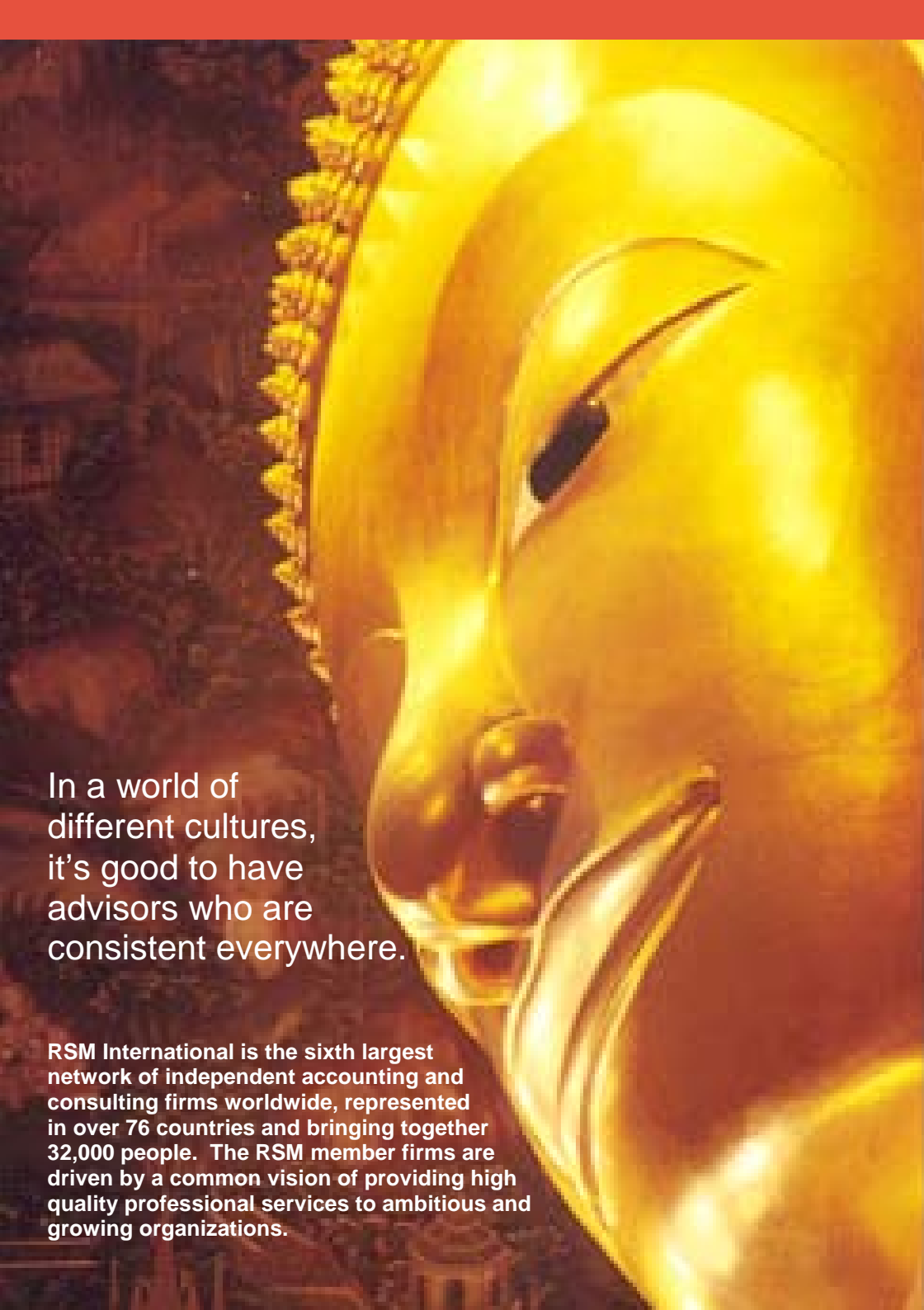
About RSM Thailand

RSM Thailand consists of a group of firms that have joined the RSM International network as the official independent Thailand members of RSM International.

The RSM Thailand group provides clients with the full spectrum of professional consulting services, including accounting outsourcing, audit, tax compliance and consulting, commercial legal consulting, transaction support services, and executive recruitment services.

The group of RSM firms in Thailand and their service disciplines are as follows:

- RSM Advisory (Thailand) Limited – Accounting, tax compliance, and tax and commercial legal consulting;
- RSM Audit Services (Thailand) Limited – Audit and assurance services; and
- RSM Recruitment (Thailand) Limited – Executive recruitment services.



In a world of
different cultures,
it's good to have
advisors who are
consistent everywhere.

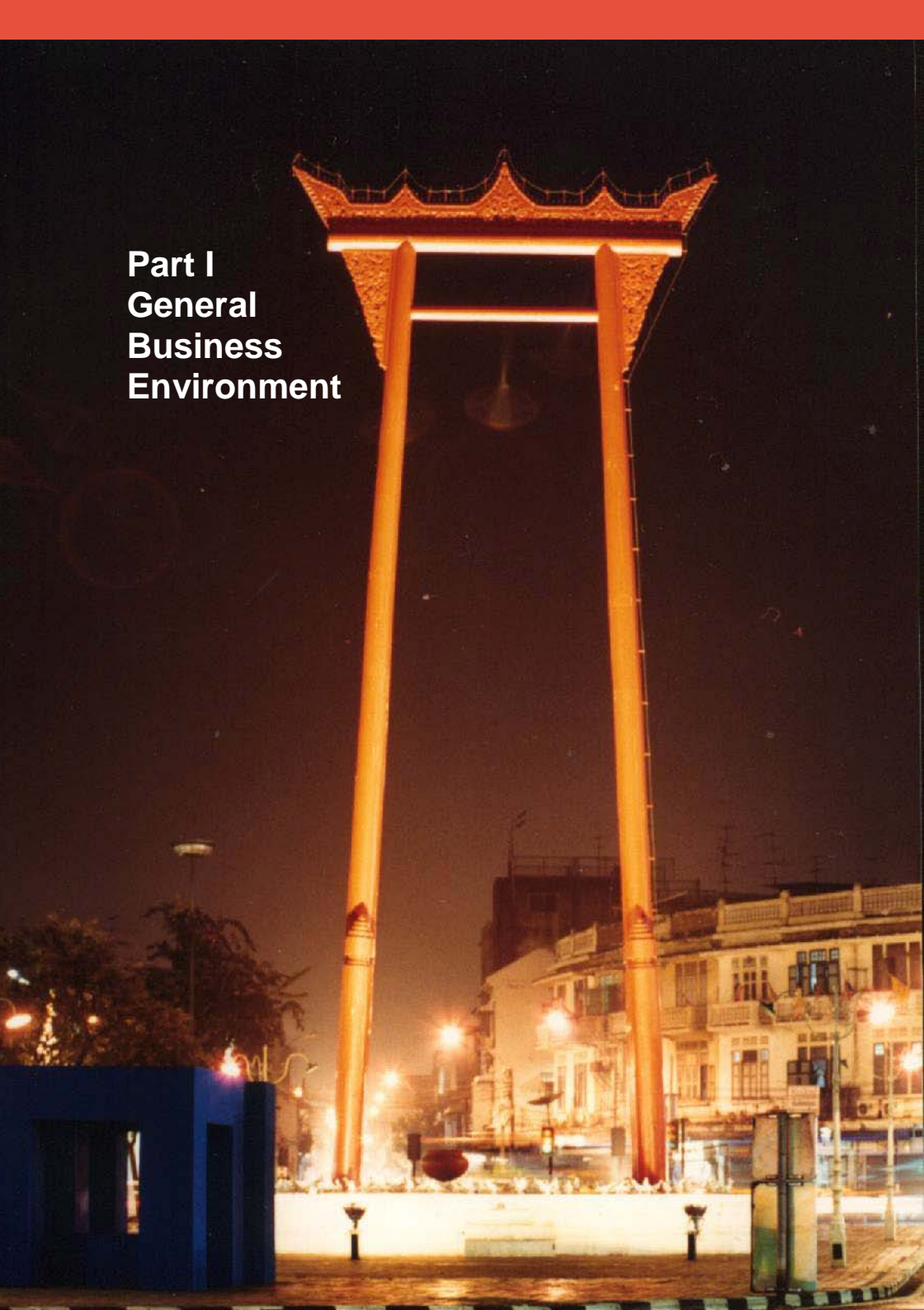
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**Part I
General
Business
Environment**



Chapter 1: Introduction to Thailand

Geography

The Kingdom of Thailand geographically lies in South East Asia, sharing borders with Malaysia, Myanmar, Laos and Cambodia. It has a land area of approximately 513,120 sq km (198,120 sq mi) (roughly equating to the size of France), and a coastline spanning 3,219 km. The 77 provinces are divided up into six main zones: North, North East, Central, South, East and West.

History

Thailand is a country with rich traditions and a long history from various influences from the East as well as from the West. From the kings of the early Sukhothai Period up to today, Thailand has built a distinct characteristic appearance to the outer world.

Monarchy

The King of Thailand (His Majesty Bhumibol Adulyadej) is the world's longest reigning monarch and is held with utmost respect by all Thais.

The year 2011 is the King's 65th year on the throne throughout which he has tirelessly devoted six decades initiating and implementing thousands of projects for improving and sustaining land development, irrigation, agriculture, healthcare and the education and the well-being of the Thai people.

While it may be common for many people to openly criticise the Thai Government, it is considered an insult to criticise or disparage any members of the Thai Royal Family.

Government

Thailand has been an independent nation since 1238 AD and is proud to be the only South East Asian country that has never been colonized. Thailand's government has been a constitutional monarchy since 1932, but authoritarian ruling bodies have maintained power throughout most of Thai political history.

From 1958 to 1971 the executive powers of the King were exercised by the Prime Minister and the Council of Ministers, his legislative powers by the National Assembly, and his judicial system composed of the Courts of First Instance, the Court of Appeals and the Supreme Court.

Thailand's government has experienced numerous changes, however the Monarchy and the bureaucracy have remained, maintaining stability.

Population

Thailand has a population of approximately 63.8 million and has an unemployment rate of approximately 3.5%.

Language

Thailand's official language, Thai, is used nationwide. English is only used and understood generally for business and international purposes. Additional regional dialects also exist, differing from North to South and East to West, all of which are members of the Thai half of the Thai-Kadai family of languages. The Thai script derives from the Indic ancient writing systems of Pali and Sanskrit and consists of 44 consonants and 32 vowels.

Religion

Buddhism is the country's most widely practiced religion encompassing roughly 95% of the population. Islam is practiced by approximately 4%, and Christianity and other minority religions are practiced by around 1% of the population.

Education

The average years of schooling in Thailand is 6.5, with its literacy rate standing at 95.5%, one of the highest in South East Asia, thanks to the high priority given by the Government towards an increased national budget allocated to education.

There are several universities and colleges, the majority of which are based in Bangkok, offering degree courses, scores of training colleges as well as vocational schools. Two of Bangkok's universities, Thammasat and Chulalongkorn are considered to be among the Top 50 in Asia.

There has recently also been significant growth in the internationally accredited and affiliated large international schools, due to the number of expatriates based in Thailand but also due to wealthier Thai families preferring their children to receive a more global style of education.

Climate

The majority of Thailand is very humid, with humidity levels of between 66% and 82%, depending on the time of day and season. Winter (November to February) is relatively cool and dry with an average temperature around 21°-24°C. Summer (March to May) is hot and humid with an average temperature around 35°-40°C. The Monsoon season (June to October) is hot and rainy, with average temperatures ranging around 24°-30°C.

Time

Thailand's time zone is 7 hours ahead of GMT/UTC (London). Daylight saving is not followed.

Currency

The national unit of currency is the Thai Baht (THB), which is divided into 100 Satang. Notes are issued in 20, 50, 100, 500 and 1,000 Baht denominations, while coins consist of 25 and 50 Satang and the more common 1, 2, 5 and 10 Baht coins. US

Dollars may also be accepted in tourist areas or towards the borders of neighbouring countries. Credit cards are also widely accepted nationwide in many shops and all major department stores. Exchange rate USD1.00 = THB31.45.00 (October 2011).

Business Hours

Most companies operate an 8 hour day, 5 days a week, beginning between 8.00am and 9.00am with a one-hour lunch break from noon. Banks are open Monday to Friday from 8.30am to 3.30pm. Private shops do not have set business hours and in many cases stay open late.

Communication

Thailand has an efficient postal service and a modern telecommunications network, including an international direct telephone service in operation 24 hours. International postage is also cheap, reliable and efficient.

Mobile phone networks are also on the increase such as AIS, DTAC, True Move and Hutch. Prepaid sim cards for mobile phones can be purchased and used in any imported phone and respective recharge cards are also reasonably priced and easy to find.

The Government has approved further expansion of the telecommunication networks to meet the expected further growth of the economy. Internet cafes are numerous, especially in areas with a high number of tourists, e.g. Phuket, Samui and Bangkok.

Thailand is more advanced in the cyber world than the majority of South East Asia and with its popularity the high-speed Internet rates continue to competitively drop each year.

Medical Facilities

Medical facilities in Bangkok are comparable to those available in Western countries. Bangkok has 3 University research hospitals, 12 public and private hospitals as well as hundreds of medical clinics.

Transportation

Entry by land, air, river or sea into Thailand is permitted at various border crossing points from Malaysia: (Betong, Padang Besar, Sadao and Sungai Kolok), Myanmar: (Mae Sai, Mae Sot, Ranong and Three Pagodas Pass), Laos: (Chiang Kong, Chong Mek, Mukhdahan, Nakhon Phanom and Nongkhai) and Cambodia: (Hat Lek and Aranya Prathet).

Suvarnabhumi Airport is Thailand's major international airport and is the main hub for all in and outbound air traffic in Thailand since September 2006. It serves over 80 major international airline carriers with direct flights to destinations throughout both the Asia-Pacific region and worldwide.

The national carrier, Thai Airways International and the smaller domestic airline, Bangkok Airways, provide an extensive domestic schedule to all major centres in

Thailand. In addition, the low-cost airlines such as PB Air, Orient Thai Air, Phuket Airline, Nok Air and Thai AirAsia provide an extensive schedule to centres in Thailand and the ASEAN countries.

There are also extensive and regular rail links and bus routes between Bangkok and all major towns and cities throughout Thailand and neighbouring countries.

In Bangkok, the well serviced and regular dual lines of the elevated-rail system known as the Skytrain (BTS) and the single underground 18-station subway network (MRT) relieve people of the traffic congestion, providing daily commuters with air-conditioned comfort and speed.

BRT is a new transit system in Bangkok, Thailand. A plan has been approved to build 5 bus routes to a design similar to the Trans Jakarta. The first route, Sathorn to Ratchaphruek, opened to the public on 29 May 2010.

Living Conditions

Bangkok is a cosmopolitan city, where expatriates generally enjoy a high standard of living. Supermarkets stock a variety of imported food items in addition to local produce, and a wide range of leisure activities are available including soccer, rugby, tennis, cricket and in particular, golf.

Bangkok does have its frustrations however, particularly the traffic and pollution, however a number of resorts and scenic attractions including Pattaya, Hua Hin, Rayong, Kanchanaburi and Khao Yai National Park are within easy reach for weekend breaks outside the city.

Housing & Accommodation

A wide range of accommodation is available, particularly in Bangkok, from basic, relatively low priced apartments to expensive luxury condominiums and serviced apartments.

Most expatriate accommodation is located in the Sukhumvit and Sathorn/Silom areas, which are close to retail and business centres. In many cases, employers of expatriates may also provide financial assistance for accommodation.

Chapter 2: Board of Investment

Foreign investment has been the driving force behind Thailand's very rapid economic growth with large foreign investors coming from Japan, Europe, Singapore, the United States, Taiwan and Hong Kong. Japan is by far the largest foreign investor in Thailand.

Despite the rapid economic growth, foreign investment still remains restricted in terms of majority foreign ownership for many business activities in Thailand under the provisions of the Foreign Business Act, and foreigners generally need to have Board of Investment (BOI) promotion for their business activities in Thailand.

Eligible Business Activities

The BOI provides investment promotion for the following business activities in Thailand:

- Agriculture and agricultural products;
- mining, ceramics, and basic metals;
- light industry;
- metal products, machinery and transport equipment;
- electronics industry and electrical appliances;
- chemicals, paper and plastics; and,
- services and public utilities.

Criteria for Project Approval

For projects with investment capital (excluding the cost of land and working capital) not exceeding THB 500 million, the following criteria are used:

- The value added should be not less than 20% of the sales revenue, except projects that manufacture electronic products and parts or processed agricultural produce, and projects granted special approval by the Board;
- ratio of liabilities to registered capital should not exceed 3 to 1 for a newly established projects. Expansion projects are considered on a case by case basis; and,
- a promoted project is required to use modern machinery and production processes. In cases where old machinery is utilised, its efficiency must be certified by reliable institutions and must obtain the board's approval; adequate environmental protection systems should be installed.

For projects with investment capital (excluding the cost of land and working capital) over THB 500 million, a feasibility study of the project, as prescribed by the board, must be submitted.

Criteria for Foreign Shareholding

When considering approval of foreign investment in a wholly foreign-owned project, or foreign equity participation in a joint-venture project to which investment promotion has been granted, the Board utilises the following criteria:

- for investment projects in agriculture, animal husbandry, fishery, mineral exploration and mining and service business under list one of foreign business act, thai nationals must hold shares totaling not less than 51% of the registered capital.
- for manufacturing projects, in all zones, foreign investors may hold a majority or 100% of shares in promoted projects; and,
- for some promoted projects, the board may fix the shareholding of foreign investors as deemed appropriate.

Investment Incentives

A promoted enterprise may be granted certain guarantees, privileges and tax incentives, as follows:

- Guarantees:
 - against nationalisation;
 - against competition from new state enterprises;
 - against state monopolisation of the sale of products similar to those produced by promoted projects;
 - against price controls;
 - permission to export; and,
 - against tax-exempt imports by government agencies or state enterprises.

Privileges

To bring in foreign nationals to undertake investment feasibility studies;
 To bring in foreign technicians and experts to work on promoted projects;
 To own land for carrying out promoted activities; and,
 To take or remit abroad foreign currency.

Tax Incentives

Exemption or reductions of import duties on imported machinery,
 Exemption or reduction of import duties on imported raw materials and components;
 Exemption of corporate income taxes for 3 to 8 years with permission to carry forward losses and deduct them as expenses for up to 5 years; and,
 Exclusion of dividends derived from promoted enterprises from taxable income during the corporate income tax holiday.

Additional Incentives

Additional incentives for enterprises in the special investment promotion zones include:

Reduction of corporate income tax by 50% for 5 years after the exemption period;
 Allowance for double the cost of transportation, electricity and water supply for deduction from taxable income for 10 years after the date of first sales; and,
 Deduction from the net profit of 25% of the project's infrastructure installation or construction cost.

Chapter 3: Industrial Estates Authority

Thailand has several industrial estates, most of which were established by a government organisation called the Industrial Estates Authority of Thailand or IEAT. Investment incentives available under the Industrial Estate Authority of Thailand Act are granted permission to own land in an industrial estate, bring in foreign technicians and experts and remit abroad foreign currency.

Moreover, projects located in the Export Processing Zone or EPZ available in some industrial estates may be granted the exemption from import duty and tax on machinery and construction materials for the factory. Exemption from import duty and tax on raw materials used in production, and exemption from export duty and tax on the re-export of machinery and construction materials, as well as on export of manufactured products and by-products may be granted as well.

Chapter 4: Regional Operating Headquarters

Thailand also has a foreign investment regime for Regional Operating Headquarters (ROH) companies. An ROH company in Thailand is an intermediary entity between a multinational's parent company or head office located in say, the US or Europe, and the multinational's affiliated companies or branches in the South East Asian region, which provides support services to the affiliated companies and branches in the South East Asian region. Since 27 October 2010, Thailand provides a two-tiered ROH regime depending on the level of commitment that a foreign company is willing to put into the ROH company in Thailand. Each regime has its own taxation concession and its own special conditions in order to claim those taxation concessions.

The tax incentives granted to an ROH company in Thailand include:

- Corporate income tax concessions;
- personal withholding tax concessions; and,
- depreciation deduction concessions.

Corporate Income Tax Concessions

ROH 1 Regime (2002 – Royal Decree No.405)	ROH 2 Regime (New) (2010 – Royal Decree No. 508)
<ul style="list-style-type: none"> ▪ 10% corporate income tax on services income earned from the affiliated companies and branches; ▪ 10% corporate income tax on interest income earned from funds borrowed and on-lent to the affiliated companies and branches; ▪ 10% corporate income tax on royalty income derived from affiliated companies and branches and generated from research and development work performed in Thailand; ▪ 0% corporate income tax on dividends received from domestic and foreign affiliated companies and branches; and ▪ 0% corporate withholding tax on remittances of dividends paid out of the profits of the ROH to a foreign company or partnership shareholder. 	<ul style="list-style-type: none"> ▪ 0% corporate income tax on services income earned from the affiliated companies and branches outside Thailand for a period 10 + 5 years; ▪ 10% corporate income tax on service income from the affiliated companies and branches in Thailand for a period 10 + 5 years ▪ 10% corporate income tax on interest income and royalty income derived from affiliated companies and branches and generated from research and development work performed in Thailand for a period 10 + 5 years ▪ 0% corporate income tax on dividends received from domestic and foreign associated companies and branches for a period 10 + 5 years and ▪ 0% corporate withholding tax on remittances of dividends paid out of the profits of the ROH associated companies or branches outside Thailand (only for dividends paid out of the services and royalty income)

* 10 + 5 years means the tax concession is granted for 10 years, and subject to the ROH having complied with all the conditions for that 10 year period. In addition, the ROH shall grant a further 5 years tax concession.

Personal Withholding Tax Concessions

- 0% personal withholding tax on income earned by an expatriate employee of the ROH for services undertaken outside Thailand, provided the income paid to the employee for such services is not deducted as an expense by the ROH or an affiliate or branch in Thailand; and,
- 15% personal withholding tax on income earned by an expatriate employee from Thai source income for a period of 4 years for ROH 1 Regime and 8 years for ROH 2 Regime, provided the employee foregoes claims for withholding tax credits in Thailand.

Depreciation Deduction Concessions

- 25% initial deduction from taxable income for the costs of acquisition and construction of buildings and permanent structures, which the ROH uses for its business operations, with the remainder being depreciated in accordance with the normal rules for ROH 1 Regime.

Conditions

ROH 1 Regime	ROH 2 Regime (New)
<ul style="list-style-type: none"> ▪ It shall be a company established under the laws of Thailand; ▪ it should have paid up capital of at least THB 10 million as at the end of the financial year; ▪ it shall provide services to affiliated companies and branches in at least three countries outside Thailand; and, ▪ the service income from the rendering of services to affiliated companies and branches outside Thailand shall be at least 50% of the total income of the ROH company (reduced to 33.33% for the first 3 years). 	<ul style="list-style-type: none"> ▪ It shall be a company established under the laws of Thailand; ▪ it have "paid up" capital of at least THB 10 million as at the end of the financial year; ▪ it should provide services to affiliated companies and branches in at least three countries outside Thailand within the following time frame: <ul style="list-style-type: none"> - At least 1 in the 1st and 2nd year - At least 2 in the 3rd and 4th year - At least 3 in the 5th and subsequent years; ▪ the service income from the rendering of services to affiliated companies and branches outside Thailand shall be at least 50% of the total income of the ROH company; ▪ the expenditures in Thailand shall be at least THB 15 million per year for operating expenditure or THB 30 million per year for capital investment expenditure; and, ▪ the company shall have professional employees as prescribed by the Revenue Department.

Permitted Services

The types of permitted services for a Thailand ROH company are as follows:

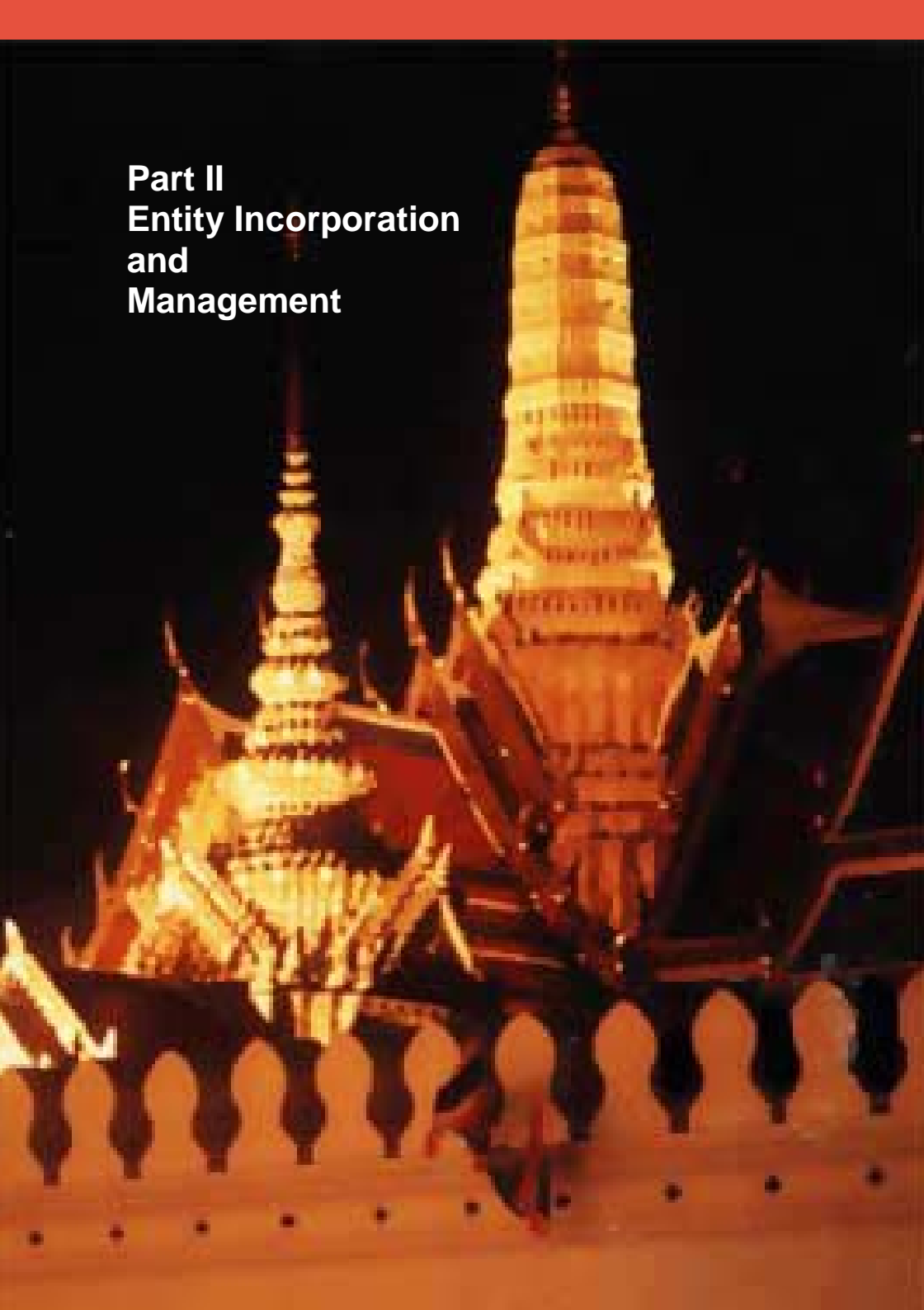
- General administration, business planning and coordination services;
- Services in connection with the procurement of raw materials and provision of parts;
- Research and development;
- Technical assistance;
- Marketing and sales promotion;
- Human resource management and training;
- Financial advisory services;
- Economic and investment research and analysis;
- Credit management and control; and
- Other support services, as may be approved by the Director-General on a case-by-case basis.

Rules and Procedures

The Revenue Department has issued rules and procedures regarding an ROH. The most significant to note are:

- A company wishing to operate as an ROH must submit an application to the Revenue Department and provide all the necessary supporting documentation;
- where a company conducts both ROH and non-ROH activities, it must calculate and account for the two businesses separately;
- where expenses are common to both ROH and non-ROH activities, they must be apportioned on the basis of the total income of each business;
- any loss generated by the ROH business cannot be offset against the income of the non-ROH business; and
- companies operating both ROH and non-ROH businesses must submit separate corporate income tax returns for each business, but use the same taxpayer identification number.

Part II
Entity Incorporation
and
Management



Chapter 5: Types of Business Entities

The principal forms of business entities open to foreigners in Thailand are:

- Private limited companies;
- Public limited companies;
- Branches of foreign corporations;
- Representative offices; and
- Joint ventures.

Private Limited Company

A private limited company may be wholly owned by foreigners, except those in businesses reserved for Thai nationals under the Foreign Business Act, in which case foreigners are only permitted ownership up to 49% of the share capital of the company. The liability of shareholders is limited to the amount of their shares remaining unpaid.

A private limited company is managed by a board of directors in accordance with the civil and commercial code and its articles of association, under the control of the shareholders. Subject to the applicable laws and regulations, directors may be alien.

The following are the principal requirements for the formation of a Thai Private Limited company:

- Application must be made to the Registrar of Partnerships and Companies for approval of the name.
- Three or more promoters, each subscribing to at least one share in the proposed company must sign a Memorandum of Association, which must be submitted to the Registrar together with other documents in the prescribed form. The fee for registration of the Memorandum of Association is 50 Baht per THB 100,000 of share capital with THB 500 set as the minimum fee and THB 25,000 set as the maximum fee.
- Although there is no established minimum level of capital, the company's capital must be sufficient to accomplish its objectives.
- All shares must be subscribed for, and at least 25% of the subscribed shares must be paid up.
- Both ordinary and preferred shares may be issued.
- As soon as all the shares have been subscribed for, the promoters should call a statutory meeting for the purposes of adopting the Articles of Association, electing a board of directors and appointing an auditor.

After the statutory meeting is held, the promoters hand over the conduct of business to the directors, who may apply for a registration of Memorandum of Association and registration of the company within the same day but not later than three months. The fee for registration of the company is THB 500 per THB 100,000 of capital with THB 5,000 set as the minimum fee and THB 250,000 set as the maximum fee. A Certificate of Registration is normally issued following payment of the fee and the company may then commence business operations.

Public Limited Company

A public limited company is a company established under the Public Companies Act B.E. 2535 (1992). A public limited company must have fifteen or more shareholders whose liability, similar to private limited companies, is limited to no more than the unpaid amount (if any) of the par value of the shares.

The procedures for incorporating a public limited company are similar to that for a private limited company, although there are some significant differences, as follows:

<i>Private Limited Company</i>	<i>Public Limited Company</i>
<i>There must be at least 3 individuals as promoters</i>	<i>There must be at least 15 individuals as promoters, and the total number of subscribed shares paid up in money should not be less than 5% of the registered capital</i>
<i>At least 1 director required</i>	<i>At least 5 directors required and majority of whom must reside in Thailand</i>
<i>Public subscription of shares and debentures by prospectus are not allowed</i>	Public subscription of shares and debentures by Prospectus are allowed
<i>At least 25% of each share must be paid up</i>	<i>Each share must be fully paid up</i>
<i>Minimum of 3 shareholders are required at all times</i>	<i>There must be at least 15 shareholders</i>

Branch of a Foreign Corporation

A company incorporated under foreign laws may establish a branch office to undertake business in Thailand, subject to the provisions of the Foreign Business Act.

To establish a branch of a foreign company, an application must be submitted to the Foreign Business Committee, which normally takes between four to six weeks to process upon completion and submission of the required documents.

The establishment of a branch normally requires the support of a Government Ministry/Agency or of a major organisation engaged in a particular activity.

The following documents, notarised and certified by a Notary Public or the Royal Thai Consulate/Embassy in the country in which the Head Office is located are required for the registration of a branch:

- Articles of Incorporation / Memorandum of Association.
- By laws / Articles of Association.
- Affidavit of the Company Officer stating the name of corporation, registration number, date of registration, jurisdiction of the registered office, authorised capital and share structure, amount of paid up capital and the details of each director and shareholder.

- Power of Attorney for the branch manager to establish a branch office in Thailand, to register the branch office with Thai government authorities and to have normal operating powers.
- A copy of a Board of Directors Resolution and other related documents. The Government authorities are empowered to request supplementary information about the company at their discretion.

A branch office is treated as the same legal entity as its head office. A branch intending to engage in any business specified in the Foreign Business Act must submit an application to the Foreign Business Committee of the Department of Business Development and must obtain a Foreign Business License prior to commencing operation.

The amount of the required working capital for a branch is dependent on a calculation of the annualized amount of estimated branch expenses over a 3 year period. Provided that the working capital amount shall not be less than THB 3,000,000 baht, to be brought in from abroad as follows:

By the end of the first 3 months	25%
By the end of the 1 st year	50%
By the end of the 2 nd year	75%
By the end of the 3 rd year	100%

Representative Office

A foreign entity may also establish a representative office in Thailand to engage in non-revenue earning activities only. These activities are restricted to:

- Searching for local sources of goods or services for its head office;
- inspecting and controlling the quality and quantity of goods procured by its head office;
- providing advice in various fields relating to products directly sold by its head office to local distributors or consumers;
- disseminating information about new products and services of its head office; and
- reporting to its head office on local business developments and activities.

The procedures for establishment of a representative office are similar to those of a branch office.

Joint Venture

A Joint Venture, in accordance with general practice, is a group of persons (between juristic persons jointly with natural and/or juristic persons) entering into an agreement in order to carry on a business together. It is not recognised as a legal entity under the Civil and Commercial code, but the income derived by a joint venture is subject to corporate income tax under the Revenue Code, which regards it as a single tax entity.

It is generally required for a foreign investor to have Thai participation in joint ventures. It is not possible to engage in certain types of business activities unless there is such participation.

Chapter 6: Accounting, Audit & Reporting

Accounting

Any of the aforementioned business entities may choose a preferred date for its initial accounting period. Thereafter, the accounts shall close every twelve months. If an entity wishes to change its accounting period, it must obtain written approval from the Commercial Registration Department and the Revenue Department.

Books of Accounts

The Accounts Act of 2000 prescribes the regulations regarding the keeping of books of accounts and supporting documents.

The Act also stipulates the qualifications of the bookkeeper, who must be a Thai resident, proficient in the Thai language, and a graduate from a high-vocational school or university with the minimum of a Bachelor Degree in Accounting.

The Civil and Commercial Code also provides general rules on the accounts that must be maintained.

Recording of accounting entries may be done in the English language, but it should be appended with a Thai language translation. All accounting entries must be written in ink, typewritten or printed. Computerised accounting systems are supposed to be registered with the Ministry of Commerce and the Revenue Department.

Accounting Principles

Generally, the accounting principles promulgated in the International Financial Reporting Standards are followed in Thailand. In addition, accounting methods and conventions sanctioned by law are considered as generally accepted accounting practices. The Federation of Accounting Professions is the authoritative body promoting the application of Generally Accepted Accounting Principles.

Certain accounting principles, which are adopted by a business entity, must be followed consistently and may be changed only with the approval of the Revenue Department. Such accounting principles include depreciation, statutory reserves, stock, dividends, consolidation, expenses paid out of net profits and accounting for pension plans.

Audit Requirements

All business entities including companies, partnerships, branch offices, representative offices and joint ventures are required to prepare profit and loss accounts and balance sheets on an annual basis, and have them audited. The auditor's report must state whether the accounts have been properly prepared in accordance with the Accounting Regulations and whether these give a true and fair view.

Appointment of Auditors

Each business enterprise is required to appoint independent auditors who are registered Certified Public Accountants in Thailand. Certified Public Accountants are registered and issued with licences by the Federation of Accounting Professions.

The auditors are appointed at the Annual General Meeting of Shareholders (AGM) to serve until the next AGM. The AGM is also required to set the auditor's remuneration.

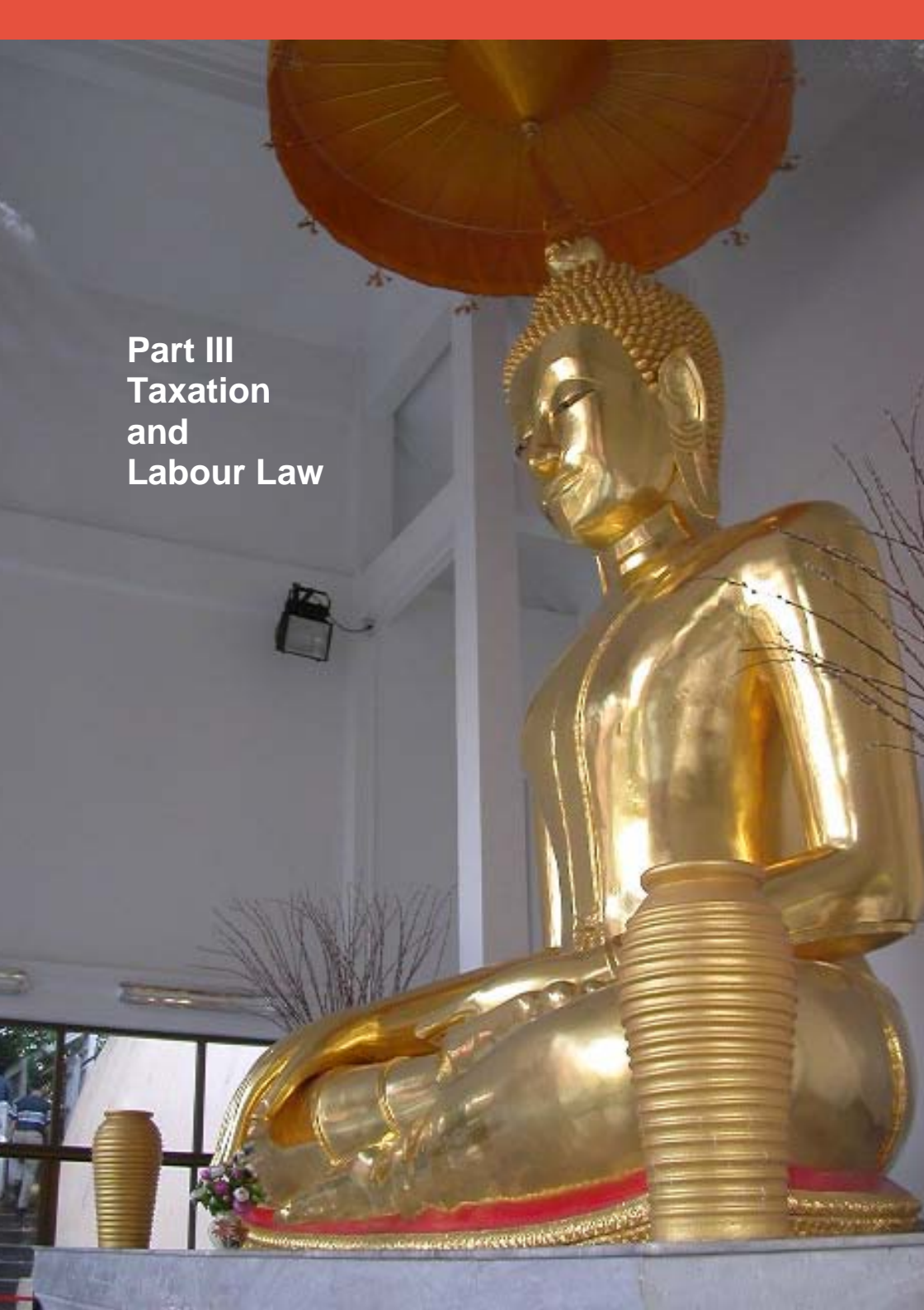
Although the auditor must be independent, the Civil and Commercial Code allows a company to appoint a shareholder as an auditor if he possesses the requisite qualifications.

Reporting Requirements

All business entities are required to file one set of their audited financial statements, together with an annual corporate income tax return and statement of director/manager with the Revenue Department within 150 days of their financial year end.

Companies, partnerships and branches of foreign corporations are required to file one set of their audited financial statements and a statutory annual return with the Companies' Registration Department within five months of their financial year-end. Companies are also required to include reference to the AGM that approved the financial statements and a copy of the list of shareholders of the company as at the date of the AGM. Failure to fulfil these requirements may result in a fine of up to THB 100,000.

**Part III
Taxation
and
Labour Law**



Chapter 7: Corporate Income Tax

Corporate entities that are registered under the laws of Thailand, as well as corporate entities registered under the laws of a foreign country and carrying on business in Thailand, are subject to corporate income tax in Thailand.

Corporate entities include private and public limited companies, registered ordinary and limited partnerships, joint ventures, foundations and associations and branches of foreign corporations.

Companies and partnerships are taxed on the income earned from sources within and outside Thailand (worldwide income), whereas foreign corporations are taxed only on income derived from sources within Thailand.

Corporate Income Tax Rate

The corporate income tax rate for companies and partnerships (other than an SME, see below) is 30%, which is imposed on the assessable net profits of the business calculated in accordance with generally accepted accounting principles in Thailand, adjusted for specific matters imposed under the Revenue Code.

SME Income Tax Rate

A small and medium enterprise (defined as a company or partnership with paid up capital not exceeding THB 5 million as at the end of the financial year) is granted reduced rates of corporate income tax as follows:

Profit Range	Tax Rate
Up to THB 150,000	0%
THB 150,001 – THB 1,000,000	15%
THB 1,000,001 – THB 3,000,000	25%
THB 3,000,001 and over	30%

Assessable Net Profits

The following are taken into account when determining taxable net profits:

- Tax losses may be carried forward for 5 years;
- inventory is to be valued at the lower of cost or market price;
- employer's contributions to provident funds are tax deductible, subject to certain conditions;
- bad debts may be written off only after the specific tax rules and procedures are followed;
- expenditure, which has been determined on the basis of net profit at the end of the accounting period (e.g. bonuses based on net profit) are not allowed;
- provisions/reserves cannot be treated as a deductible expense;
- capital gains are treated as ordinary taxable income;
- deductions for gifts, donations and contributions to public charities may not exceed the percentage stipulated in the law;

- both realized and unrealized gains and losses from foreign exchange must be included in the computation of taxable net profit;
- entertainment expenses are deductible up to maximum limits;
- 50% of dividend income received by a Thai company from another Thai company is excluded from assessable income, subject to conditions;
- 100% of dividend income can be excluded from the assessable income of Thai companies listed on the Securities Exchange of Thailand and for other private limited companies, subject to conditions; and,
- tax costs (such as corporate income tax, VAT, tax penalties and surcharges) are not subject to be deducted from assessable income.

Depreciation Deductions

Depreciation of assets is limited to maximum rates prescribed in the tax law. These maximum rates are as follows:

Asset	Maximum depreciation rate
Buildings	
Durable buildings	5%
Temporary buildings	100%
Acquisition cost of depletive natural resources	5%
Acquisition cost of lease rights where there is no lease contract or where the lease contract allows successive renewals.	10%
Where the lease contract contains no renewal periods or the renewal periods are limited.	100% divided by the number of limited years
Acquisition cost of a right in a process, formula, goodwill, trademark, business license, patent, copyright, or any other right where the period of use is not limited.	10%
Where the period of use is limited.	100% divided by the number of limited years
Other assets subject to depreciation	20%

Corporate Income Tax Filings

An annual corporate income tax return is required to be filed within 150 days after the close of the accounting period and the computed amount of tax payable is required to be paid at the same time. A surcharge of 1.5% per month (up to the amount of the tax payable) is imposed for late filings.

A half-year corporate income tax return based on estimated net profits for the full financial year must be filed within two months after the close of the first half of the accounting period, and the computed amount of half-year tax is required to be paid at this time. If the half-year tax payment is underpaid by more than 25%, a penalty of 20% of the amount underpaid is payable.

Chapter 8: Personal Income Tax

Every individual who derives income from employment in Thailand is subject to Thai personal income tax, whether such income is paid in or outside of Thailand, and irrespective of the length of stay in Thailand.

A person who is present in Thailand for more than 180 days in any tax year (calendar year) is subject to tax, both on income from employment or business carried on in Thailand and on income from foreign sources to the extent that such income is brought into Thailand.

Exemptions are granted to UN officers and diplomats under the terms of international and bilateral agreements.

Personal Income Tax Rates

Personal income tax is applied on a progressive basis, and the rates are as follows:

Income Range (THB)	Tax Rate
0 – 150,000	0%
150,001 – 500,000	10%
500,001 – 1,000,000	20%
1,000,001 – 4,000,000	30%
4,000,001 – above	37%

Exclusions from Assessable Income

Certain categories of income are excluded for the purpose of computing personal income tax as follows:

- Relocation expenses paid by the employer to the employee for travelling from another location to assume employment for the first time, and for returning to his place of origin at termination of employment;
- per diem or transportation expenses;
- medical expenses paid by an employer for its employee and/or the employee's spouse, ascendants and descendants;
- income from the sale of immovable property acquired by bequest or by way of a gift (but a sale of immovable property made for commercial purposes must be included in assessable income);
- gains on sale of shares traded on the Stock Exchange of Thailand;
- interest income may be excluded for the purposes of computing personal income tax, when the interest has been subject to 15% withholding tax at source; and
- dividend income may be excluded for the purposes of computing personal income tax, when the dividends have been subject to 10% withholding tax at source.

Standard Deductions

Standard deductions are allowed against personal income as follows:

Type of assessable income	Standard deduction
Income from employment.	40% of income but not exceeding THB 60,000.
Income from copyright.	40% of income but not exceeding THB 60,000.
Income from rent.	30% for buildings and wharves, 20% for agricultural land, 15% for other types of land, 30% for vehicles and 10% for other property.
Income from liberal professions.	60% for medical professionals and 30% for other professionals.
Income from contract of work whereby the contractor provides essential materials besides tools.	70% of income or actual expenses.
Income from business, commerce, agriculture, industry, transport and other activities.	65-85% of income depending on the type of income or actual expenses.

Standard Allowances

In addition to standard deductions, the following standard allowances are allowed:

Taxpayer allowance	THB 30,000
Spouse allowance	THB 30,000
Child allowances	THB 15,000 for each child (maximum of 3 children).
Education allowances	THB 2,000 for each child studying in Thailand.
Parent and parent-in-law maintenance allowances	THB 30,000 for each parent and parent-in-law being cared for.
Parent and parent-in-law health insurance allowances	Amount paid, but not exceeding THB 15,000 for each parent and parent-in-law
Life insurance premiums	Amount paid, but not exceeding THB 50,000 for the taxpayer and THB 10,000 for spouse.
Approved provident fund contributions	15% of income, but not exceeding THB 300,000 for taxpayer and THB 10,000 for spouse.
Retirement mutual fund contributions	15% of income, but not exceeding THB 500,000 for taxpayer.
Long term equity funds	15% of income, but not exceeding THB 500,000 for taxpayer.
School welfare funds	Double of paid amount, but not exceeding 10% of income after deductions.
Home mortgage interest allowance	Amount paid, but not exceeding THB 100,000.
Social security contributions	Amount paid for taxpayer and spouse
Charitable donations	Amount paid but not exceeding 10% of income after deductions.

Personal Income Tax Returns

All individuals are required to file an annual personal income tax return by 31 March each year. Any additional tax must be paid at the same time. In the event that tax has been over-withheld a refund may be claimed.

Chapter 9: Withholding Tax

Thailand operates an extensive system of withholding tax for both domestic payments of various types of assessable income and international payments or repatriations of income out of Thailand.

The tax withheld must be remitted to the Revenue Department by the 7th day of the following month, and a surcharge of 1.5% per month applies for all late payments made.

Domestic Payments Withholding Tax

The major types of “assessable income” paid domestically and the applicable withholding tax rates are as follows:

Type of domestic payment	Withholding tax rate
Payment for hire of work, office of employment or services rendered.	3%
Payment for goodwill, copyright, franchise fee, patent, or other rights and annuities.	3%
Payment of interest to individuals.	15%
Payment of interest to banks etc.	1%
Payment of interest to other companies.	1%
Payment of dividends and bonuses to investors.	10%
Payment for leasing of property.	5%
Payment of liberal professional income such as law, engineering, architecture and accounting.	3%
Payment for contracting work.	3%
Payment for advertising fees.	2%

A withholding tax certificate is issued to the recipient of the payment, who subsequently claims the withholding tax as a tax credit in his annual income tax return. In the event that the withholding tax exceeds the annual tax liability, the taxpayer is entitled to a refund of the tax over-paid, although in practice such claims will trigger a Revenue Department tax investigation, which must be completed prior to refunding the tax.

International Payments Withholding Tax

International payments or repatriations of income from Thailand to a foreign company not carrying on business in Thailand are subject to the following withholding taxes (subject to any reduction in the rates afforded by a Double Tax Agreement):

Type of international payment	Withholding tax rate
Payment of dividends	10%
Payment of interest	15%
Payment of rent	15%
Payment of royalties	15%
Payment for services	15%
Payment of capital gains	15%

A non-resident withholding tax certificate (in English) can be obtained by the payer from the Thailand Revenue Department and passed onto the foreign recipient for claiming the tax credit or otherwise according to the rules in the recipient's country.

Personal Withholding Tax

All employers in Thailand are required to deduct withholding tax from all payments of salary and wages, hire of work, office of employment or services rendered using the progressive rates of personal income tax, and remit such deductions to the Revenue Department by the 7th day of the following month.

Employers are required to issue Withholding Tax Certificates to employees by the 15th February each year or within 1 month of termination of employment.

Chapter 10: Value Added Tax

Most businesses are required to register for VAT, the exceptions being:

- Those business operations subject to specific business tax; and
- businesses exempt from VAT, such as agriculture, newspapers and educational establishments, etc;.

Rates of VAT

There are two rates of VAT as follows:

- 0% rate for export of goods and services; and
- 10% standard rate (which has been temporarily reduced to 7%) for sales of goods and provision of services in Thailand and import into Thailand.

Liability to VAT

Liability to VAT for sale of goods arises at the time of delivery of goods unless transfer of ownership, receipt of payment or issuance of a tax invoice occurs prior to delivery.

Liability to VAT for provision of services arises at the time the service fee is received, unless a tax invoice is issued earlier or the service is used before payment is made.

Tax Invoices

VAT operators are required to issue tax invoices to their customers and such tax invoices must be serially numbered. The tax invoice must include the particulars and the information stipulated in the Revenue Code.

Credit Notes

Where the value of the goods or services sold to a customer has to decrease, a credit note is issued to the customer. This credit note must also include the particulars and the information stipulated in the Revenue Code.

VAT Returns

Monthly returns must be completed and filed by the 15th day of each month (in respect of the preceding month's VAT transactions). The net VAT amount is required to be paid to the Revenue Department at the same time, and is calculated as the amount of output VAT (VAT charged to customers) less input VAT (VAT incurred on goods and services purchased).

For imported goods, the VAT is collected by the Customs Department, which issues a tax receipt. This tax receipt then becomes input VAT and is claimed against output VAT in the monthly VAT returns.

Certain input VAT cannot be claimed as an offset against output VAT. These include input VAT on entertainment expenses, input VAT on passenger vehicles, input VAT

where a proper tax invoice is not available or where the tax invoice is incorrect or incomplete, as well as input VAT where a tax invoice has been issued by a person not authorised to do so.

If input VAT exceeds output VAT, the excess input VAT is carried forward and offset against future month's VAT returns or an application can be made for a refund of the excess input VAT.

VAT Records

Input and output VAT records must be maintained and these must detail all the VAT transactions occurring during the month. In addition, operators who carry out sale of goods are required to maintain a goods and raw materials record.

VAT on Imported Services

For payment of services provided by foreign companies not carrying on business in Thailand, such as payments for management fees, royalties and technical service fees etc, the recipient of the services in Thailand is required to pay the VAT.

The VAT on the offshore payments is remitted to the Revenue Department by the 7th day of the following month, and the receipt issued by the Revenue Department is treated as input VAT and claimed in the monthly VAT return for the month that the VAT is paid.

Chapter 11: Other Taxes

Specific Business Tax

Certain business transactions in Thailand are subject to Specific Business Tax (SBT) rather than VAT. These business transactions and their SBT rates are as follows:

Type of business transaction	SBT Rate
Banking businesses	3.0%
Finance, securities and credit foncier businesses	3.0%
Life insurance businesses	2.5%
Pawn broker businesses	3.0%
Businesses with transactions similar to commercial banking	3.0%
Sale of immovable property in a commercial manner for profit	0.1%
Factoring Business	3.0%

SBT is applied on the monthly gross receipts, and a monthly tax return must be filed on or before the 15th day of the following month and the SBT concurrently paid.

Stamp Duty Tax

The execution of 28 different types of documents and instruments specified in the Stamp Duty Schedule are subject to stamp duty (SD).

The rates of SD applying to some of the more common types of documents and instruments are as follows:

Type of Document or Instrument	SD Rate
Lease of land, building, other construction or floating house	0.10%
Transfer of share, debenture, bond, certificate of indebtedness issued by a company, association or organization	0.10%
Hire purchase of property	0.10%
Hire of work contract	0.10%
Loan of money or agreement for a bank overdraft	0.05% (maximum of THB 10,000)
Policy of insurance against loss	0.40%
Other policies of insurance	0.05%
Receipt issued in connection with a transfer of or a creation of any right to an immovable property	0.50%
Receipt issued in connection with a sale, letting out on hire purchase or transfer of ownership of a vehicle	0.50%

House and Land Tax

House and land tax is levied by local authorities and is paid on the value of houses not occupied by the owner, industrial and commercial buildings and the land in connection therewith.

The rate of tax is 12.5% of the annual rental value of the property, which is defined as the amount for which the property can be let from year to year.

Local Development Tax

Local development tax is assessed on the appraised value of land (but not including land with building structures situated thereon) collected from the owner of the land and paid once a year, such value being determined by the local authorities.

Chapter 12: Double Tax Agreements

Thailand has concluded 52 double taxation agreements in order to provide relief from international double taxation of income.

A listing of the counties and territories and their effective dates is as follows:

Country/Territory	Effective Date	Country/Territory	Effective Date
1. Armenia	01/01/2003	27. Malaysia	01/01/1983
2. Australia	01/01/1990	28. Mauritius	01/01/1999
3. Austria	01/01/1986	29. Nepal	01/01/1999
4. Bahrain	01/01/2004	30. Netherlands	01/01/1976
5. Bangladesh	01/01/1999	31. New Zealand	01/01/1999
6. Belgium	01/01/1980	32. Norway	01/01/2004
7. Bulgaria	01/01/2002	33. Oman	01/01/2005
8. Canada	01/01/1985	34. Pakistan	01/01/1979
9. China	01/01/1987	35. Philippines	01/01/1983
10. Cyprus	01/01/2001	36. Poland	01/01/1983
11. Czech Republic	01/01/1996	37. Romania	01/01/1998
12. Denmark	01/01/2000	38. Singapore	01/01/1976
13. Finland	01/01/1987	39. Slovenia	01/01/2005
14. France	01/01/1975	40. South Africa	01/01/1997
15. Germany	01/01/1967	41. Spain	01/01/1999
16. Hong Kong	01/01/2006	42. Sri Lanka	01/01/1991
17. Hungary	01/01/1990	43. Sweden	01/01/1990
18. India	01/01/1987	44. Switzerland	01/01/1997
19. Indonesia	01/01/2004	45. Seychelles	01/01/2007
20. Israel	01/01/1997	46. Turkey	01/01/2006
21. Italy	01/01/1978	47. Ukraine	01/01/2005
22. Japan	01/01/1991	48. United Arab Emirates	01/01/2001
23. Korea	01/01/1977	49. United Kingdom	01/01/1981
24. Kuwait	01/01/2007	50. United States of America	01/01/1997
25. Laos	01/01/1998	51. Uzbekistan	01/01/2000
26. Luxembourg	01/01/1999	52. Vietnam	01/01/1993
		53. Chile	01/01/2007
		54. Russia	01/01/2000

Chapter 13: Transfer Pricing

In 2002, Thailand introduced Transfer Pricing (TP) guidelines to Revenue officers for their use when examining TP arrangements between related parties. The guidelines require the Revenue Officers to ensure that the arrangements are at “market prices”.

A related party connection between two or more companies is determined when there is:

- Direct or indirect shareholding in one company by another; or
- There are common directors and/or management.

Under the guidelines, the Revenue Department Officers are permitted to accept four kinds of pricing methods by companies as follows:

- Comparable uncontrolled price (CUP) method.
- Resale price (RP) method.
- Cost price (CP) method.
- Other internationally accepted method.

The CUP, RP and CP methods are favoured. The use of another internationally accepted method is acceptable to the Thailand Revenue Department, but only when a company demonstrates that the first three methods cannot be applied, when the other method is internationally accepted, and when it can be appropriately applied in the circumstances.

The TP guidelines also set out a ‘list of 10 documents’ that the Revenue officers will require when examining a company’s TP practices and transactions. The list of 10 documents follows:

- Documentation relating to the structure and nature of the company and the international group to which it belongs.
- Budgets, business plans and financial projections.
- Documentation setting out the company’s business strategies and the reasons for their adoption.
- Documentation setting out the company’s sales and operating results and the nature of its dealings with related parties.
- Documentation setting out the reasons for entering into significant international dealings with related parties.
- Pricing policies and documents relating to product profitability, relevant market information, profit contributions, functions performed, assets used and risks assumed.
- Documents setting out the reasons for the company’s selection of a particular pricing methodology or methodologies.
- Where other methods have been considered and rejected, details of those other methods, including the reasons for their rejection.
- Documents evidencing the negotiation process taken by the company in relation to its international dealings with related parties and the basis of the negotiations; and,
- Other documentation determining the market price.

The guidelines also allow companies to enter into an Advance Pricing Arrangement (APA) by submitting an application to the Thailand Revenue Department and providing all the relevant documents pertaining to the pricing issues.

Chapter 14: Employment Law

The availability of a relatively low cost and mobile labour force is one of Thailand's greatest assets and was the major reason for Thailand's popularity for manufacturing businesses.

The legal regulations relating to the employment of staff and workers are incorporated in the Labour Act and the section of the Civil and Commercial Code on contracts relating to the hire of services contracts. In addition, there are a number of Ministerial Regulations issued by the Ministry of Interior (prior to 1993) and the Ministry of Labour & Social Welfare (from 1993 onwards).

Minimum Wage

The minimum daily wage depends on the location and types of employment activities in accordance with the Labour Act.

Location	Minimum Daily Wage
Bangkok, Pathumhani, Nonthaburi, Samut Prakan, Samut Sakhon, Nakhon Pathom	THB 215
Phuket	THB 221
Chonburi	THB 196
Saraburi	THB 193
Nakhon Ratchasima	THB 183
Rayong	THB 189
Chachuangsao, Ayutthaya	THB 160
Ranong	THB 185
Chiang Mai	THB 180
Phang Nga	THB 186
Krabi,	THB 184
Petchburi and Chanburi	THB 179
Kanchanaburi,	THB 181
Lopburi	THB 182
Other provinces	THB 163-178

Working Hours & Holidays

Labour regulations prescribe the maximum number of working hours of employees at 48 hours per week. Where work is deemed hazardous, working hours may not exceed 42 hours a week or not more than 7 hours a day.

Once employees have worked for 5 consecutive hours, they must be given a one-hour rest period. All employees who have worked continuously for a period of not less than one year are entitled to a minimum of 6 working days paid vacation every year in addition to the 13 public holidays traditionally observed in Thailand (including National Labour Day).

Wages & Overtime

For work performed in excess of the maximum number of hours fixed either by regulations or by specific agreement, both female and male employees must be paid wages and overtime pay equal to at least 1.5 times their normal wage rate. In emergency cases requiring employees to work during holidays and vacations, overtime pay must be given. The rates depend on the working status of the employee. Executives and supervisors are not entitled to overtime pay.

Sick Leave

All employees are entitled to sick leave with pay for up to 30 working days per year. An employer may require an employee to produce a medical certificate if the sick leave taken is for 3 consecutive days or more. An employee can be dismissed for absence from work for 3 days or more without reasonable explanation.

Female & Child Labour

Female workers may not be employed to perform work which is strenuous and dangerous to their health, which is detrimental to their morals and safety; or between 12 midnight and 6am, except in shift work. A female employee who has worked for more than 180 days is entitled to take maternity leave with pay for 45 days and an additional 45 working days without pay, if necessary. Maternity leave is in addition to the 30 days paid sick leave to which all employees are entitled.

Children under 15 years of age should not be employed under any circumstances. Children over 15 but under 18 years of age may be allowed to work if official permission is secured from the Labour & Social Welfare Ministry. Children over 15 but under 18 should not be made to work between the hours of 10pm and 6am unless they are film or theatre performers or are engaged in similar work or compelled to work on traditional holidays, weekly holidays or during their annual leave. No one under 18 years is allowed to perform work prejudicial to their health, morals and safety.

Welfare

The employer is required by law to provide adequate drinking facilities, washrooms and toilets for employees and must have first aid and medical facilities available on the premises. The extent of such facilities depends on the nature of business and number of employees.

Work Rules & Regulations

An employer with 10 or more regular employees is required to establish written rules and regulations in the Thai language, governing work performance and to display these regulations at the work premises. A copy of these rules and regulations must be submitted to the Ministry of Labour & Social Welfare within 7 days from the date the employer acquires a total of 10 employees or more.

An employer is also required to maintain an employee register in the Thai language with documents relating to the calculation of wages and these should be made readily available to Labour Inspectors.

Termination of Employment & Severance Pay

Where a work contract does not specify a definite period of employment, either party may terminate it by giving one-month's written notice. A dismissed employee is entitled to receive termination payments based on length of service unless his or her dismissal is the result of serious misconduct.

In the event of an employee being dismissed without one month's prior written notice, an additional one-month's pay in lieu of notice is required.

Labour Relations

An employer is prohibited from dismissing an employee who is unable to continue working because of participation in labour rallies and submission of labour demands and negotiations, the result of which is pending.

All labour associations must be registered with and licensed by the Central Registration Office of Employees' Association, Ministry of Labour & Social Welfare or by provincial registrars designated by the Ministry of Labour & Social Welfare.

Demands by employees can only be considered received by the employer when they are presented in writing and direct negotiations between employers and employees must be done through their authorised representatives.

When the parties cannot reach agreement, conciliation may be made by the Labour Department upon receipt of the case presented in writing or an arbitrator may be appointed to reconcile the dispute.

The employer may not resort to lockout or employment termination and employees are prohibited from staging strikes unless settlement procedures have been exhausted.

Labour Settlements

The Labour Inspector under the Labour Protection Act and the Labour Court under the Labour Court Procedure Act provides additional protection and remedies for any disputes arising between an employer and an employee including unfair termination.

A decision as to whether an employee's termination is unfair or not rests on the Labour Inspector or the Labour Court's discretion.

Chapter 15: Foreign Employment Law

Thailand's Foreign Employment Act prescribes the occupations in Thailand that are closed to foreigners, the issue and renewal of work permits for foreigners, and the punishment of foreigners who violate the Act.

Work Permits

With the exception of foreigners who are members of diplomatic corps and consular missions, representatives of member countries and officials of the United Nations Organization, foreigners entering Thailand to perform any working duty must obtain a work permit before commencing work.

A foreigner may be permitted to carry out necessary and urgent work in Thailand that is for not more than 15 days in duration, however the Ministry of Labour & Social Welfare must be informed in writing before commencing such work.

The Act provides a list of occupations exclusively reserved for Thais, mostly in the fields of manual and industrial labour and also in some professional occupations, such as engineering, accounting, architecture and law.

The Act provides that a prospective employer may file an application on the foreigner's behalf before the foreigner enters Thailand or the foreigner himself may file it after entry into the country. The work permit will be valid for such a period of time insofar as the foreigner's non-immigrant visa permits them to remain in Thailand and will be renewed in accordance with the approval of a visa extension.

Approval of a work permit is considered on a case-by-case basis depending on the financial status of the employer i.e. paid up capital, ratio of Thai staff to foreigners and how beneficial the business of the employer is to the Thai economy.

Any foreigner engaging in work without a work permit (or in violation of his work as stipulated in his work permit), as well as any person found employing a foreigner without a relevant work permit may face imprisonment a fine or both.

The procedure for foreigners working in Thailand is to:

1. Enter Thailand with a valid category B non-immigrant visa;
2. Make application for a work permit (normally takes between 7 days to 2 weeks to process); and,
3. Extend the category B non-immigrant visa beyond 90 days.

Non-Immigrant Visas

Foreigners intending to live and work in Thailand must obtain a non-immigrant visa prior to arrival, issued by a Royal Thai Embassy or Consulate abroad.

A foreigner who intends to remain in Thailand to work or undertake business is required to obtain a non-immigrant visa from a Royal Thai Embassy or Consulate.

There are several categories of non-immigrant visas including: business visa (category B), dependent visa (category O), long-term business visa (category B-A), diplomatic and consular visa (category D), and an education visa (category ED).

To avoid application and approval complications, the correct category of non-immigrant visa should be obtained prior to entering Thailand. Foreigners intending to work in Thailand will be issued a category B visa while members of his/her family are usually issued category O visas. Some embassies may also require certification or a letter of invitation from the prospective employer in Thailand.

Upon arrival, a non-immigrant visa holder will initially be granted a 90 days stay. A category B visa is normally not extendable unless the applicant has applied for a work permit. In practice, the Immigration Department grants a temporary stay visa for a period of up to 1 month at a time during the process for extension of the category B visa. Approval of the visa extension is considered on a case-by-case basis and the decision of the Immigration Bureau is final.

Contacts

For the member firms of RSM International in Thailand:

RSM Advisory (Thailand) Limited

Mr. Gareth Hughes – Managing Director
Mr. Mark Butters – Business Services Director
Mr. Pardorn Suchiva – Legal Director

RSM Audit Services (Thailand) Limited

Mr. Prawit Wipusirikup – Audit Director
Mr. Surachai Damnoenwong – Audit Director
Ms. Lehum Chinnapan - Audit Director

RSM Recruitment (Thailand) Limited

Mr. Mike Holloway – Recruitment Director

26th Floor, Sathorn City Tower
175 South Sathorn Road
Thungmahamek, Sathorn
Bangkok 10120
Thailand

T: +66 (0) 2670 9002-6

F: +66 (0) 2670 9027-8

E: AskUs@rsmthailand.com

W: www.rsmthailand.com

Contacts



RSM International

Executive Office, 2nd Floor, 11 Old Jewry, London EC2R 8DU, UK

T: +44 (0) 7601 1080

F: +44 (0) 7601 1090

E: rsmcommunications@rsmi.com

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August 2010