



กรมพัฒนาธุรกิจการค้า
Department of Business Development

Setting up foreign business in Thailand

Department of Business Development

**Foreign Business Administration Division
Nopkasem Jotidilok**

Foreign Business Act (1999) : FBA

- Main law regulating foreign business operation in Thailand
- However, some types of foreign business operations also would fall under specific laws

Law regulating foreign business operation

Foreign Business Act B.E. 2542 (1999)

The underlying purpose of the Act



Law regulating foreign business operation

Foreign Business Act (1999)

Principal law to regulate the right of foreigner to operate business activities

Other Industry Specific Acts

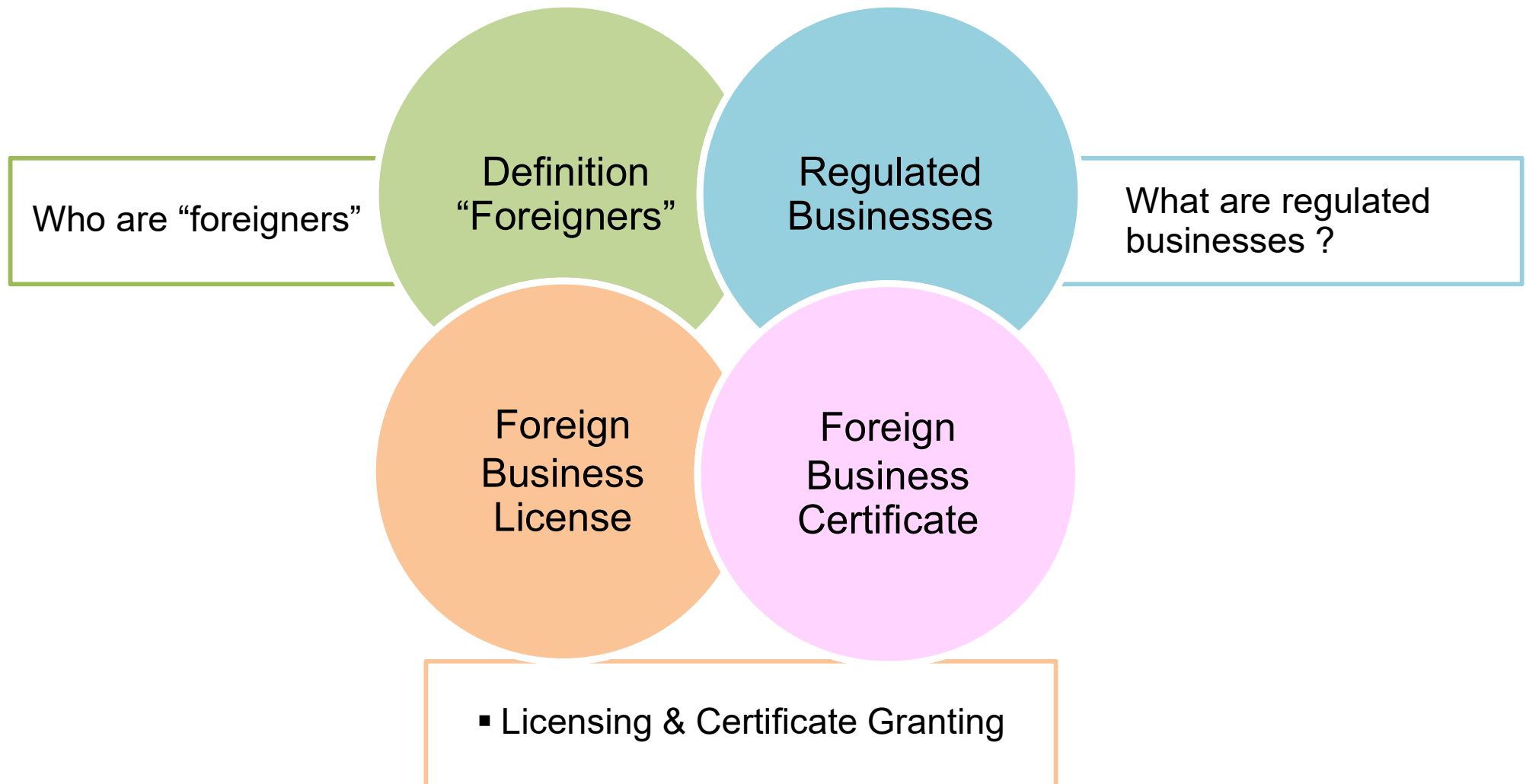
Banking

Telecommunication

Insurance

Securities and Exchange

Law regulating foreign business operation



Foreigners & Regulated Businesses

- 1 a natural person not of Thai nationality
- 2 a juristic person not registered in Thailand
- 3 a juristic person registered in Thailand,
having 50 % or more of the capital shares held by
following persons ;



Registered
abroad



Natural person
not of Thai
nationality

or



Juristic person
registered abroad

$\geq 50\%$



Juristic person
registered in
Thailand

Foreigners & Regulated Businesses

Who are “Foreigners” ?



Setting up Process

Business Registration

- **Juridical person registered in Thailand**
 - ✚ *Limited Partnership*
 - ✚ *Company Limited*
 - ✚ *Public Company Limited*

Foreign Business Permitting

- ◆ **Licensing Process**
- ◆ **Certificate Granting Process**

Juridical person not registered in Thailand

Natural person

- ◆ **Licensing Process**
- ◆ **Certificate Granting Process**

Foreigners & Regulated Businesses

Business means

- ◆ Operating of undertaking in activities for the purpose of trade

: In the field of

- + Agriculture
- + Industry
- + Handicraft
- + Commerce
- + Services
- + Others

Lists Annexed to FBA

List 1

Business activities reserved for Thai only

List 2

Businesses related to national safety or security or having impacts on arts, culture, traditions, customs and folklore handicrafts or natural resources and the environment

List 3

Businesses which Thai nationals are not ready to compete with foreigners

Foreigners & Regulated Businesses

List 1 for example...

- Rice farming, plantation, or crop growing
- Livestock farming

List 2 for example...

- Production, distribution and maintenance of...
equipment or components of all types of war materials
- Domestic transportation by land, water or air including
domestic aviation
- Production of goldware, silverware...
- Timber processing for production of furniture

Foreigners & Regulated Businesses

The condition of List 2

Shares are held by
Thai nationals or juristic
juristic persons"

$\geq 40 \%$

Total number of directors must
be Thai nationals

$\geq 2 / 5$

The foreigner can operate
his business upon
obtaining permission from
the Minister with the

approval of the Cabinet

List 3 for example...

- Hotel business, with the exception of the hotel management
- Sale of food and beverages
- Internal trade related to traditional agriculture products
- Retail sale of goods
- Wholesale sale of goods
- Other service businesses, with the exception of services businesses as prescribed in the Ministerial Regulations

100% Foreign Owned Company allowed

Foreigners & Regulated Businesses

The Ministry of Commerce has removed around 40 businesses out of the List 3 (4 Ministerial Regulations until today) such as securities businesses and other related businesses under the law on securities, Financial institution business and other businesses under the law on financial institution businesses, insurance business, representative office of foreign juristic person and regional office of foreign juristic person, etc...)

Not Listed Businesses (Permission is not required)

- Manufacturing business
- Export Business
- Representative office
- International transportation

Foreigners & Regulated Businesses

Thai

(foreign shareholding < 50%)

Foreigner

(foreign shareholding ≥ 50%)

Businesses not under the List

- Manufacturing activities (Except specified)
- Export business

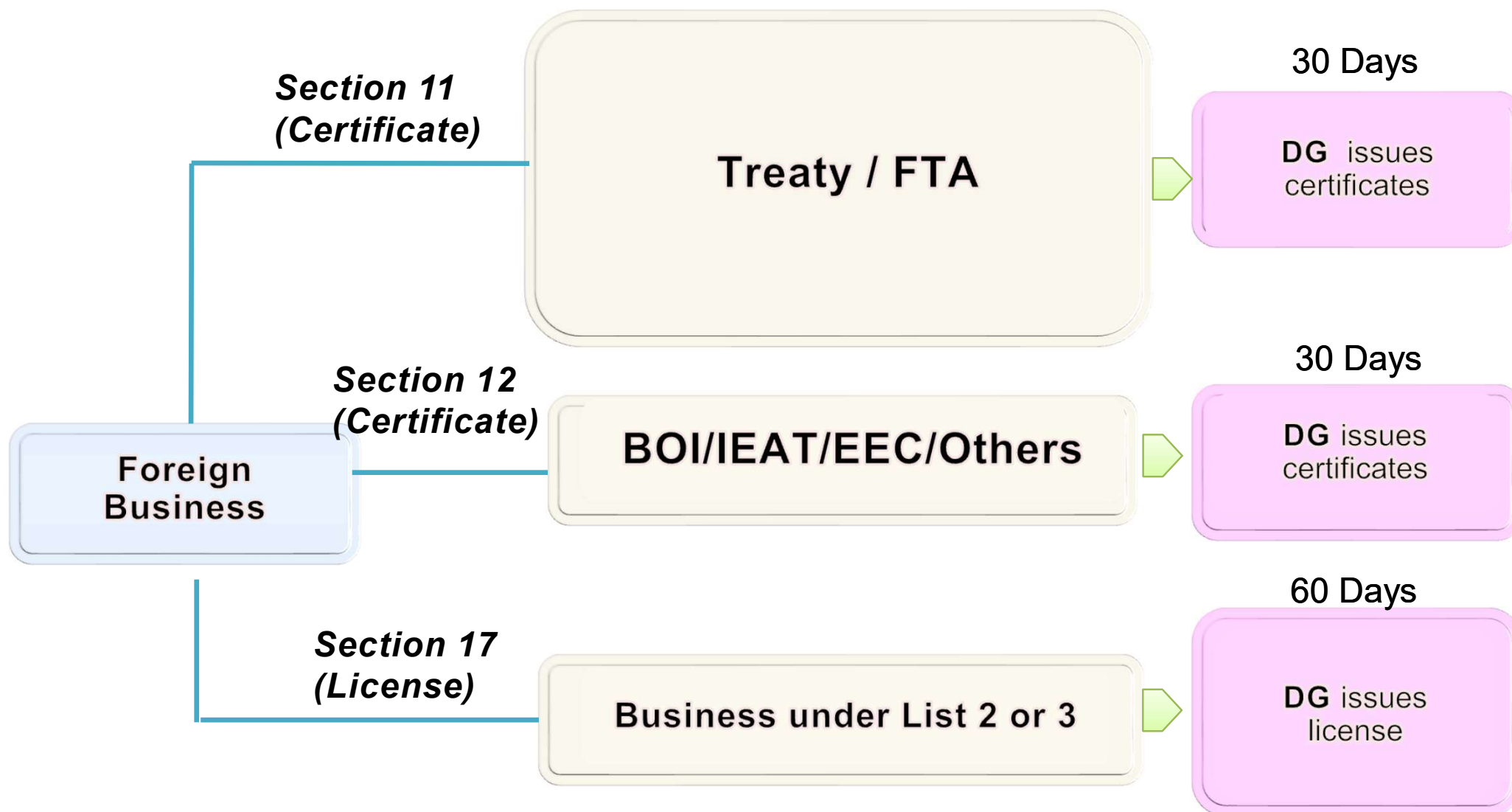
Businesses under the List

Permission required

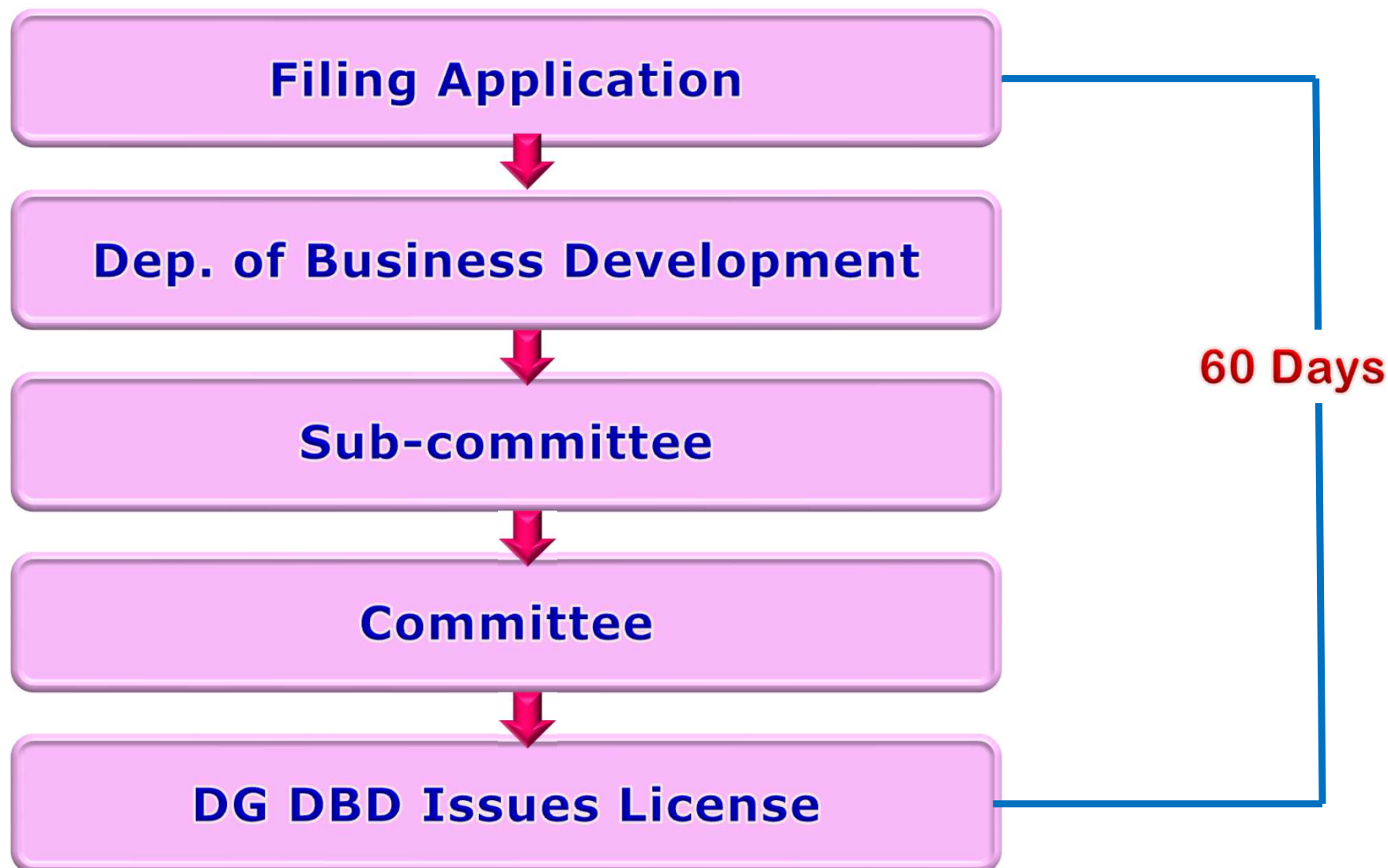
Certificate

License

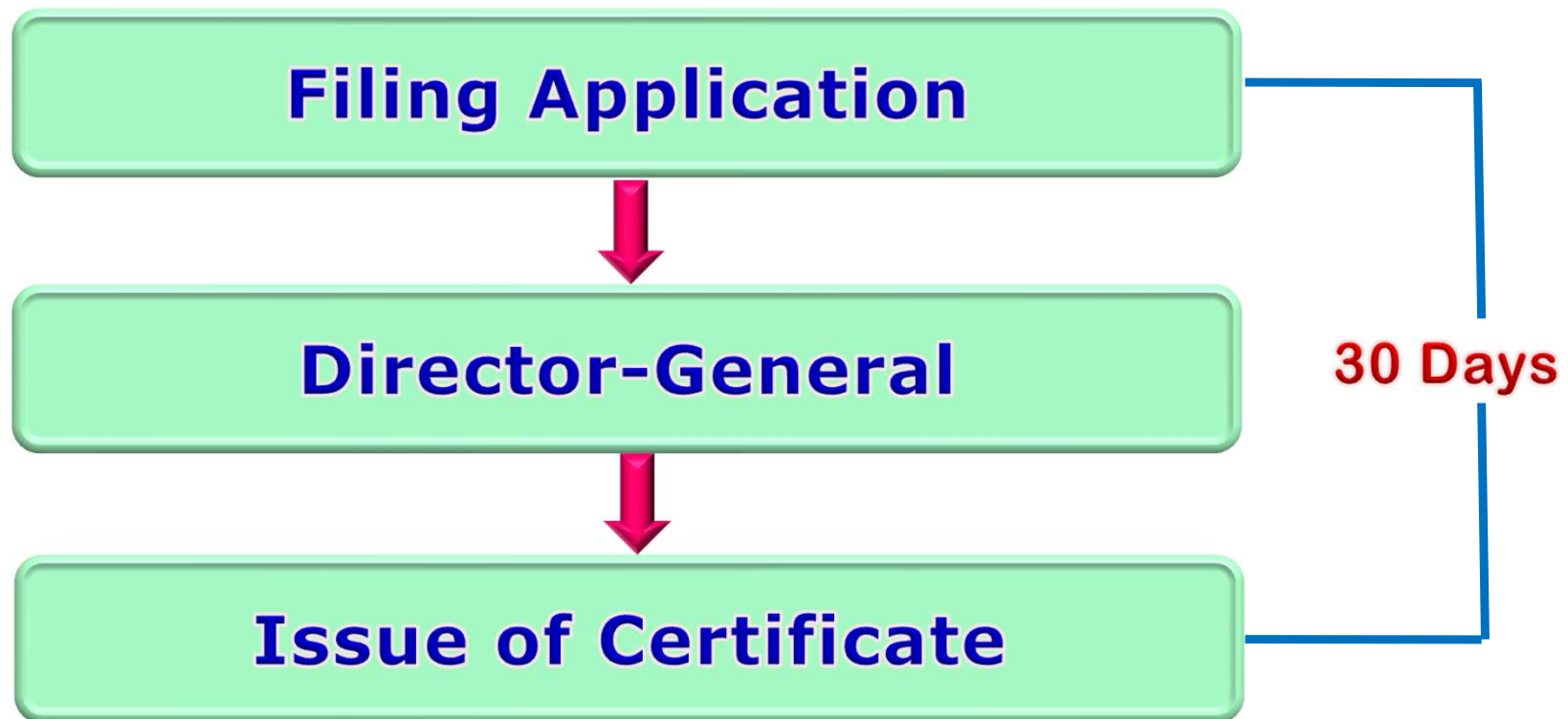
Foreign Business Permitting



Licensing Procedure



Certificate Granting Procedure



Foreigners & Regulated Businesses

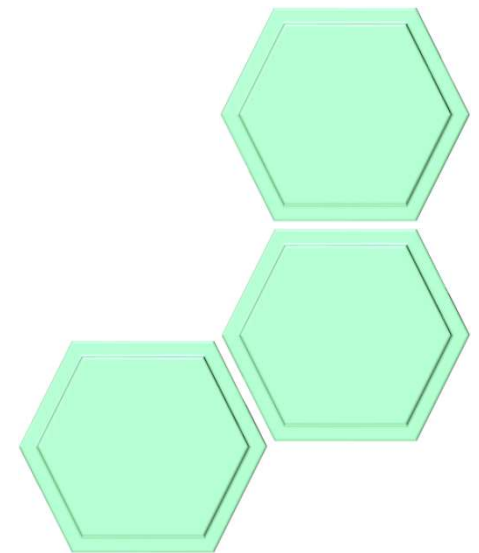
- After the license granted, the Foreigner
- Must comply with the terms of the license
- Must increase the minimum capital required before starting a business
- Must submit a financial statement
- must report a business performance and technology transfer plan

Offences under the FBA 1999

- Operating a business without authorization (Section 37)
- Nominee (Section 35 and 36)
 - Foreigner Nominee
 - Thai Nominee

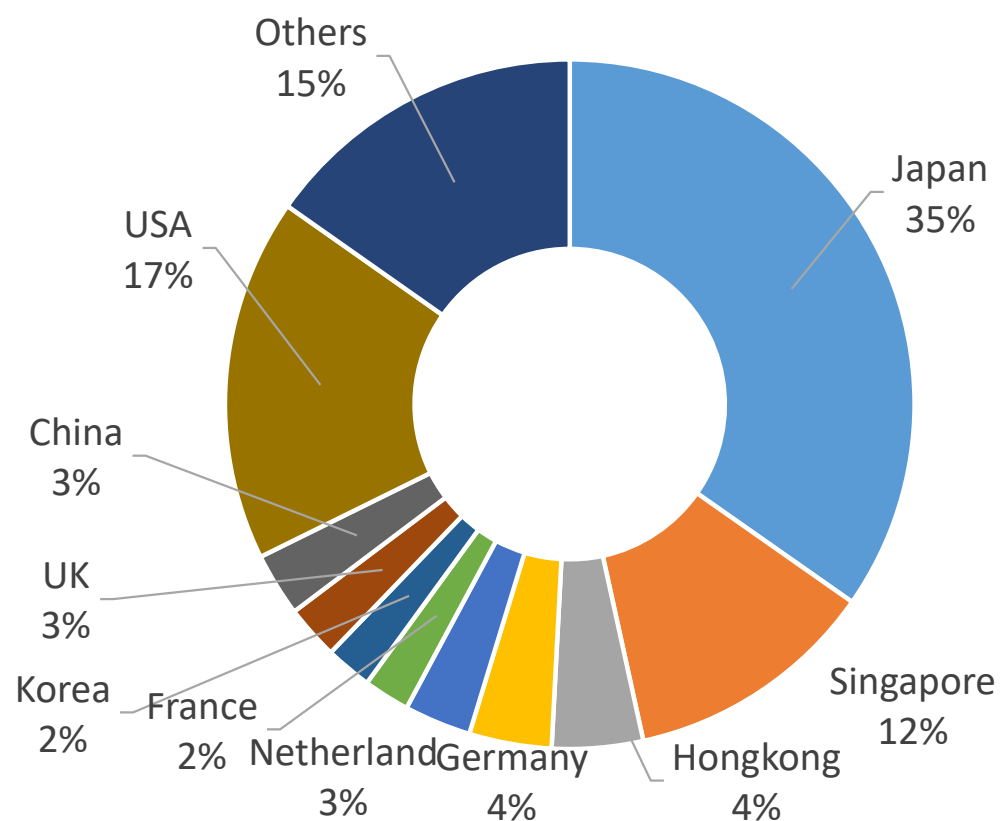
Penalty

Violation of section 35-37 shall be liable to imprisonment for a term not exceeding three years or to a fine of one hundred thousand baht to one million baht, and the court shall order the cessation of the business operation



Number of Foreign Business License / Certificate Classified by Country

(March 3rd, 2000 – Oct 31st, 2022)



Contacts

