

Trade Alert

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LIBERALIZATION FOR RESTRICTED SERVICE BUSINESSES LIST UNDER THE FOREIGN BUSINESS ACT, 2542 B.E. (1999) (“FBA”)

On 14 May 2019, the Cabinet approved, in principle, a draft Ministerial Regulations regarding the restricted service businesses list as proposed by the Department of Business Development, Ministry of Commerce (MOC) in order to decrease cost of operations and build up the cooperation among the affiliated and group companies to establishing an effective standard of management.

In this regard, the following three service businesses will be removed from the list of restricted businesses set out in List Three (21) of the FBA:

1. Lending money to affiliated and group companies in Thailand;
2. Leasing office space with utilities to affiliated and group companies; and
3. Providing consultation and recommendations to affiliated and group companies in the following fields:
 - Management;
 - Marketing;
 - Human Resources; and
 - Information Technology.

Further, the definitions of “affiliated and group companies” will be included in the Ministerial Regulations.

It is worth noting that approval by the Cabinet is the first stage in the passage of legislation through the Thai legal system. The draft Ministerial Regulations will now be forwarded to the Office of the Council of State

to review and recommend any drafting changes to give it efficacy. Moreover, the MOC will receive the comments from the Ministry of Finance, the Ministry of Digital Economy and Society, and the Bank of Thailand prior to issuance of the Ministerial Regulations.

Upon issuance of the new Ministerial Regulations by the MOC, a Foreign Business License and/or Foreign Business Certificate to operate the aforementioned three service businesses will no longer be required for the foreign-owned companies.

Therefore, we have to look forward to final version of the Ministerial Regulations on whether the MOC will further amend this Ministerial Regulations in liberalizing, promoting and facilitating foreign investment in Thailand.

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