

Trade Alert

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EFFECTIVENESS OF NON-RESTRICTED SERVICE BUSINESSES FOR FOREIGN COMPANIES

The Ministerial Regulation Prescribing Service Businesses Not Subject to Application for Foreign Business Permission (No.4) B.E. 2562 (2019) has provided three service businesses, which provide to the juristic persons that have a relationship with the service provider, to be liberalized are: (1) lending money; (2) leasing office space with utilities; (3) providing consultation and recommendations on the management, marketing, human resource and information technology effective as from 25 June 2019.

A key feature of the Ministerial Regulation is that it clearly defines the definition of juristic persons that have a relationship with the service provider as follows:

- (a) More than half of the number of shareholders or partners in a juristic person, becomes more than half of the number of shareholders or partners in another juristic person; or
- (b) Shareholders or partners, who hold shares or become member of a partnership in a juristic person for the value of at least 25 percent of total capital, hold the shares or becomes member of a partnership in another juristic person for the value of at least 25 percent of total capital; or
- (c) A juristic person holds shares or becomes member of a partnership in another juristic person at least 25 percent of total capital; or

- (d) More than half of directors or partners, who has power to manage in a juristic person, becomes directors or partners who has power to manage in another juristic person.

The liberalization for those three activities from the restricted service businesses shows that the Thai government policy has been to encourage foreign investors, especially within the group company, to operate their businesses and to have more investment in Thailand by relaxing certain regulations, which interrupt or cause difficulty for foreign investors.

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