



Tax & Legal News Flash

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More service activities entitled to foreign business license exemption

On 25 June 2019, the Royal Gazette announced the new Ministerial Regulation No. 4 (“**Regulation**”) to exempt additional service types rendered to **related companies** from the foreign business license (“**FBL**”) requirement under the Foreign Business Act as follows:

- Provision of loan in Thailand;
- Lease of office space with utility;
- Consultancy services only on management, marketing, human resource, or information technology.

According to the Regulation, the “**related companies**” include companies having relationship among them as follows:

- More than half of shareholders of one company are the same persons as more than half of shareholders of the other company.
- Shareholders who hold 25 percent or more of shares in one company also hold 25 percent or more of shares in the other company.
- One company holds 25 percent or more of shares in the other company.
- More than half of directors with managing power of one company are the same persons as more than half of directors with managing power of the other company.

The purpose of the FBL exemption for the above additional services is to facilitate foreign investors in Thailand with regard to the provision of services to their related companies as well as to promote foreign investment in Thailand.

KPMG’s Comments:

Although the FBL is no longer required for the above services under this Regulation, foreigners operating business in Thailand may still be subject to other legal requirements both under the Foreign Business Act and other laws such as minimum capital requirement, tax compliance and other license requirements under other specific laws which may be applicable to certain business types of the foreigners.

Therefore, business entities with foreigner status should carefully consider all of Thai laws and regulations applicable to their business activities in Thailand and seek advice from appropriate legal advisors to ensure their proper compliance with Thai laws.

We welcome any opportunity to discuss the relevance of the above matters to your business.

KPMG Thailand’s Legal Services Team offers a wide range of practical legal solutions. For more information, please visit <https://home.kpmg.com/th/en/home/services/tax/legal-services.html>.

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